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

In the opinion of Co-Bond Counsel, interest on the 2015A Bonds will be excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS" herein. In addition, interest on the 2015A Bonds will not be treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the individual and corporate alternative minimum taxes; however, under the Code, such interest may be subject to certain other taxes affecting corporate holders of the 2015A Bonds. Under the existing laws of the Commonwealth of Pennsylvania, interest on the 2015A Bonds will be free from Pennsylvania personal income taxation and Pennsylvania corporate net income taxation but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the 2015A Bonds or the interest thereon. For a more complete discussion, see "TAX MATTERS" herein.

PENNA TURN PIKE

$500,730,000
PENNSYLVANIA TURNPIKE COMMISSION
TURNPIKE REVENUE BONDS, SERIES A OF 2015

consisting of

$385,095,000 Turnpike Revenue Bonds, Series A-1

$115,635,000 Variable Rate Turnpike Revenue Bonds, Series A-2

Dated: Date of Delivery **Due: As shown on Inside Front Cover**

The Pennsylvania Turnpike Commission Turnpike Revenue Bonds, Series A-1 of 2015 (the "***2015A-1 Bonds***") and Variable Rate Turnpike Revenue Bonds, Series A-2 of 2015 (the "***2015A-2 Bonds***" and, together with the 2015A-1 Bonds, the "***2015A Bonds***"), are being issued pursuant to a Supplemental Trust Indenture No. 38 dated as of June 1, 2015 ("***Supplemental Indenture No. 38***") to the Amended and Restated Trust Indenture dated as of March 1, 2001, as previously amended and supplemented (the "***Restated Indenture***" and together with Supplemental Indenture No. 38, the "***Senior Indenture***"), between the Pennsylvania Turnpike Commission (the "***Commission***") and U.S. Bank National Association, as trustee (the "***Trustee***"). The 2015A-1 Bonds are being issued to provide funds to finance the costs of (i) various capital expenditures set forth in the Commission's current or any prior ten year capital plan, (ii) capitalized interest on the 2015A-1 Bonds, (iii) the advance refunding of all of the Commission's Turnpike Revenue Bonds, Series A of 2006, (iv) a debt service reserve fund deposit, and (v) a portion of the costs of issuing the 2015A Bonds. The 2015A-2 Bonds are being issued to provide funds to finance the costs of (i) the current refunding of the December 1, 2015 maturity of the Commission's outstanding Variable Rate Turnpike Revenue Bonds, Series B of 2013, the June 1, 2015 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series B-1 of 2014 and the June 1, 2015 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series B-2 of 2014 and (ii) a portion of the costs of issuing the 2015A Bonds.

The 2015A-1 Bonds will be dated the date of initial issuance and delivery thereof. The 2015A-1 Bonds will mature on December 1 of the years and bear interest from their delivery date at the rates shown on the inside cover page hereof, calculated on the basis of a year of 360 days consisting of twelve 30-day months. Interest on the 2015A-1 Bonds will be payable on each June 1 and December 1, commencing December 1, 2015.

The 2015A-2 Bonds will be dated the date of initial issuance and delivery thereof. The 2015A-2 Bonds will mature on the dates set forth on the inside front cover page hereof. The 2015A-2 Bonds will bear interest from their delivery date at a variable rate equal to the Adjusted SIFMA Rate, as further described herein. See "DESCRIPTION OF THE 2015A BONDS – Determination of Interest Rate for 2015A-2 Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof. The Adjusted SIFMA Rate for the 2015A-2 Bonds of each maturity shall equal the SIFMA Rate, as further described herein, plus the per annum spread applicable to such maturity set forth on the inside front cover hereof. The Adjusted SIFMA Rate will be adjusted Wednesday of each week, or if such day is not a U.S. Government Securities Business Day (as defined herein), the next succeeding U.S. Government Securities Business Day, and shall be effective each Thursday. Interest on the 2015A-2 Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be. See "DESCRIPTION OF THE 2015A BONDS – Determination of Interest Rate for 2015A-2 Bonds" herein. Interest on the 2015A-2 Bonds will be payable monthly on the first Business Day of each calendar month commencing July 1, 2015.

The 2015A 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 2015A Bonds. Beneficial ownership interests in the 2015A Bonds will be recorded in book-entry only form in denominations of $5,000 or any multiple thereof. Purchasers of the 2015A Bonds will not receive bonds representing their beneficial ownership in the 2015A 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 2015A Bonds, principal of and interest on the 2015A 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 2015A 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 2015A Bonds, payments of principal and interest on the 2015A Bonds will be made directly by the Trustee under the Senior Indenture, as described herein. See "DESCRIPTION OF THE 2015A Bonds – Book-Entry Only System."

The 2015A Bonds will be subject to optional and mandatory sinking fund redemption prior to maturity as described herein.

THE 2015A BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OF PENNSYLVANIA (THE "*COMMONWEALTH*") OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH, BUT THE 2015A BONDS SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED HEREIN) WHICH CONSISTS PRIMARILY OF TOLLS FROM THE SYSTEM (AS DEFINED HEREIN). THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR PAYMENT OF THE 2015A BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE 2015A BONDS. THE COMMISSION HAS NO TAXING POWER.

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

The 2015A 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 Cozen O'Connor, Philadelphia, Pennsylvania and Raffaele & Puppio, LLP, Media, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Campbell & Levine, LLC, Pittsburgh, Pennsylvania, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and by Duane Morris LLP, Philadelphia, Pennsylvania, Disclosure Counsel to the Commission. It is anticipated that delivery of the 2015A Bonds in book-entry form will be made through the facilities of DTC in New York, New York on or about June 1, 2015.

Loop Capital Markets

PNC Capital Markets LLC **Siebert Brandford Shank & Co., L.L.C.**

Cabrera Capital Markets, LLC **Edward D. Jones & Co., L.P.** **Drexel Hamilton LLC**

This Official Statement is dated May 15, 2015.

$385,095,000
PENNSYLVANIA TURNPIKE COMMISSION
TURNPIKE REVENUE BONDS, SERIES A-1 OF 2015

MATURITY SCHEDULE

Maturity (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† No. (709224)
2020	$490,000	5.000%	1.890%	116.173	GX1
2021	1,020,000	5.000%	2.150%	117.202	GY9
2022	21,660,000	5.000%	2.400%	117.748	GZ6
2023	25,005,000	5.000%	2.640%	117.863	HA0
2024	26,775,000	5.000%	2.810%	118.148	HB8
2025	28,650,000	5.000%	2.990%*	117.262*	HC6
2026	30,635,000	5.000%	3.130%*	115.950*	HD4
2027	5,240,000	5.000%	3.240%*	114.931*	HE2
2028	6,145,000	5.000%	3.350%*	113.922*	HF9
2029	7,115,000	5.000%	3.400%*	113.467*	HG7
2030	8,165,000	5.000%	3.490%*	112.654*	HH5
2031	9,285,000	5.000%	3.570%*	111.937*	HJ1
2032	10,475,000	5.000%	3.630%*	111.403*	HK8
2033	11,545,000	5.000%	3.680%*	110.960*	HL6

$27,065,000 4.000% Term Bonds due December 1, 2035; Yield 4.100%; Priced at 98.622 (CUSIP† No. 709224HM4)
$95,060,000 5.000% Term Bonds due December 1, 2040; Yield 3.940*%; Priced at 108.691* (CUSIP† No. 709224HN2)
$70,765,000 5.000% Term Bonds due December 1, 2045; Yield 4.010*%; Priced at 108.090* (CUSIP† No. 709224HP7)

$115,635,000
PENNSYLVANIA TURNPIKE COMMISSION
VARIABLE RATE TURNPIKE REVENUE BONDS, SERIES A-2 OF 2015

MATURITY SCHEDULE

Maturity	Principal Amount	Interest Rate (Variable)	Price	CUSIP† No. (709224)
May 1, 2016	$15,635,000	SIFMA Rate‡ plus 0.15%	100.000	HQ5
December 1, 2017	25,000,000	SIFMA Rate‡ plus 0.50%	100.000	HR3
December 1, 2018	25,000,000	SIFMA Rate‡ plus 0.65%	100.000	HS1
December 1, 2019	25,000,000	SIFMA Rate‡ plus 0.70%	100.000	HT9
December 1, 2021	25,000,000	SIFMA Rate‡ plus 0.90%	100.000	HU6

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

* Priced/yield to the first optional redemption date of June 1, 2025 at par.

‡ See "DESCRIPTION OF THE 2015A BONDS – Determination of Interest Rate for 2015A-2 Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof.

PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS

SEAN F. LOGAN
Chairman

WILLIAM K. LIEBERMAN
Vice Chairman

PASQUALE T. DEON, SR.
Secretary/Treasurer

A. MICHAEL PRATT
Commissioner

LESLIE S. RICHARDS
Secretary of Transportation

ADMINISTRATION

MARK COMPTON
Chief Executive Officer

CRAIG R. SHUEY
Chief Operating Officer

NIKOLAUS H. GRIESHABER
Chief Financial Officer

BRADLEY J. HEIGEL
Chief Engineer

DOREEN A. MCCALL
Chief Counsel

RAY A. MORROW
Chief Compliance Officer

U. S. BANK NATIONAL ASSOCIATION
Trustee and Authenticating Agent

PUBLIC FINANCIAL MANAGEMENT, INC.
Financial Advisor

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

No dealer, broker, salesman or other person has been authorized by the Commission or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any or either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2015A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Commission and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as representations by, the Underwriters. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof. This Official Statement will be made available through the Electronic Municipal Market Access System ("***EMMA***"), which is the sole Nationally Recognized Municipal Securities Information Repository.

The 2015A Bonds are not and will not be registered under the Securities Act of 1933, or under any state securities laws, and the Senior Indenture has not been and will not be qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom. Neither the United States Securities and Exchange Commission (the "***SEC***") nor any federal, state, municipal, or other governmental agency will pass upon the accuracy, completeness, or adequacy of this Official Statement.

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

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2015A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED

AT ANY TIME WITHOUT NOTICE. THE COMMISSION RESERVES THE RIGHT TO INCREASE THE SIZE OF THIS OFFERING SUBJECT TO PREVAILING MARKET CONDITIONS.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY, OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2015A BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

TABLE OF CONTENTS

OFFICIAL STATEMENT

$500,730,000
PENNSYLVANIA TURNPIKE COMMISSION
TURNPIKE REVENUE BONDS, SERIES A OF 2015
consisting of
$385,095,000 Turnpike Revenue Bonds, Series A-1
$115,635,000 Variable Rate Turnpike Revenue Bonds, Series A-2

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 $500,730,000 aggregate principal amount of Pennsylvania Turnpike Commission Turnpike Revenue Bonds, Series A of 2015, consisting of $385,095,000 aggregate principal amount of Turnpike Revenue Bonds, Series A-1 of 2015 (the "***2015A-1 Bonds***") and $115,635,000 aggregate principal amount of Variable Rate Turnpike Revenue Bonds, Series A-2 of 2015 (the "***2015A-2 Bonds***" and, together with the 2015A-1 Bonds, the "***2015A Bonds***").

Certain information concerning the Commission is attached hereto as APPENDIX A. Audited financial statements of the Commission for the years ended May 31, 2014 and May 31, 2013 are attached hereto as APPENDIX B. A summary of certain provisions of the Senior 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 2015A Bonds is attached hereto as APPENDIX D. A table setting forth the total debt service requirements for the Turnpike Revenue Bonds (as defined below), the Subordinate Revenue Bonds (as defined below) and the Special Revenue Bonds (as defined below) is attached hereto as APPENDIX E.

The Pennsylvania Turnpike 2015 Traffic and Revenue Forecast Study (the "***Traffic Study***") prepared by CDM Smith dated March 17, 2015 is attached hereto as APPENDIX F. The Traffic Study, which should be reviewed in its entirety, updates the study conducted by CDM Smith in March 2012 (the "***2012 Traffic Study***"), together with "bring down" letters developed by CDM Smith in March 2013 and February 2014, updating forecasts developed in the 2012 Traffic Study.

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 SENIOR INDENTURE - DEFINITIONS OF CERTAIN TERMS." All references herein to the Enabling Acts (as defined below), the 2015A Bonds, the Senior Indenture and the Continuing Disclosure Agreement are qualified in their entirety by reference to the complete texts thereof. Copies of drafts of such documents, except for the Enabling Acts, may be obtained during the initial offering period from the principal offices of the Underwriters and, thereafter, executed copies may be obtained from U.S. Bank National Association, as trustee (the "***Trustee***"). All statements in this Official Statement involving matters of opinion, estimates, forecasts, projections or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

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 below) and to perform other functions authorized by Act 44 (as defined below). Its composition, powers, duties, functions, duration and all other attributes are derived from the Enabling

Acts as amended and supplemented from time to time. See APPENDIX A– "THE PENNSYLVANIA TURNPIKE COMMISSION" herein. Except as provided therein, the Enabling Acts may be modified, extended, suspended or terminated at any time by further legislation.

Senior Indenture and Enabling Acts

The 2015A Bonds are being issued pursuant to Supplemental Trust Indenture No. 38 dated as of June 1, 2015 ("***Supplemental Indenture No. 38***") between the Commission and U.S. Bank National Association, as Trustee, which supplements the Amended and Restated Trust Indenture dated as of March 1, 2001 (the "***Restated Indenture***"), between the Commission and the Trustee (as previously amended and supplemented and together with Supplemental Indenture No. 38, the "***Senior Indenture***"), pursuant to and authorized by an Act of the General Assembly of Pennsylvania approved July 18, 2007, P. L. 169, No. 44 ("***Act 44***"), and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P. L. 774, Act 211; the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240, No. 61 ("***Act 61***") to the extent not repealed by Act 44, 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 January 28, 2015 (the "***Bond Resolution***").

Plan of Financing

The 2015A-1 Bonds are being issued for the purpose of financing the costs of (i) various capital expenditures set forth in the Commission's current or any prior 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, (ii) capitalized interest on the 2015A-1 Bonds, (iii) the advance refunding of all of the Commission's outstanding Turnpike Revenue Bonds, Series A of 2006 (the "***2006 Refunded Bonds***"), (iv) a debt service reserve fund deposit, and (v) a portion of the costs of issuing the 2015A Bonds.

The 2015A-2 Bonds are being issued to provide funds to finance the costs of (i) the current refunding of the December 1, 2015 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series B of 2013, the June 1, 2015 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series B-1 of 2014 and the June 1, 2015 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series B-2 of 2014 (together, the ***"Refunded FRN Bonds***"), and (ii) a portion of the costs of issuing the 2015A Bonds.

DESCRIPTION OF THE 2015A BONDS

General

The 2015A-1 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 2015A-1 Bonds will accrue from the Dated Date (as defined below) and will be payable semi-annually to maturity (or earlier redemption) on each June 1 and December 1, commencing on December 1, 2015 (each, a "***2015A-1 Interest Payment Date***").

The 2015A-2 Bonds will bear interest at the variable rate described below under "DESCRIPTION OF THE 2015A BONDS—Determination of Interest Rate for 2015A-2 Bonds", payable monthly on the first Business Day of each calendar month commencing on July 1, 2015 (each, a "***2015A-2 Interest Payment Date***" and, together with the 2015A-1 Interest Payment Dates, each an "***Interest Payment Date***") to maturity (or earlier redemption), 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. The 2015A-2 Bonds shall bear interest from and including the Dated Date thereof.

The 2015A Bonds of each series shall have a Series Issue Date which shall be the date of original issuance and first authentication and delivery against payment therefor. 2015A Bonds issued prior to the first Interest Payment Date shall have a “Dated Date” that is the same as the Series Issue Date. 2015A Bonds issued on or subsequent to the first Interest Payment Date shall have a “Dated Date” which is the same as the Interest Payment Date next preceding the date of authentication hereof, unless such date of authentication shall be an Interest Payment Date to which interest on the 2015A Bonds has been paid in full or duly provided for, in which case they shall have a “Dated Date” which is the same as such date of authentication; provided that if, as shown by the records of the Trustee, interest on any of the 2015A Bonds shall be in default, 2015A Bonds issued in exchange for such 2015A Bonds surrendered for transfer or exchange shall have a “Dated Date” which is the same as the date to which interest has been paid in full on such 2015A Bonds or, if no interest has been paid on such 2015A Bonds, the Series Issue Date of such 2015A Bonds.

Payment of Principal of and Interest on the 2015A Bonds. So long as the 2015A Bonds are in book-entry only form, the principal and redemption price of, and interest on, such 2015A Bonds is payable by check mailed or wire transferred to Cede & Co., as nominee for DTC and Registered Owner of the 2015A Bonds, for redistribution by DTC to its Participants and in turn to Beneficial Owners as described under “DESCRIPTION OF THE 2015A Bonds – Book-Entry Only System.”

The following provisions with respect to payment of principal and interest shall apply if at any time the 2015A Bonds are not in book-entry only form. The principal of and interest on the 2015A Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of all 2015A Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such 2015A Bonds are registered on the Bond Register at the maturity or redemption date thereof, upon the presentation and surrender of such 2015A Bonds at the Principal Office of the Trustee or of any Paying Agent named in the 2015A Bonds.

The interest payable on each 2015A Bond on any Interest Payment Date shall be paid by the Trustee to the Person in whose name such Bond is registered on the Bond Register at the close of business on the Record Date (as defined below) for such interest, such payment to be made (i) by check or draft mailed on the applicable Interest Payment Date to such Registered Owner at the address as it appears on such Bond Register or at such other address as is furnished to the Trustee in writing by such Owner or (ii) by electronic transfer in immediately available funds, if the 2015A Bonds are held by a Securities Depository, or at the written request addressed to the Trustee by any Owner of 2015A Bonds of a series in the aggregate principal amount of not less than $1,000,000, such request to be signed by such Owner, and containing the name of the bank (which shall be in the continental United States), its address, its ABA routing number, the name and account number to which credit shall be made and an acknowledgment by the Owner that an electronic transfer fee is payable. Any such written request must be filed with the Trustee no later than ten (10) Business Days before the applicable Record Date preceding such Interest Payment Date.

The “***Record Date***” for determining the Owner entitled to payment of interest with respect to the 2015A Bonds on any given Interest Payment Date is the fifteenth (15^{th}) day (whether or not a Business Day) of the month immediately preceding such Interest Payment Date.

In the event interest on any 2015A Bond is not paid when due (“***Defaulted Interest***”), the provisions relating to Defaulted Interest under the Supplemental Indenture No. 38 shall apply. See

APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE" for information with respect to the payment of Defaulted Interest.

Authorized Denominations. The 2015A Bonds will be issued as fully registered bonds in authorized denominations of $5,000 and any multiple thereof.

Registration, Transfer and Exchange. The Trustee has been appointed Bond Registrar and as such shall keep the Bond Register at its Principal Office. The Person in whose name any 2015A Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner of such 2015A Bond for all purposes, and payment of or on account of the principal and interest on any such 2015A 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 2015A Bond, including the interest thereon, to the extent of the sum or sums so paid.

Any 2015A 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 2015A Bond a new 2015A Bond or 2015A Bonds, registered in the name of the transferee, of any Authorized Denomination and of the same maturity and series and bearing interest at the same rate.

The Commission, the Securities Depository or the Trustee may charge an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with any such transfer or exchange. The Trustee shall not be required to (i) transfer or exchange any 2015A Bond of a series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of such series and ending at the close of business on the day of such mailing, or (ii) transfer or exchange any 2015A Bond so selected for redemption in whole or in part, or (iii) transfer or exchange any 2015A Bond during a period beginning at the opening of business on any Record Date for such 2015A Bond and ending at the close of business on the relevant Interest Payment Date therefor. See also "DESCRIPTION OF THE 2015A BONDS - Book-Entry Only System" herein for further information regarding registration, transfer and exchange of the 2015A Bonds.

The 2015A Bonds provide that each Registered Owner, Beneficial Owner, Participant or Indirect Participant (as such terms are defined hereinafter), by acceptance of a 2015A Bond (including receipt of a book-entry credit evidencing an interest therein), assents to all of the provisions of the Senior Indenture.

Redemption of 2015A Bonds

Optional Redemption. The 2015A-1 Bonds maturing on or after December 1, 2025 are subject to optional redemption by the Commission, in whole or in part on or after June 1, 2025 at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2015A-1 Bonds to be redeemed to the redemption date.

The 2015A-2 Bonds maturing on May 1, 2016 are subject to optional redemption by the Commission, in whole or in part on or after November 1, 2015, at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2015A-2 Bonds to be redeemed to the redemption date.

The 2015A-2 Bonds maturing on December 1, 2017 are subject to optional redemption by the Commission, in whole or in part on or after June 1, 2017, at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2015A-2 Bonds to be redeemed to the redemption date.

The 2015A-2 Bonds maturing on December 1, 2018 are subject to optional redemption by the Commission, in whole or in part on or after June 1, 2018, at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2015A-2 Bonds to be redeemed to the redemption date.

The 2015A-2 Bonds maturing on December 1, 2019 are subject to optional redemption by the Commission, in whole or in part on or after June 1, 2019, at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2015A-2 Bonds to be redeemed to the redemption date.

The 2015A-2 Bonds maturing on December 1, 2021 are subject to optional redemption by the Commission, in whole or in part on or after June 1, 2021, at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2015A-2 Bonds to be redeemed to the redemption date.

Mandatory Sinking Fund Redemption. The 2015A-1 Bonds maturing December 1, 2035, December 1, 2040 and December 1, 2045 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 amount set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2015A-1 Bonds Maturing December 1, 2035

Year	Principal Amount
2034	$12,885,000
2035*	$14,180,000

2015A-1 Bonds Maturing December 1, 2040

Year	Principal Amount
2036	$15,560,000
2037	$17,175,000
2038	$18,895,000
2039	$20,735,000
2040*	$22,695,000

2015A-1 Bonds Maturing December 1, 2045

Year	Principal Amount
2043	$23,735,000
2044	$29,040,000
2045*	$17,990,000

* Final Maturity.

The 2015A-2 Bonds are **not** subject to mandatory sinking fund redemption prior to maturity.

See also APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – REDEMPTION OF BONDS."

Selection of 2015A Bonds to be Redeemed. 2015A Bonds shall be redeemed only in Authorized Denominations. Any partial optional redemption of the 2015A Bonds may be made in any order of maturity and in any principal amount within a series and maturity as designated by the Commission. The particular 2015A Bonds within a maturity of a particular series to be redeemed shall be determined by the Trustee by lot or by such other method as the Trustee deems fair and appropriate.

When 2015A Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each principal amount equal to the minimum Authorized Denomination shall be treated as though it was a separate 2015A Bond of the minimum Authorized Denomination. If it is determined that a portion, but not all, of the principal amount represented by any 2015A Bond is to be selected for redemption, then upon notice of intention to redeem such portion, the Owner of such 2015A Bond or such Owner's attorney or legal representative shall forthwith present and surrender such 2015A Bond to the Trustee (1) for payment of the redemption price (including interest to the date fixed for redemption) of the principal amount called for redemption, and (2) for exchange, without charge to the Owner thereof for a new 2015A Bond or 2015A Bonds of the same series and maturity, and of the aggregate principal amount of the unredeemed portion of the principal amount of such 2015A Bond. If the Owner of any such 2015A Bond shall fail to present such 2015A Bond to the Trustee for payment and exchange as aforesaid, said 2015A Bond shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Official notice of any such redemption shall be given by the Trustee on behalf of the Commission by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the redemption date to each Registered Owner of the 2015A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee. Official notice of redemption having been given as aforesaid, the 2015A Bonds or portions of 2015A 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 2015A Bonds or portions of 2015A Bonds shall cease to bear interest.

As long as DTC remains the sole Registered Owner of the 2015A Bonds, notice of redemption shall be sent to DTC as provided in the Senior Indenture. Any failure of DTC to advise any DTC Participant, or of any DTC Participant, Indirect Participant or nominee to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2015A Bonds called for redemption. See "Book-Entry Only System" below.

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

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

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

Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other 2015A Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

Determination of Interest Rate for 2015A-2 Bonds

The 2015A-2 Bonds shall bear interest at the Adjusted SIFMA Rate. Pursuant to the Senior Indenture, the "***Adjusted SIFMA Rate***" shall equal the sum of the SIFMA Rate (as defined below) plus (i) for the 2015A-2 Bonds maturing on May 1, 2016, 0.15% (15 basis points), (ii) for the 2015A-2 Bonds maturing on December 1, 2017, 0.50% (50 basis points), (iii) for the 2015A-2 Bonds maturing on December 1, 2018, 0.65% (65 basis points), (iv) for the 2015A-2 Bonds maturing on December 1, 2019, 0.70% (70 basis points), and (v) for the 2015A-2 Bonds maturing on December 1, 2021, 0.90% (90 basis points). The Adjusted SIFMA Rate for each maturity of the 2015A-2 Bonds shall be adjusted Wednesday of each week, or if such day is not a U.S. Government Securities Business Day (as defined below), the next succeeding U.S. Government Securities Business Day (each an "***Adjustment Date***"), based upon changes in the SIFMA Rate, as further described below, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Interest on the 2015A-2 Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be. The Adjusted SIFMA Rate shall never exceed the Maximum Rate.

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

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

The Trustee is acting as the initial Calculation Agent with respect to the 2015A-2 Bonds.

Except for the initial Adjusted SIFMA Rate applicable to the 2015A-2 Bonds upon their issuance, which shall be determined by Loop Capital Markets LLC, as representative of the Underwriters, on or prior to the date of issuance of the 2015A-2 Bonds, the Adjusted SIFMA Rate will be determined by the Calculation Agent and the authority to so determine the rate is delegated by the Commission to the Calculation Agent; provided, however, that the Adjusted SIFMA Rate shall not exceed the Maximum Rate.

The "***Maximum Rate***" for the 2015A-2 Bonds is equal to the lesser of the maximum rate permitted by law and 12% per annum.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commission and the Owners of the 2015A-2 Bonds. If for any reason the Adjusted SIFMA Rate shall not be established for any determination date, the 2015A-2 Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms of the Senior Indenture.

Book-Entry Only System

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the 2015A Bonds. The 2015A 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 2015A Bond certificate will be issued in the aggregate principal amount of each maturity of each series of the 2015A 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 Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2015A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015A 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 2015A 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 2015A Bonds, except in the event that use of the book-entry system for the 2015A Bonds is discontinued.

To facilitate subsequent transfers, all 2015A 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 2015A Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015A 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 2015A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2015A Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2015A Bonds may wish to ascertain that the nominee holding the 2015A 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 2015A Bonds within a maturity and series 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 2015A 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 2015A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, of premium, if any, and of interest on the 2015A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2015A 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, 2015A 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, 2015A Bond certificates will be printed and delivered to DTC.

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

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY 2015A BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE SENIOR INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY 2015A BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY 2015A BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY 2015A BONDS.

In the event that the Book-Entry Only System is discontinued and the Beneficial Owners become Registered Owners of the 2015A Bonds, the 2015A Bonds will be transferable in accordance with the provisions of the Senior Indenture.

PENNSYLVANIA TURNPIKE SYSTEM

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

The present system is composed of the following: (i) the 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west; (ii) the 110 mile north-south section identified as the Northeast Extension; (iii) the approximately 16 mile north-south connection, known as the Beaver Valley Expressway which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth; (iv) the approximately 13 mile Amos K. Hutchinson Bypass, which adjoins the Turnpike Mainline near the New Stanton Interchange; (v) completed segments of the Mon/Fayette Expressway project totaling approximately 48 miles; and (vi) a six mile Southern Beltway project from PA 60 to US

22, near the Pittsburgh International Airport. Such roads, together with any other roads for which the Commission has operational responsibility and is collecting Tolls (as defined below), presently constitute the "***System***."

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

The System has a total of 67 interchanges which connect it with major arteries and population centers in its 552 mile traffic corridor. Thirty-two of the interchanges are located on the Turnpike Mainline, including barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 25 interchanges are located on the three extensions noted in clauses (iii), (iv) and (v) above. There are 17 service plazas along the System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services.

Revenue Sources of the Commission

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

Tolls. The largest part of the Commission's revenues is derived from the collection of all rates, rents, fees, charges, fines or other income derived by the Commission from the vehicular usage of the System and all rights to receive the same (as defined in the Senior Indenture, collectively the "***Tolls***"). The Tolls are pledged to secure the Commission's outstanding turnpike revenue bonds issued under the Senior Indenture (collectively, the "***Turnpike Revenue Bonds***" or "***Senior Revenue Bonds***") and other parity and subordinate obligations under the Senior Indenture (including certain parity interest rate swap agreements), which are subject to or may be issued under the terms of the Senior Indenture. Following the issuance of the 2015A Bonds, $4,017,065,000 in aggregate principal amount of Turnpike Revenue Bonds will be Outstanding under the Senior Indenture. Other obligations issued and Outstanding under the Senior Indenture include the Commission's obligations under various interest rate swap agreements having a total current notional amount of $1,129,129,000. See APPENDIX A –"THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION - Financial Policies and Guidelines." The Tolls are not pledged to secure the Subordinate Revenue Bonds (as defined below), the Special Revenue Bonds (as defined below), the Oil Franchise Tax Revenue Bonds (as defined below) and the Registration Fee Revenue Bonds (as defined below). Certain payments made from moneys in the General Reserve Fund which are derived from Tolls are, however, pledged on a wholly subordinate basis to secure payments due on Subordinate Revenue Bonds and Special Revenue Bonds.

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

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

Oil Franchise Tax Revenues. The Commission's second principal stream of revenues consists of that portion of the Commonwealth's oil franchise tax revenues (the "***Oil Franchise Tax Revenues***") allocated by statute to the Commission or the holders of the Commission's Oil Franchise Tax Revenue Bonds (the "***Oil Franchise Tax Revenue Bonds***"), $735,140,936.80 of which will be issued and outstanding as of June 1, 2015 (including compounded amounts as of June 1, 2015 for capital appreciation bonds). The Oil Franchise Tax Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured solely by Oil Franchise Tax Revenues. **The Oil Franchise Tax Revenues are not pledged to secure the 2015A Bonds, other Turnpike Revenue Bonds, other obligations under the Senior Indenture, the Subordinate Indenture Bonds or the Registration Fee Revenue Bonds.**

Registration Fee Revenues. The Commission's third principal stream of revenues consists of that portion of the Commonwealth's vehicle registration fee revenues (the "***Registration Fee Revenues***") allocated by statute to the Commission or the holders of any of the Commission's Registration Fee Revenue Bonds (the "***Registration Fee Revenue Bonds***"), $409,880,000 of which will be issued and outstanding as of June 1, 2015. The Registration Fee Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by Registration Fee Revenues. Registration Fee Revenue Bonds are to be paid solely from the Registration Fee Revenues. **The Registration Fee Revenues are not pledged to secure the 2015A Bonds, other Turnpike Revenue Bonds, other obligations under the Senior Indenture, the Subordinate Indenture Bonds or the Oil Franchise Tax Revenue Bonds.**

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

Recent Pennsylvania Legislation Affecting Transportation Funding

Pursuant to Act 89, the comprehensive transportation legislation recently enacted by the Pennsylvania legislature, the Commission's funding obligations under Act 44 have significantly changed. For a discussion of such legislative changes and their impact on Act 44 and the Commission generally, see APPENDIX A –"THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Enabling Acts."

Traffic and Revenue Study

Attached hereto as APPENDIX F is the Traffic Study. The Traffic Study, which should be reviewed in its entirety, updates the 2012 Traffic Study, together with "bring down" letters developed by CDM Smith in March 2013 and February 2014, updating forecasts developed in the 2012 Traffic Study.

Total adjusted gross toll revenue is estimated to increase from $860.4 million in Fiscal Year 2013-14 to $4.1 billion by Fiscal Year 2043-44, representing 5.3% annualized growth. Traffic data for the Fiscal Year ended May 31, 2014 indicates a 6.2% increase in adjusted gross toll revenue, with an increase in traffic volume of 0.4%, as compared to the same period in Fiscal Year 2012-13. Improving economic conditions and gasoline price declines have positively impacted traffic volumes and revenue for the first nine months of Fiscal Year 2014-15 compared to the same period in Fiscal Year 2013-14. Preliminary unaudited traffic data for the nine months ended February 28, 2015 indicates an 8.3% increase in adjusted gross toll revenue, with an increase in traffic volume of 2.1%, as compared to the same period in Fiscal Year 2013-14. See APPENDIX A –"THE PENNSYLVANIA TURNPIKE COMMISSION— CERTAIN FINANCIAL INFORMATION – Five-Year Financial History." The Traffic Study should be read in its entirety for a full description of the assumptions and methodologies used to develop such forecasts. The Commission believes that it will have sufficient revenue to meet the debt, capital and operational obligations of the Commission in future years. See "CERTAIN RISK FACTORS" below and APPENDIX F – "TRAFFIC AND REVENUE STUDY".

PLAN OF FINANCING

The 2015A-1 Bonds are being issued for the purpose of financing the costs of (i) various capital expenditures set forth in the Commission's current or any prior 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, (ii) capitalized interest on the 2015A-1 Bonds, (iii) the advance refunding of the 2006 Refunded Bonds, (iv) a debt service reserve fund deposit, and (v) a portion of the costs of issuing the 2015A Bonds.

The 2015A-2 Bonds are being issued to provide funds to finance the costs of (i) the current refunding of the Refunded FRN Bonds and (ii) a portion of the costs of issuing the 2015A Bonds.

A portion of the proceeds of the 2015A-1 Bonds will be irrevocably deposited in an escrow account (the "***Escrow Account***") maintained by U.S. Bank National Association, as escrow agent for the 2006 Refunded Bonds (in such capacity, the "***Escrow Agent***"), pursuant to the terms of an Escrow Deposit Agreement between the Commission and the Escrow Agent (the "***Escrow Agreement***"). Such proceeds will be applied by the Escrow Agent (a) to pay the interest due on the 2006 Refunded Bonds through June 1, 2016 and (b) to pay the redemption price of the 2006 Refunded Bonds (100% of the principal amount thereof plus accrued interest to the redemption date) on June 1, 2016. See "VERIFICATION".

The amounts for the refunding of the Refunded FRN Bonds maturing on June 1, 2015 will be held by the Trustee in the appropriate accounts of the Debt Service Fund and applied to the payment of the Refunded FRN Bonds at maturity.

The Refunded FRN Bonds maturing on December 1, 2015 will be called for redemption on June 1, 2015. The amounts for the refunding of such Refunded FRN Bonds will be held by the Trustee in the appropriate account of the Debt Service Fund and applied to the payment of the redemption price of such Refunded FRN Bonds on such redemption date.

Interest due on the 2006 Refunded Bonds and the Refunded FRN Bonds on June 1, 2015 will be paid by the Commission from sources other than proceeds of the 2015A Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	
Par Amount of 2015A Bonds	$500,730,000
Net Original Issue Premium	44,067,552
TOTAL SOURCES	**$544,797,552**
USES OF FUNDS	
Deposit to 2015A Account of the Construction Fund	$284,384,222
Deposit to 2015A Debt Service Fund on account of capitalized interest	3,458,647
Deposit to Debt Service Reserve Fund	15,817,671
Refunding Requirement of 2006 Refunded Bonds	123,571,383
Refunding Requirement of Refunded FRN Bonds	115,155,000
Costs of Issuance of 2015A Bonds[(1)]	2,410,629
TOTAL USES	**$544,797,552**

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

SECURITY FOR THE 2015A BONDS

Security

The 2015A Bonds are limited obligations of the Commission. They are secured, along with the other outstanding Bonds and certain other Parity Obligations, under the Senior Indenture, by the pledge by the Commission to the Trustee of (1) all Revenues (which includes all Tolls), (2) all moneys deposited into accounts or funds, other than the Rebate Fund, created by the Senior Indenture, (3) any insurance proceeds required to be deposited under the Senior Indenture, (4) all payments received pursuant to Parity Swap Agreements, and (5) all investment earnings on all moneys held in accounts and funds, other than the Rebate Fund, established by the Senior Indenture (all five of these items being collectively referred to as the "***Trust Estate***").

OIL FRANCHISE TAX REVENUES AND REGISTRATION FEE REVENUES, AS WELL AS OTHER SOURCES OF THE COMMISSION'S REVENUES NOT DERIVED FROM TOLLS, INCLUDING CONCESSION REVENUE, ARE EXCLUDED FROM THE TRUST ESTATE. THE TRUST ESTATE ALSO EXCLUDES ALL MONEYS HELD IN THE REBATE FUND. ANY ADDITIONAL BONDS AND PARITY OBLIGATIONS ISSUED PURSUANT TO THE SENIOR INDENTURE (OTHER THAN SUBORDINATED INDEBTEDNESS) WILL BE EQUALLY AND RATABLY SECURED UNDER THE SENIOR INDENTURE, EXCEPT TO THE EXTENT SUCH ADDITIONAL BONDS ARE NOT DEBT SERVICE RESERVE FUND BONDS.

THE 2015A BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF ANY OF THE 2015A BONDS.

Payments of the principal of and the interest on the Turnpike Revenue Bonds, including the 2015A Bonds and any Additional Bonds and payments on certain other Parity Obligations, are secured, pro rata and without preference or priority of one Turnpike Revenue Bond or Parity Obligation over another, by a valid pledge of the Trust Estate and by the Senior Indenture, except to the extent that such

Bonds are not Debt Service Reserve Fund Bonds. **The 2015A-1 Bonds have been designated by the Commission as Debt Service Reserve Fund Bonds; however, the 2015A-2 Bonds have not been designated as Debt Service Reserve Fund Bonds and, accordingly, are not secured by moneys in the Debt Service Reserve Fund.** See "Debt Service Reserve Fund" below.

The Senior Indenture further provides that the Commission may not issue Additional Bonds or incur other Parity Obligations except upon satisfaction of various requirements as expressly provided in the Senior Indenture. See "SECURITY FOR THE 2015A BONDS – Additional Bonds Test" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

Rate Covenant

The Commission has agreed in the Senior Indenture that it will at all times establish and maintain schedules of Tolls for traffic over the System so that the Net Revenues of the System in each Fiscal Year will at all times be at least sufficient to provide funds in an amount not less than (1) the greater of (i) 130% of the Annual Debt Service for such Fiscal Year on account of all Applicable Long-Term Indebtedness then outstanding under the provisions of the Senior Indenture; or (ii) 100% of the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness, plus (a) the amount of required transfers from the Revenue Fund to the credit of the Reserve Maintenance Fund pursuant to the Annual Capital Budget, and (b) an amount sufficient to restore any deficiency in the Debt Service Reserve Fund, if applicable, within an 18-month period; plus (2) the amount of any Short-Term Indebtedness outstanding pursuant to the Senior Indenture for more than 365 consecutive days. In addition, the amount of Net Revenues in excess of the sum of the amounts set forth in clauses (1) and (2) above, together with Other Revenues pledged to the payment of Subordinated Indebtedness, shall be sufficient to pay the Annual Debt Service for any Subordinated Indebtedness. See also "SECURITY FOR THE 2015A BONDS – General Reserve Fund" below for discussion of the rate covenant applicable to Subordinate Indenture Bonds under the Subordinate Trust Indenture, dated as of April 1, 2008, between the Commission and TD Bank, National Association, as successor trustee, as heretofore amended and supplemented (the "***Subordinate Indenture***").

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

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

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

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

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

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

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

Revenue Fund

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

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

(a) Rebate Fund;

(b) Operating Account;

(c) Debt Service Fund;

(d) Reserve Maintenance Fund;

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

(f) General Reserve Fund.

Operating Account

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

Debt Service Fund

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

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

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

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

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

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

The 2015A-1 Bonds are Fixed Rate Bonds. The 2015A-2 Bonds are <u>not</u> Fixed Rate Bonds.

Reserve Maintenance Fund

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

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

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

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

Debt Service Reserve Fund

A Debt Service Reserve Fund has been established under the Senior Indenture to provide additional security for Debt Service Reserve Fund Bonds. **The 2015A-1 Bonds have been designated by the Commission as Debt Service Reserve Fund Bonds; however, the 2015A-2 Bonds are <u>not</u> Debt Service Reserve Fund Bonds and, accordingly, are not secured by moneys in the Debt Service Reserve Fund.**

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

Following the issuance of the 2015A Bonds and the deposit into the Debt Service Reserve Fund described above under "ESTIMATED SOURCES AND USES OF FUNDS", funds on deposit in the Debt Service Reserve Fund will be sufficient, in the aggregate, to meet the Debt Service Reserve Requirement under the Senior Indenture, taking into account the 2015A-1 Bonds.

General Reserve Fund

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

(a) to purchase or redeem Bonds;

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

(c) to make payments into the Construction Fund;

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

(e) to further any corporate purpose.

The Trustee has been directed to disburse from the General Reserve Fund, to the trustee under the Subordinate Indenture, funds sufficient to meet debt service requirements on the Subordinate Indenture Bonds. Under the Subordinate Indenture, the Commission has agreed that it will at all times establish and maintain Tolls for traffic over the System so that the amount paid into the General Reserve Fund in each Fiscal Year after deducting any liquidity reserve or other required holdback or deposit then in effect will be at least sufficient to provide funds in an amount not less than (i) 115% of the annual debt service on Subordinate Revenue Bonds (and obligations on parity with Subordinate Revenue Bonds), plus (ii) 100% of the annual debt service on Special Revenue Bonds (and obligations on a parity with Special Revenue Bonds and certain further subordinated bonds), plus (iii) any amount required under the Subordinate Indenture to restore within 18 months any deficiency in the debt service reserve fund held under the Subordinate Indenture. Failure to meet this covenant will not constitute a default under the Subordinate Indenture (or the Senior Indenture), but will require the Commission to retain a consultant to advise with respect to schedules of Tolls in order to bring the Commission into compliance. The Trustee has never withdrawn funds from the General Reserve Fund to meet regularly scheduled debt service payments on Bonds outstanding under the Senior Indenture nor has the General Reserve Fund been used to restore any shortfalls in any Debt Service Reserve Fund for any Bonds. See also "ADDITIONAL INDEBTEDNESS OF THE COMMISSION – Subordinate Indenture Bonds."

Additional Bonds Test

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

> (a) with respect to Short-Term Indebtedness, (1) immediately after the incurrence of such Short-Term Indebtedness, the outstanding principal amount of all Short-Term Indebtedness issued pursuant to the Senior Indenture may not exceed 30% of the Revenues for the most recent Fiscal Year for which audited financial statements are available; and (2) for a period of not fewer than seven consecutive days within each Fiscal Year, commencing with the Fiscal Year following the issuance of such Short-Term Indebtedness, the aggregate principal amount of all outstanding Short-Term Indebtedness is reduced to less than 5% of the Revenues for the immediately preceding Fiscal Year for which audited financial statements are available. Short-Term Indebtedness issued pursuant to the Senior Indenture will be on a parity with other Additional Bonds;
>
> (b) with respect to Long-Term Indebtedness, prior to or contemporaneously with the incurrence thereof (1) a certificate of a Commission Official certifying that the Historical Pro Forma Debt Service Coverage Ratio for the most recent Fiscal Year preceding the delivery of such certificate for which audited financial statements are available was not less than 1.75; or (2) a report of a Consultant to the effect that (i) the Net Revenues of the Commission during the preceding Fiscal Year were at least 130% of the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness then Outstanding and on any Applicable Long-Term Indebtedness proposed to be issued (which report may assume any revisions of the Tolls which have been approved by the Commission after the beginning of such Fiscal Year were in effect for the entire Fiscal Year) and (ii) the Projected Debt Service Coverage Ratio is not less than 1.30; or (3) if the Long-Term Indebtedness is being incurred solely for the purpose of refunding, repurchasing or refinancing (whether in advance or otherwise) any outstanding Long-Term Indebtedness, a certificate of a Commission Official certifying the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness prior to the issuance of the proposed Long-

Term Indebtedness is greater than the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness after the issuance of such proposed Long-Term Indebtedness;

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

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

ADDITIONAL INDEBTEDNESS OF THE COMMISSION

Bonds and Other Parity Obligations

The Commission has previously issued Bonds and Notes under the terms of the Senior Indenture that have an equal claim to the Trust Estate with the 2015A Bonds. Following the issuance of the 2015A Bonds, there will be $4,017,065,000 aggregate principal amount of such Bonds Outstanding. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

In addition to the Outstanding Bonds, the Commission has entered into various interest rate swap agreements with a total current notional amount of $1,129,129,000 that constitute Parity Swap Agreements under the Senior Indenture. Under the terms of the Senior Indenture, regularly scheduled amounts payable under Parity Swap Agreements, and in certain cases termination payments, are secured on a parity with the Bonds by the Trust Estate. See APPENDIX A –"THE PENNSYLVANIA TURNPIKE COMMISSION — CERTAIN FINANCIAL INFORMATION – Financial Policies and Guidelines" and APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

Subordinate Indenture Bonds

Act 44 authorizes the Commission to issue bonds for the purpose of paying costs of PennDOT and bond-related expenses. Proceeds of such bonds may be applied toward the satisfaction of the Commission's annual payment obligations to PennDOT under the Funding Agreement. The Commission will have $4,182,702,598.05 (including compounded amounts as of June 1, 2015 for the Commission's outstanding capital appreciation bonds) of the Subordinate Revenue Bonds (the "***Subordinate Revenue Bonds***") outstanding under the Subordinate Indenture as of June 1, 2015 under the authorization of Act 44 to be paid solely from moneys released from the General Reserve Fund (such bonds are therefore subordinate to Bonds and other Parity Obligations under the Senior Indenture).

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

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

Previously, under Act 44, the Commission was able to issue up to $5 billion of Special Revenue Bonds guaranteed by the Motor License Fund under Act 44 (the "***Special Revenue Bonds***" and, together with the Subordinate Revenue Bonds, the "***Subordinate Indenture Bonds***") which are subordinate to Parity Obligations issued under the Senior Indenture and to the Subordinate Revenue Bonds issued under the Subordinate Indenture. However, other than bonds issued to refund outstanding Special Revenue Bonds, pursuant to Act 89, effective July 1, 2014 Special Revenue Bonds may no longer be issued by the Commission to fund any portion of its payment obligation under the Funding Agreement. The Commission will have Special Revenue Bonds outstanding in the aggregate principal amount of $983,857,275.05 as of June 1, 2015 (inclusive of compounded amounts as of June 1, 2015 for capital appreciation bonds). 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 Motor License Fund created under Act 44 required to pay any debt service shortfall; all such debt service payments are subordinate obligations of the Commission payable solely from certain money in, or periodically released from, the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission; and the proceeds from the issuance of the Special Revenue Bonds may only be used for roads and bridges. The Amended Funding Agreement provides that the Commission is obligated to pay all debt service due with respect to the Special Revenue Bonds. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Enabling Acts," for a description of the Subordinate Revenue Bonds and Special Revenue Bonds which the Commission is authorized to issue under the Enabling Acts.

Other Bonds Issued by Commission – No Claim on Trust Estate

The Commission has also issued Oil Franchise Tax Revenue Bonds that will be outstanding in the aggregate principal amount of $735,140,936.80 as of June 1. 2015 (inclusive of compounded amounts as of June 1, 2015 for capital appreciation bonds) and Registration Fee Revenue Bonds that will be outstanding in the aggregate principal amount of $409,880,000 as of June 1, 2015. The Commission has entered into various interest rate exchange agreements (swaps) with respect to certain of the Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds. Neither the Oil Franchise Tax Revenue Bonds nor the Registration Fee Revenue Bonds or any of the various swaps with respect to the Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds are secured by or have any interest in the Trust Estate. Furthermore, neither the Oil Franchise Tax Revenues nor the Registration Fee Revenues are pledged to secure the 2015A Bonds.

CERTAIN RISK FACTORS

There are various factors which could adversely affect the sufficiency of the Trust Estate and which, if present, may result in an inability to meet the debt service requirements on the 2015A Bonds. The following is intended only as a summary of certain risk factors attendant to an investment in the 2015A Bonds and is not intended to be exhaustive. In order to identify risk factors and make informed investment decisions, potential investors should be thoroughly familiar with the entire Official Statement (including each Appendix hereto), and the Bond Documents in order to make a judgment as to whether the 2015A Bonds are an appropriate investment. The following risk factors are among those which should be considered by a potential investor:

Commission Revenues may decline

The actual amount of future toll revenues collected by the Commission depends upon a number of factors, including rates established by the Commission and the level and composition of traffic on the System. Many of these factors are beyond the control of the Commission. The Commission is obligated under the terms of the Funding Agreement, Act 44, the Senior Indenture and the Subordinate Indenture to fix and revise tolls at levels that will generate revenues (together with other available moneys) sufficient to pay all of its obligations under the Funding Agreement, to construct and maintain the System and to pay debt service obligations and other amounts payable to PennDOT or the Commonwealth. However, the amount of traffic on the System cannot be predicted with certainty and may decline due to general economic conditions, diversion of some traffic to alternative non-toll routes to avoid toll rate increases or because of increased fuel costs, increased mileage standards, higher fuel taxes or other factors. There is insufficient data to assess these risk factors fully. However, based on historical variations in such factors and the recent toll increases, the Commission reasonably expects to have sufficient revenues to meet its payment obligations, including payment obligations with respect to the 2015A Bonds.

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

If the Commission experiences financial problems, delays in payment or losses on the 2015A Bonds may result

Adverse changes in the Commission's financial condition could result in a failure to make its payments, or a delay in payments, to the Trustee with respect to the 2015A Bonds. In addition to a potential decline in revenues, the Commission's financial condition could be adversely affected by a number of factors including, but not limited to:

- Increased and/or unanticipated costs of operation and maintenance of the System;
- Decreased toll revenues due to declines in usage or otherwise;
- Increased mass transit systems;
- Work stoppage, slowdown or action by unionized employees;
- Complete or partial destruction or temporary closure of the System due to events beyond the control of the Commission;
- Increased unfunded healthcare and other non-pension post-employment benefits;
- Increased pension costs; and
- Increased fuel costs.

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

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

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

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

From time to time legislation is introduced in the Pennsylvania General Assembly which may affect the Commission and therefore may affect certain of the assumptions made in this Official Statement. The Commission cannot predict if any of such bills or other legislation will be enacted into law, or how any such legislation may affect the Commission's ability to timely pay the 2015A Bonds. See APPENDIX A –"THE PENNSYLVANIA TURNPIKE COMMISSION — THE COMMISSION – Recent Developments and Pending Legislation".

Bankruptcy risk; Lien position

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

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

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. Sequestration will affect the federal subsidy payable to the Commission with respect to its outstanding Build America Bonds. The Commission will have $1,104,675,000 in principal amount of Build America Bonds outstanding as of June 1, 2015, and is entitled to receive approximately $22,387,000 in federal subsidy annually with respect to such Build America Bonds. Based on guidance issued by the Internal Revenue Service (the "***IRS***") in March 2013, the amount of such federal subsidy payable to the Commission was reduced by 8.7% or approximately $1,947,699 for payments through September 30, 2014. Pursuant to the Bipartisan Budget Act of 2013 (Public Law 113-67), such federal subsidy was reduced by 7.2% or approximately $1,611,864 for payments through September 30, 2014. Based on guidance issued by the IRS, such federal subsidy will be reduced by 7.3% or approximately $1,634,251 for payments from October 1, 2014 through September 30, 2015, and by 6.8% for payments from October 1, 2015 through September 30, 2016 absent intervening Congressional action. Reductions in future federal fiscal years are currently unknown. 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 tax laws could affect the excludability or deductibility of interest on tax-exempt bonds such as the 2015A Bonds

Current and future legislative proposals, if enacted into law, could cause interest on the 2015A Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from state income taxation, or otherwise prevent the owners of the 2015A 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 2015A Bonds. Prospective purchasers of the 2015A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Co-Bond Counsel will express no opinion. See "TAX MATTERS."

The 2015A Bonds may be repaid early due to the exercise of the redemption option. If this happens, yield may be affected and 2015A Bondholders will bear reinvestment risk

The 2015A Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2015A Bonds. Bondholders bear the risk that monies received upon such redemption cannot be reinvested in comparable securities or at comparable yields.

Uncertainty as to available remedies

The remedies available to owners of the 2015A Bonds upon an Event of Default under the Senior Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Senior Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the 2015A Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the years ended May 31, 2014 and May 31, 2013 are set forth in APPENDIX B – "AUDITED 2014 AND 2013 FINANCIAL STATEMENTS" certified by Zelenkofske Axelrod, LLC, in its capacity as Independent Auditor. The Commission has not asked Zelenkofske Axelrod, LLC to perform any additional review procedures in connection with this Official Statement.

CONTINUING DISCLOSURE

The Commission will enter into a Continuing Disclosure Agreement for the benefit of the Registered Owners from time to time of the 2015A 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***").

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, the following information and notices:

(a) Within 180 days of the end of each fiscal year of the Commission commencing with the fiscal year ending May 31, 2015, annual financial information (collectively, the "***Annual Financial Information***"), consisting of: (i) financial and operating data of the type set forth in this Official Statement in Tables I, II and III contained in APPENDIX A –"THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION"; (ii) the Commission's audited financial statements for such fiscal year; and (iii) a summary of any material legislative or regulatory developments affecting Act 44 or Act 89 since the Commission's most recent annual financial information filing. In the event that the

Commission’s audited financial statements are not available within 180 days of the close of the applicable fiscal year, the Annual Financial Information will contain unaudited financial statements and the audited financial statements will be provided for filing when available.

(b) Notice of the occurrence of any of the following events with respect to the 2015A Bonds, within ten (10) business days after the occurrence of such event: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2015A Bonds or other material events affecting the tax status of the 2015A Bonds; (vii) modifications to rights of holders of the 2015A Bonds, if material; (viii) optional or unscheduled 2015A Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the 2015A Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar proceedings or events of the Commission; (xiii) consummation of a merger, consolidation or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The foregoing fourteen (14) events are quoted from the Rule. The SEC requires the listing of the events listed in clauses (i) through (xiv) above, although some of such events may not be applicable to the 2015A Bonds. For example, the events listed in clauses (iv) and (v) are not applicable to the 2015A Bonds because there is no credit or liquidity enhancement providing for the payment of the 2015A Bonds.

The Commission may amend the Disclosure Agreement and waive any of the provisions thereof, but no such amendment or waiver shall be executed and effective unless: (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the Commission or the governmental operations conducted by the Commission; (ii) the Disclosure Agreement, as modified by the amendment or waiver, would have been the written undertaking contemplated by the Rule at the time of original issuance of the 2015A Bonds, taking into account any amendments or interpretations of the Rule; and (iii) the amendment or waiver does not materially impair the interests of the Registered Owners of the 2015A 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 2015A Bonds.

The Disclosure Agreement will recite that it is entered into for the benefit of the Registered Owners from time to time of the 2015A Bonds. For the purposes of the Disclosure Agreement, for so long as the 2015A Bonds are registered in the name of DTC or its nominee, “***Registered Owner***” shall mean and include the holder of a book-entry credit evidencing an interest in the 2015A Bonds. Holders of book-entry credits may file their names and addresses with the Commission for the purposes of receiving notices or giving direction under the Disclosure Agreement.

A default under the Disclosure Agreement shall not be deemed to be a default under the 2015A Bonds or the Senior 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.

The Disclosure Agreement will terminate (1) upon payment or provision for payment in full of the 2015A Bonds, (2) upon repeal or rescission of Section (b)(5) of the Rule, or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable. A copy of the Disclosure Agreement is on file at the principal office of the Commission.

During the five (5) year period preceding the date of this Official Statement, the Commission has complied in all material respects with all of its continuing disclosure requirements pursuant to the Rule with respect to its other series of bonds; provided, however, that notice of a change in trustee in April of 2012 was filed approximately 16 days late.

RELATIONSHIPS OF CERTAIN PARTIES

Public Financial Management, Inc., Financial Advisor to the Commission and its affiliate PFM Asset Management, LLC are engaged to provide other services to the Commission, including acting as verification agent with respect to the 2006 Refunded Bonds. See "VERIFICATION AGENT". Raffaele & Puppio, LLP, Co-Bond Counsel in this transaction, is providing legal services to parties other than the Commission in a separate financing involving the Commission. Duane Morris LLP, Disclosure Counsel, is engaged to provide certain other services to the Commission.

UNDERWRITING

Loop Capital Markets LLC, on behalf of itself and the other Underwriters shown on the cover page hereof (the "***Underwriters***"), are expected to enter into a purchase contract (the "***Purchase Contract***") with the Commission pursuant to which the Underwriters will agree, subject to certain customary conditions precedent to closing, to purchase the 2015A Bonds from the Commission at a purchase price equal to $543,027,109.19 (representing the par amount of the 2015A Bonds, plus net original issue premium of $44,067,552.10 and less an Underwriters' discount of $1,770,442.91).

Pursuant to the Purchase Contract, the Underwriters will be obligated to purchase all of the 2015A Bonds if any of such 2015A Bonds are purchased. The 2015A Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2015A 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 2015A Bonds at the initial offering price. The Commission has agreed to be liable to the Underwriters to the extent of all losses, claims, damages and liabilities arising out of incorrect statements or information contained in this Official Statement or material omissions therein, except for information furnished by the Underwriters, and with respect to certain other matters.

Loop Capital Markets LLC, the Representative and one of the Underwriters of the 2015A Bonds, has entered into distribution agreements (each, a "***Distribution Agreement***") with each of UBS Financial Services Inc. ("***UBSFS***") and Deutsche Bank Securities Inc. ("***DBS***") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement, each of UBSFS and DBS will purchase the 2015A Bonds from Loop Capital Markets LLC at the original issue prices less a negotiated portion of the selling concession applicable to any 2015A Bonds that such firm sells.

Siebert Brandford Shank & Co., L.L.C., one of the Underwriters of the 2015A Bonds, has entered into a separate agreement with Credit Suisse Securities USA LLC for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the

2015A Bonds, Siebert Brandford Shank & Co., L.L.C. will share a portion of its underwriting compensation with respect to the 2015A Bonds, with Credit Suisse Securities USA LLC.

The obligation of the Underwriters to accept delivery of the 2015A Bonds is subject to the terms and conditions set forth in the Purchase Contract, the approval of legal matters by counsel and other conditions. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the 2015A Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for 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 may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of 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.

The Commission has recommended and the Underwriters have accepted the appointment of Campbell & Levine, LLC as counsel to the Underwriters in connection with the purchase of the 2015A Bonds.

RATINGS

Moody's Investors Service, Inc. ("***Moody's***"), Standard & Poor's Ratings Services ("***Standard & Poor's***") and Fitch Ratings ("***Fitch***") have assigned their municipal bond ratings of "A1" (stable outlook), "A+" (stable outlook), and "A+" (stable outlook), respectively, to the 2015A Bonds.

An explanation of the significance of each of such ratings and any outlook may be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Certain materials and information not included in this Official Statement may have been furnished to such rating agencies. A rating is not a recommendation to buy, sell or hold securities. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or either of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2015A Bonds.

Except as provided in the Disclosure Agreement, neither the Underwriters nor the Commission have undertaken any responsibility to bring to the attention of the holders of the 2015A Bonds any proposed or actual change in or withdrawal of any rating or to oppose any proposed change or withdrawal. See "CONTINUING DISCLOSURE" above.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2015A Bonds, or in any way contesting or affecting the validity of the 2015A Bonds or any proceedings of the Commission taken with respect to the offer or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2015A Bonds, the existence or powers of the Commission or the construction of the Commission's capital improvement program.

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

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

On March 13, 2013, as a result of a statewide grand jury investigation, the Pennsylvania Attorney General filed criminal charges against a former Commission Chairman, the former Chief Executive Officer and Chief Operating Officer of the Commission, two individuals at companies doing business with the Commission and two former Commission employees. These individuals were charged with a variety of offenses, including conspiracy, commercial bribery, bid-rigging, theft, conflict of interest and corrupt organization violations. No criminal charges have been filed against current Commissioners, senior executives or employees of the Commission. See "THE COMMISSION – Recent Developments and Pending Legislation – *Statewide Investigating Grand Jury Investigation and Recent Criminal Charges*" in APPENDIX A hereto for a detailed discussion of the matters summarized above.

VERIFICATION

The arithmetical accuracy of (a) the mathematical computations supporting the adequacy of the maturing principal amounts of, and interest earned on, the securities purchased to fund the Escrow Account established for the refunding of the 2006 Refunded Bonds to pay, when due, the principal of, interest on and redemption premium, if any, on the 2006 Refunded Bonds, and (b) the computations supporting the conclusion of Co-Bond Counsel that the 2015A Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder will be verified by PFM Asset Management, LLC as a condition to the delivery of the 2015A Bonds. The Verification Agent will express no opinion as to the assumptions provided to it, nor as to the exemption from taxation of the interest on the 2015A Bonds.

LEGAL MATTERS

Certain legal matters with respect to the 2015A Bonds will be passed upon by Cozen O'Connor, Philadelphia, Pennsylvania and Raffaele & Puppio, LLP, Media, Pennsylvania, Co-Bond Counsel. A copy of the proposed form of opinion of Co-Bond Counsel which will be delivered on the date of issuance and delivery of the 2015A Bonds is set forth in APPENDIX D – "FORM OF OPINION OF CO-BOND COUNSEL." Certain other legal matters will be passed upon for the Underwriters by their Counsel, Campbell & Levine, LLC, Pittsburgh, Pennsylvania, and for the Commission by its Chief

Counsel, Doreen A. McCall, Esquire, and Duane Morris LLP, Philadelphia, Pennsylvania, Disclosure Counsel to the Commission.

The various legal opinions to be delivered concurrently with the delivery of the 2015A Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISORS

The Commission has retained Public Financial Management, Inc., Philadelphia, Pennsylvania, and G-Entry Principle, P.C. as Co-Financial Advisors with respect to the authorization and issuance of the 2015A Bonds. The Co-Financial Advisors are not obligated to undertake or assume responsibility for, nor have they undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. Each of the Co-Financial Advisors is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

TRUSTEE

The Commission has appointed U.S. Bank National Association (successor to First Union National Bank), Philadelphia, Pennsylvania, as the Trustee and Authenticating Agent under the Senior Indenture. The obligations and duties of the Trustee are as described in the Senior Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2015A Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2015A Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax status of the interest on the 2015A Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity and tax status of the interest on the 2015A 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 2015A Bonds authenticated or delivered pursuant to the Senior Indenture or for the use or application of the proceeds of such 2015A Bonds by the Commission.

Under the terms of the Senior Indenture, the Trustee shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel and the Trustee is liable only for those damages caused by its gross negligence or willful misconduct.

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

TAX MATTERS

Federal Tax Exemption

The Internal Revenue Code of 1986, as amended (the "***Code***") contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the 2015A Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the 2015A Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Commission subsequent to the issuance and delivery of the 2015A Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Commission has covenanted to comply with such requirements.

In the opinion of Co-Bond Counsel, interest on the 2015A Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Co-Bond Counsel is subject to the condition that the Commission complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2015A Bonds in order that interest thereon continues to be excluded from gross income. The Commission has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the 2015A Bonds to be includable in gross income retroactive to the date of issuance of the 2015A Bonds. Interest on the 2015A Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on the 2015A Bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax.

Original Issue Discount

The 2015A-1 Bonds maturing on December 1, 2035 (the "***Discount Bonds***"), have been sold with original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Discount Bonds. For each maturity of Discount Bonds, original issue discount is the excess of the stated redemption price at maturity over the initial offering price. Such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond, and the tax basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. **Purchasers of any Discount Bonds, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and tax treatment of original issue discount.**

Original Issue Premium

The 2015A-1 Bonds (other than the Discount Bonds) (the "***Premium Bonds***") have been sold with original issue premium. An amount equal to the excess of the initial public offering price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles. The amount of amortized bond premium (i) reduces the holder's basis in the Premium Bond for purposes of determining gain or loss for federal income tax purposes upon the sale or other disposition of the Premium Bond and (ii) is not allowed as a deduction for federal income tax purposes to the holder. **Purchasers of any Premium Bonds, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium.**

Other Federal Tax Consequences

In addition to the matters addressed above, prospective purchasers of the 2015A Bonds should be aware that ownership of the 2015A Bonds may result in collateral tax consequences to certain taxpayers, including, but not limited to, foreign corporations, certain S corporations, recipients of social security and railroad retirement benefits, financial institutions and property or casualty insurance companies. Co-Bond Counsel expresses no opinion regarding any other federal tax consequences relating to the 2015A Bonds or the receipt of interest thereon, and prospective purchasers should consult their own tax advisors as to collateral federal income tax consequences.

No assurance can be given that amendments to the Code or other federal legislation will not be introduced and/or enacted which would cause the interest on the 2015A Bonds to be subject, directly or indirectly, to federal income taxation or adversely affect the market price of the 2015A Bonds or otherwise prevent the holders of the 2015A Bonds from realizing the full current benefit of the federal tax status of the interest thereon.

State Tax Exemption

In the opinion of Co-Bond Counsel, under the existing laws of the Commonwealth, the interest on the 2015A Bonds is free from Pennsylvania personal income taxation and Pennsylvania corporate net income taxation, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the 2015A Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange or other disposition of the 2015A Bonds are subject to state and local taxation within the Commonwealth.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary. **Prospective purchasers should consult their tax advisors about the consequences of purchasing or holding the 2015A Bonds.**

MISCELLANEOUS

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

The references herein to the Enabling Acts, the 2015A Bonds, the Senior Indenture, Supplemental Indenture No. 38, the Subordinate Indenture, the Escrow Agreement and the Disclosure Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference and are subject to the full texts thereof.

[Remainder of Page Intentionally Left Blank]

Neither this Official Statement nor any other disclosure in connection with the 2015A Bonds is to be construed as a contract with the holders of the 2015A Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact.

PENNSYLVANIA TURNPIKE COMMISSION

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

APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

TABLE OF CONTENTS

APPENDIX A[1,2]

THE PENNSYLVANIA TURNPIKE COMMISSION

THE COMMISSION

General

The Commission is an instrumentality of the Commonwealth existing pursuant to an Act of the General Assembly of Pennsylvania approved on July 18, 2007, P. L. 169, No. 44 ("Act 44") and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P. L. 774; the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; the Act of September 30, 1985, P. L. 240, No. 61 ("Act 61"), to the extent not repealed by Act 44, and the Act of November 25, 2013, P.L. 794, 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.

The Commission is composed of five members, including one ex officio member, the Secretary of the Department of Transportation of the Commonwealth of Pennsylvania ("PennDOT"). Any vacancy in the membership of the Commission (other than the Secretary of Transportation) must be filled by appointment of the Governor, with the advice and consent of two-thirds of the members of the Pennsylvania Senate. 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 his or her successor is appointed and qualified, whichever is less. The limitations on Commissioner terms under Act 89 are not applicable to any current member of the Commission.

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

Sean F. Logan was elected as Chairman of the Commission on January 28, 2015. He was appointed to the Commission in July 2013. Mr. Logan is currently the Executive Director/CEO of the Convention and Visitors Bureau of Greater Monroeville. He is also a former Vice

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

[2] Included in this Appendix A are links to certain additional materials. This Appendix A includes only the information contained on such website as of the date of this Official Statement. The inclusion of these links is not intended to be a republication herein of any information contained on such websites.

President of Community Relations for the University of Pittsburgh Medical Center. Mr. Logan is a former state Senator, having served from January 2001 until August 2010. Prior to his service in the Pennsylvania Senate, Mr. Logan served as the Mayor of Monroeville from 1997 to 2000. His term expires on June 30, 2017.

William K. Lieberman is the current Vice Chairman of the Commission and he was appointed to serve as a Commissioner on July 1, 2010. Mr. Lieberman previously served as Chairman of the Commission from January 2011 until January 28, 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 Chairman of the Manchester-Bidwell Corp., Pittsburgh, Pennsylvania. His term expired on July 1, 2014, but he continues to serve as a Commissioner for an indefinite term and he was reappointed to serve as a Commissioner in January 2015. Mr. Lieberman received a unanimous recommendation for confirmation by the Senate Transportation Committee on April 21, 2015 and was confirmed on May 4, 2015 by the Senate.

Pasquale T. Deon, Sr., an established businessman and lifelong resident of Bucks County, Pennsylvania, is the current Secretary-Treasurer of the Commission. Mr. Deon has served as a member of the Commission since 2002. Commissioner Deon was reappointed to the Commission on December 10, 2013. Mr. Deon is Chairman of the Board of Directors of the Southeastern Pennsylvania Transportation Authority (SEPTA). He is also a service-industry entrepreneur involved in real-estate development, beverage distribution and construction services. He is the owner of WBCB-1490AM Radio, Levittown, Pennsylvania. His term will expire on December 10, 2017.

A. Michael Pratt, Esq. is a partner in the law firm of Pepper Hamilton LLP and was named to the Commission in June 2009, becoming the first African-American Commissioner in the Commission's 70-year history. Mr. Pratt joined Pepper Hamilton LLP in 1986 and is a partner in the firm's Philadelphia and Harrisburg offices, as well as the first African-American member of the firm's executive committee. He is an active member of the Philadelphia, Pennsylvania, and American Bar Associations and has served as the Chancellor of the Philadelphia Bar Association and President of the Barristers' Association of Philadelphia, an organization of African-American lawyers. He received a B.A. in Economics and English from Washington & Jefferson College, Washington, Pennsylvania, in 1981 and earned a law degree from Harvard Law School in 1985. His term expired on June 24, 2013 but he continues to serve as a Commissioner. On April 27, 2015, Commissioner Pratt announced his intention to resign as a Commissioner effective June 2, 2015, and the Chairman has accepted his resignation.

Leslie S. Richards was nominated by Governor Tom Wolf as Acting Secretary of Transportation of the Commonwealth of Pennsylvania in January 2015 and was confirmed as Secretary of Transportation by the Senate on May 11, 2015. Secretary Richards is a graduate of Brown University, where she concentrated in economics and urban studies. She received a master's of regional planning from the University of Pennsylvania. In the private sector, Ms. Richards served as a senior project manager at a woman-owned civil engineering firm and served as a public involvement specialist at a consulting firm. She is experienced with managing multi-million dollar infrastructure projects and writing annual and long-range strategic plans. In the public sector, Secretary Richards focused on transportation and planning issues. She served as the vice chair of the Montgomery County Board of Commissioners; served as chair of the Delaware Valley Regional Planning Commission; as well as on the boards of the Southeastern Pennsylvania Transportation Authority (SEPTA) and the Greater Valley Forge Transportation Management Association (GVFTMA). Before being elected county commissioner, she served as the chair and vice chair of the Whitemarsh Township Board of Supervisors.

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 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 31, 2012 to February 1, 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.

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

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

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

Ray A. Morrow was named the Chief Compliance Officer on July 11, 2014. Prior to being named the Chief Compliance Officer, Mr. Morrow served the Commission as its Acting Chief Compliance Officer and Inspector General. Mr. Morrow joined the Commission on

January 2, 2014. Prior to joining the Commission, Mr. Morrow had an extensive career with the Federal Bureau of Investigation (FBI) from 1977 to 2007, culminating as the Special Agent in Charge of the FBI's Pittsburgh Field Office. Mr. Morrow served as a Senior Compliance Investigator for the Siemens Corporation from 2010-2013.

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 I-80 ("***I-80***") located in the Commonwealth from PennDOT upon the approval of the Federal Highway Administration ("***FHWA***") of the conversion of such portion into a toll road (the "***Conversion***"). The 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 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, payable in equal quarterly installments, of $450 million to PennDOT through 2057 with $200 million of the scheduled annual payment supporting road and bridge projects and $250 million supporting transit projects throughout the Commonwealth.

Act 89 and the Act 89 Amendment

On November 25, 2013, Act 89 was enacted to provide substantial additional and sustained investment in the Commonwealth's aging transportation infrastructure. Once fully implemented by Fiscal Year 2018, the revenue enhancements enacted in Act 89 are projected to generate substantial additional funds each year for investment in the Commonwealth's transportation infrastructure.

Act 89 also enacted 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 Lease and Funding Agreement (the "***Act 89 Amendment***" and together with the Act 44 Funding Agreement, the "***Amended Funding Agreement***"). The Amended Funding Agreement terminates on October 14, 2057.

In accordance with Act 89 and the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT for Fiscal Year 2013-2014 through Fiscal Year 2021-2022 is $450 million and, in accordance with Act 89, the Commission must pay at least $30 million of such amount from current revenues. Commencing in Fiscal Year 2022-2023 through the term of the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT is $50 million, which amount shall be paid from then current revenues of the Commission. Further, Act 89 revises the use of the Commission's scheduled annual payments. Effective on July 1, 2014, none of the Commission's scheduled annual payment will be used to support Commonwealth road and bridge projects. Instead, $420 million of the scheduled annual payment will be used to support mass transit capital and operating needs and $30 million will be used to support multi-modal projects, which may include: aviation projects; rail freight projects; port projects; bicycle projects and pedestrian projects. The Commission's $50 million scheduled annual payment, which commences in Fiscal Year 2022-2023, will support mass transit capital and operating needs. The table under "*Act 44 Payments to PennDOT for Roads, Bridges and Transit*" below indicates the amounts that have been paid to date by the Commission. 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 a 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 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." The Amended Funding Agreement does not refer to "current bondholders, debt holders or creditors," but provides that a unanimous vote is not required if it would prevent the Commission from complying with covenants with "bondholders, debt holders or creditors having such status as of the Effective Date," which under the Amended Funding Agreement is defined as October 14, 2007. These voting procedures have not become effective as the Commission has not missed any 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 Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments. The Commission believes that System revenues should enable it to satisfy its reduced payment obligations as set forth in the Amended Funding Agreement.

Payments to PennDOT for Roads, Bridges and Transit

The Enabling Acts provide that all required payments under the Amended Funding Agreement or as required by the Enabling Acts 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 Act 44 and the Act 44 Funding Agreement, the Commission's payments to PennDOT over the seven fiscal years ended May 31, 2014 have been allocated between deposits to the Motor License Fund for road and bridge work and deposits into the Public Transportation Trust Fund for distribution to Pennsylvania's local and regional public transportation agencies for operating and capital purposes.

No portion of the payments of the Commission to be deposited into the Public Transportation Trust Fund may be made with proceeds of Special Revenue Bonds. In accordance with Act 89 and the Amended Funding Agreement, effective July 1, 2014, 100 percent of the scheduled annual payments of the Commission to PennDOT will be deposited into the Public Transportation Trust Fund and will be used to support transit operating and capital costs, multi-modal transportation capital project costs and alternative energy transportation capital project costs.

To date, the Commission has paid a total amount of $4,750,000,000 under the Amended Funding Agreement, as set forth in the following table (dollar amounts 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

Issuance of Bonds; Commission Payments

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) certain amounts to PennDOT pursuant to the Amended Funding Agreement for purposes of funding PennDOT highway, road and bridge construction and maintenance programs in the Commonwealth (provided that, commencing in Fiscal Year 2014-2015, all payments to PennDOT under the Amended Funding Agreement will be deposited into the Public Transportation Trust Fund), (iii) costs of improvements to the System, and (iv) certain amounts into a Public Transportation Trust Fund pursuant to the Amended Funding Agreement, to be used for mass transit programs, multi-modal transportation programs and alternative energy transportation programs (provided that, pursuant to the terms of the Amended Funding Agreement, the proceeds of any Special Revenue Bonds 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 include up to $5 billion of Special Revenue Bonds, as described below. Proceeds of such bonds may be applied toward the satisfaction of the Commission's scheduled annual payment obligations under the 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 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.

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

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

Under the Subordinate Indenture, the Commission may, from time to time, issue additional bonds, including Subordinate Revenue Bonds and Special Revenue Bonds, to satisfy its payment obligations under the Enabling Acts. The Commission intends any long-term indebtedness to be issued under the Subordinate Indenture to be paid solely from Commission Payments. Such obligations, if issued, are subordinate to the Turnpike Revenue Bonds issued under the Senior Indenture. Such Subordinate Revenue Bonds will be parity obligations with the outstanding Subordinate Revenue Bonds already issued under the Subordinate Indenture. The Commission will have $4,182,702,598.05 of Subordinate Revenue Bonds outstanding under the Subordinate Indenture as of June 1, 2015 (including compounded amounts as of June 1, 2015 for outstanding 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 Subordinate

Revenue Bonds issued under the Subordinate Indenture. **APPENDIX F sets forth the existing debt service schedule for the Turnpike Revenue Bonds issued under the Senior Indenture.**

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) 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 § 9511.2 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 Subordinate Indenture. $983,857,275.05 (including compounded amounts as of June 1, 2015 for capital appreciation bonds) of Special Revenue Bonds will be outstanding under the Subordinate Indenture as of June 1, 2015.

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

Rules Relating to Governance and Accountability Under the Enabling Acts

The Enabling Acts sets forth certain rules relating to governance and accountability of the Commission, including, but not limited to: requiring the Commission to file an annual financial plan 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 and executive-level employees, which the Commission adopted on October 31, 2007 and further expanded and strengthened on 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.

On May 30, 2014, the Commission submitted its financial plan for Fiscal Year 2014-15 (the "***Financial Plan***"). The Financial Plan incorporates the Commission's Fiscal Year 2015 Ten Year Capital Plan (the "***Capital Plan***"), which provides for $6.52 billion, net of federal reimbursements, in capital spending over the period from Fiscal Year 2014-2015 through Fiscal Year 2023-2024. The Capital Plan allows the Commission to accelerate a number of capital improvements and to pursue new initiatives to maintain and improve the System. The Financial Plan indicates that in Fiscal Year 2013-2014 the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts, and was able to progress with its Capital Plan. Given the ongoing and moderate recovery of both the national and state economies, the Commission plans to continue the cost containment and efficiency measures it implemented within the past few years. These measures, together with future toll increases, are expected to allow the Commission to meet its financial covenants, obligations under the Enabling Acts, and capital needs during Fiscal Year 2014-2015.

The Financial Plan concludes that the Commission will continue to meet all of its indenture covenants and all of its other obligations through the Fiscal Year 2056-2057. However, as a forward-looking report, the Financial Plan makes certain assumptions, including future toll increases, to reach its conclusion that the financial covenants, obligations under the Enabling Acts, and capital needs will be met beyond Fiscal Year 2014-2015. Key among these assumptions is the Commission's ability to raise all tolls throughout the System. The Financial Plan reflects the full year effects of the January 2014 toll increase and the expected partial year impacts of the toll increase that became effective in January 2015. The Financial Plan assumes the $450 million reduced level of funding obligations required by the Enabling Acts through Fiscal Year 2021-2022 and the $50 million funding level from Fiscal Year 2022-2023 through Fiscal Year 2056-2057. 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 below. See "THE COMMISSION – Enabling Acts" above.

For information on the most recent performance audit by the Auditor General, see "CERTAIN FINANCIAL INFORMATION – Performance Audit by the Auditor General" below.

Recent Developments and Pending Legislation

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

Pennsylvania 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 if any such legislation will be enacted into law, or how any such legislation may affect the Commission's ability to pay the Senior Indenture Obligations or the Subordinate Indenture Obligations, or to perform its 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 in odd numbered years and adjourn (Sine Die) on November 30 of the next even numbered year. Legislation which was not enacted by November 30, 2014 expired, but may be reintroduced during the 2015-16 legislative session, which began on January 6, 2015.

Among legislation either in discussion or introduced in the General Assembly that could affect the Commission includes proposals or bills which would accomplish the following:

- Affect future pension contributions by the Commission (and other Commonwealth employers) by switching future public employees (including Commission employees) from a defined benefit plan to a defined contribution plan, or a variation thereof. (House Bill 727, introduced March 9, 2015).

- Language which would redefine "electronic toll collection" to include additional technology such as all-electronic tolling, video tolling, and any other similar structural or technological enhancements related to tolling; as well as provide for authority to suspend vehicle registration for failure to pay tolls due to the Commission.

- Legislation requiring the Commission to improve its tunnel maintenance and inspection procedures, expand its customer service telephone access, post Commissioner expenses on-line, and enact various restrictions concerning the Commission's travel policies. (Senate Co-Sponsor Memo #45, filed December 1, 2014 and as of yet not introduced).

- Legislation requiring a majority vote of the Pennsylvania Senate to confirm the Chief Executive Officer of the Commission. (Senate Bill 474, introduced February 13, 2015).

The Commission cannot predict what other legislation may be considered by the General Assembly during the 2015-2016 or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

Federal Surface Transportation Reauthorization

On July 6, 2012, President Obama signed into law a two-year federal transportation funding bill (the "***2012 Transportation Act***"). The 2012 Transportation Act provided continued funding for federal transportation programs at approximately $54 billion per year. In August 2014, President Obama signed into law a $10.8 billion extension of the 2012 Transportation Act that is intended to keep the Federal Highway Trust Fund operating through May of 2015. Because neither the operations of the Commission nor its capital programs depend, to any material extent, upon the continuing availability of federal funding, the Commission does not believe that the 2012 Transportation Act, as extended, will have a material effect on the financial condition or results of operations of the Commission.

Statewide Investigating Grand Jury and Recent Criminal Charges

In May, 2009, a statewide grand jury investigation was commenced as a result of public allegations of potential public corruption and criminal misconduct within the Commission (the "***Grand Jury Investigation***")[3]. As part of this investigation, covering Turnpike System operations during an approximate period from February 2000 through early 2013, the Grand Jury heard testimony from hundreds of witnesses and reviewed numerous exhibits, including correspondence, e-mails, campaign contribution records, audio recordings, invoices, bank records, internal Commission policies and memoranda, and expense reports, among other items. The Grand Jury Investigation spanned forty-four months and culminated on March 13, 2013,

[3] The Grand Jury investigation was initially commenced before the 31st Statewide Investigating Grand Jury in May of 2009. Upon the expiration of that Grand Jury, the investigation was transferred to the 33rd Statewide Investigating Grand Jury in June of 2011. For purposes of this disclosure, the 31st Statewide Investigating Grand Jury together with the 33rd Statewide Investigating Grand Jury, will be referred to as the "Grand Jury".

when the Grand Jury issued its 85-page Presentment (the "***Grand Jury Presentment***")[4], detailing its findings of fact, conclusions, and recommendations of charges.

The Grand Jury found that certain elected state officials, a former Commissioner, officials, and employees, and vendors and consultants that had business dealings with the Commission engaged and attempted to engage in systemic illegal bid-rigging, commercial bribery, conflict of interest crimes, theft by unlawful taking, theft by deception, criminal conspiracy and corrupt organization crimes. The former Commissioner, who resigned, was granted immunity in connection with his testimony before the Grand Jury. The Grand Jury concluded that these criminal acts resulted in the public losing millions of dollars. The Grand Jury further concluded that the Commission has been corrupted by improper political influence from certain of its own former officials as well as politicians in state government.

The Grand Jury identified a former Pennsylvania state senator, a former chairman of the Commission, a former Chief Executive Officer of the Commission, a former Chief Operating Officer of the Commission, two other Commission employees and two individuals associated with vendors providing services to the Commission as having criminal responsibility for the crimes outlined in its Presentment.

In addition, the Grand Jury found that during the time that the eight identified individuals were employed by or served at the Commission, the Commission operated under a system that rewarded vendors with multi-million dollar contracts in exchange for the payment of political contributions to public officials and political organizations and the payment of gifts and entertainment expenses. In particular, the Grand Jury found that the named former State Senator, during his tenure as Democratic Floor Leader, was actively involved in securing Commission contracts for key contributors and supporters, and imposing fundraising participation on individuals at the Commission to provide political support and raise campaign funds on his behalf.

The Grand Jury cited specific political contributions that were allegedly solicited in exchange for awarding various contracts with the Commission. These campaign contributions were allegedly made during the approximate period of February, 2000 through October, 2010. The Grand Jury also identified specific contracts that it determined were awarded to vendors as a result of their political contributions and other payments.

On March 13, 2013, the Pennsylvania Attorney General filed criminal charges against the individuals referred to above. These individuals are charged with a variety of offenses, including conspiracy, commercial bribery, bid-rigging, theft, conflict of interest, and corrupt organization violations. No criminal charges have been filed against current Commissioners, senior management, or employees. All Commission employees and officials against whom criminal charges were filed left the Commission between March, 2009 and November, 2011. In her statement on March 13, 2013, the Attorney General stated: "The Grand Jury heard evidence of secret gifts of cash, travel, and entertainment, and the payment of substantial political contributions to public officials and political organizations, by private Turnpike vendors and

[4] For a copy of the complete Grand Jury Presentment, see *http://www.attorneygeneral.gov/uploadedFiles/Press/Turnpike_Grand_Jury_Presentment.pdf.*

their consultants, demonstrates that the Turnpike operates under a pay-to-play system that is illegal and corrupt." Preliminary hearings for six of the eight individuals charged were held during the week of June 24, 2013, (excluding the two individuals referred to above as "other former Commission employees"). Final arguments in the preliminary hearings were held on July 16, 2013 and the six individuals were held for trial which was scheduled to begin on or about November 17, 2014. With respect to the "two other former Commission employees", one waived his preliminary hearing, pled guilty and received probation, and with respect to the other, a preliminary hearing was held on September 16, 2013, the individual pled guilty on January 14, 2014 and was sentenced to two years of probation, ordered to pay restitution and fines and perform 50 hours of community service. On September 30, 2014, a Dauphin County Court Judge approved admission of the two individuals associated with vendors, of the eight individuals charged, into the county's Accelerated Rehabilitative Disposition Program. On October 6, 2014, the trials of the former state senator and the former Commission chairman were severed from the remaining two defendants. Six of the seven counts against the former state senator were dismissed for lack of evidence. Subsequently, on October 16, 2014, the attorney general's office requested that the remaining conspiracy charge against the former state senator be dismissed, which request was granted. On November 13, 2014, the former Commission chairman pled guilty to one misdemeanor count of commercial bribery and was sentenced to 24 months of probation, 100 hours of community service, and fined $2,500. The remaining eight charges against the former Commission chairman were dropped. On November 20, 2014, the former Chief Executive Officer and the former Chief Operating Officer pled guilty to a single felony count of conflict of interest and each received five years' probation, 250 hours of community service, and a fine of $2,500.

The Commission's current Chief Executive Officer, Mark Compton, issued a statement following the publication of the Grand Jury Presentment. Mr. Compton explained that the Commission began revamping its procurement process resulting in more transparency and greater accountability two years prior to the Grand Jury Presentment. Moreover, the Commission continues to evaluate the procurement process and is committed to making improvements where needed. Mr. Compton also announced that he directed the Commission's Office of Compliance to launch a thorough review of every professional-services contract cited in the Grand Jury Presentment, and provide each of the Commission's professional-service providers a copy of the Commission's employee code of conduct and the professional services procurement policy that was enacted in April, 2012. Additionally, the Commission initiated a comprehensive, mandatory code of conduct and ethics training program for its employees which commenced as of September, 2013. Further, on January 7, 2014, the Commission adopted an expanded and more comprehensive code of conduct for all Commission employees which included, among other revisions, required participation in annual training. The code of conduct and procurement policies have since been, and continue to be, updated. The most recent update to the code of conduct was approved on January 28, 2015 with the addition of a complete ban on all gifts to any Commissioners or Commission employees. Finally, the Commissioners directed Mr. Compton to convene a special advisory group to review and critique Commission policies and procedures relating to contracting and other business practices to make improvements to the Commission's existing practices.

A special independent advisory committee (the "Advisory Committee") composed of three members was appointed in the spring of 2013. The members are a retired Judge of the

Superior Court of the Commonwealth and member of the Board of Education of the Commonwealth, a former PennDOT Chief Highway Engineer and construction company executive, and a former Vice-Dean of Widener University School of Law and a retired law professor. The Advisory Committee members initially met monthly with the Commission's executive staff and additionally met independently to review and critique Commission procurement and business practices and to research best-practices at comparable agencies to determine where further improvements could be made.

After 12 months of review, the Advisory Committee submitted to the Commission its formal report, which focused primarily on the Commission's contracting and professional services procurement procedures. The report, which the Commissioners accepted on October 21, 2014, commended the Commission's implementation and continued consideration of significant reforms and made recommendations for the enhancement and establishment of policies and procedures in the areas of ethics, procurements, transparency and accountability, and governance. The Advisory Committee continues to meet on a quarterly basis for one year following the submission of the report.

The complete report of the Advisory Committee is available on the Commission's website below. See "Commission Compliance Department" under "CERTAIN OTHER INFORMATION" for additional information.
http://www.paturnpike.com/news/Advisory_Committee_Report_FINAL.pdf.

Additional Matters

Consistent with recommendations of the Transportation Funding Advisory Commission (the "***TFAC***"), the Commission continues to be actively engaged with other Commonwealth administrative agencies in initiatives to streamline project delivery and increase operational efficiencies. Among such undertakings are the development of a pilot program with the Department of Environmental Protection ("***PaDEP***") for more expeditious third-party review of environmental permits, and a number of collaborative programs with PennDOT in various administrative and technical areas, including integration of communication and information systems, standardization of manuals and publications, and coordination of training, operations, project planning and construction phasing (all as outlined in an August 2011 report entitled *Mapping the Future between the Pennsylvania Turnpike Commission and the Pennsylvania Department of Transportation*). Meetings of Commission management with executives of both PaDEP and PennDOT continue to be held on a regular basis to discuss issues, define direction and explore future collaborative initiatives.

THE TURNPIKE SYSTEM

General

The present 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.

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. The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as Interstate Route 76. In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as Interstate Route 70. The Northeast Extension has been designated as Interstate Route 476. Portions of the Beaver Valley Expressway are designated as Interstate Route 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 in service as of May, 1956. The initial segment of the Northeast Extension between the Turnpike Mainline and the temporary interchange just south of the Lehigh Tunnel was opened in 1955. The final segment, from the temporary interchange to Scranton, was completed and opened for traffic in November, 1957.

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

Interchanges and Service Plazas

The System has a total of 67 toll interchanges which connect it with major arteries and population centers in 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 10 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. The Commission has entered into long term service plaza redevelopment agreements with HMSHost Restaurants, LLC and Sunoco, Inc. to design, reconstruct, finance, operate and maintain all of the service plazas. The Commission has no responsibility for maintaining the service plazas under the agreements. Since the Commission entered the agreements in 2005, 15 rebuilt service plazas have opened. Two service plazas, Valley Forge and North Midway, remain to be renovated. North Midway closed for renovations on September 22, 2014 and is expected to reopen before Memorial Day 2015. Valley Forge closed on January 5, 2015 and will reopen before Labor Day 2015. Cumulatively, the two companies are expected to have invested approximately $190 million in service renovation projects, at no cost to the Commission. The Commission recorded income of approximately $3.5 million and $3.3 million under the service plaza agreements in Fiscal Years 2013-2014 and 2012-2013, respectively, which is based on fixed rental payments plus a percentage of revenue generated.

Additional Services

In addition to 791 field personnel in 22 facilities available to keep the roadway open and safe in the event of unfavorable road conditions, the Commission has a 24/7 Traffic Operations Center which monitors conditions on the System and provides emergency dispatch.

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

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

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

In December 2011, the PaDEP announced a $1 million grant award to help develop electric vehicle infrastructure on the System. The grant recipient, Car Charging Group Inc., will install charging stations at all of the System's 17 service plazas. The Commission has also committed additional funding of up to $500,000 to upgrade the electrical systems at the plazas to accommodate the charging stations. The first phase of the work will be incorporated into ongoing service-plaza renovations between Harrisburg and New Jersey. Later phases will involve service plazas between Harrisburg and Ohio, and then along the Northeast Extension. The first phase of the project, involving five service plazas, was completed during the second half of 2014 with the balance of the project to be completed by the middle of 2015.

In February 2013, the Commission announced that free Wi-Fi service is available at all operational 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.

E-ZPass Lanes

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the System. Not only has E-ZPass enhanced safety and convenience for users of the System, but the technology has improved traffic flow and reduced congestion at the System's busiest interchanges, especially in southeastern Pennsylvania. The use of electronic tolling has enhanced the overall efficiency of the Commission's toll collections operations and has resulted in a reduction in the number of required full-time and part-time toll collectors. Express E-ZPass lanes have been constructed at five interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, E-ZPass customers traveling in 15 other states that have implemented E-ZPass technology are able to use E-ZPass. Currently, E-ZPass is available on the entire System, including the western extensions. The Commission has not experienced any material problems in connection with the installation or operation of the E-ZPass system.

To help ensure, protect and preserve the collection of toll revenue due the Commission, a violation enforcement system ("***VES***") has been installed at all interchanges where E-ZPass has been installed to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Legislation passed in 2000 included enforcement provisions for E-ZPass, including, among other things, certain evidentiary presumptions with respect to whether the registered vehicle owner was the operator of the vehicle, procedures for notifying the vehicle owner of the violation charged and the imposition upon the vehicle owner of civil penalties for violations. Act 89 included 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, motorists who take affirmative action to evade a System fare shall, upon conviction, have committed a misdemeanor of the third degree which will be 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 rather than with the Commission; however, restitution for the full fare is due the Commission.

The Commission's annual revenues from E-ZPass users have increased to $606.17 million during the Fiscal Year ended May 31, 2014 from $561.34 million for the Fiscal Year ended May 31, 2013. The Commission's annual revenues from ticketed drivers (i.e., those not using E-ZPass) decreased to $259.89 million during the Fiscal Year ended May 31, 2014 from $260.17 million for the Fiscal Year ended May 31, 2013. The Commission expects that E-ZPass usage will continue to increase. The following table summarizes the Commission's E-ZPass penetration rates among passenger, commercial and total users over the past seven fiscal years.

E-ZPass Penetration Rates

Fiscal Year	Passenger	Commercial	Total
2008	45%	75%	59%
2009	48%	77%	61%
2010	51%	78%	63%
2011	54%	79%	65%
2012	56%	80%	67%
2013	58%	81%	68%
2014	61%	83%	72%

The Commission is a member of the E-ZPass Interagency Group ("***IAG***"), a coalition of toll authorities throughout the United States. IAG includes the following agencies: Peace Bridge Authority; Burlington County Bridge Commission; Delaware Department of Transportation; Delaware River and Bay Authority; Delaware River Joint Toll Bridge Commission; Delaware River Port Authority; Illinois State Toll Highway Authority; ITR Concession Company (Indiana Turnpike); Maine Turnpike Authority; Maryland Transportation Authority; Massachusetts Department of Transportation; Metropolitan Transportation Authority Bridges & Tunnels; New Hampshire Department of Transportation, Bureau of Turnpikes; New Jersey Turnpike Authority; New Jersey Highway Authority; New York State Bridge Authority; New York State Thruway Authority; North Carolina Turnpike Authority; Ohio Turnpike Commission; Port Authority of New York and New Jersey; Rhode Island Turnpike and Bridge Authority; South Jersey Transportation Authority; Virginia Department of Transportation; the West Virginia Parkways Authority; Skyway Concession Co. LLC; and Niagara Falls Bridge Commission. IAG's stated mission is "to enable E-ZPass members and affiliated toll operators to provide the public with a seamless, accurate, interoperable electronic method of paying tolls and fees while preserving and enhancing the E-ZPass program."

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

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

E-ZPass Plus

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

All Electronic Tolling

The Commission has constructed three all-electronic-tolling ("***AET***") interchanges in the Philadelphia area which are designed for the exclusive use of E-ZPass customers: Virginia Drive (located east of the Fort Washington interchange); Street Road (located west of the Bensalem interchange); and Route 29 (located west of the Valley Forge Interchange). There are also two AET interchanges that are currently under construction: one at Route 903 in Carbon County is expected to be in construction through the spring of 2015. A second one at the Delaware River Bridge (westbound) is part of the I-95 Connector in Bucks County and is expected to be in construction through the fall of 2015. These AET interchanges and other similarly planned interchanges are expected to reduce congestion at the System's busier interchanges and provide convenient access to industrial parks and job centers.

Early in 2011, the Commission initiated a feasibility study to examine the benefits and potential issues associated with converting the toll road to a cashless, AET system. The team of McCormick Taylor/CDM Smith (formerly Wilbur Smith Associates) was selected to conduct the AET study which includes an overview of the existing toll collection system and an analysis of AET systems throughout the United States, comparing the costs and benefits of various electronic tolling options. The AET feasibility report (the "***AET Feasibility Report***") was completed in March 2012. The Commission has determined, based on the assumptions in the AET Feasibility Report, that conversion to AET is feasible from both a financial and physical perspective. As a result, the Commission has committed to a full conversion to a cashless, non-stop AET system. The AET Feasibility Report is available for review on the Commission's website at http:///*www.paturnpike.com/aet_public/aet.asp.* In July 2012, the Commission selected HNTB Corporation to act as its Program Manager to lead and direct the multidisciplinary efforts required to manage and coordinate the design and implementation of an AET system. The final Conceptual Implementation Plan report, including a schedule for AET conversion, was issued in October 2014. In regard to Commission efforts to move forward with the AET initiative, the Commission sought to include legislative language in House Bill 1060, during the prior legislative session that ended in December 2014, to assist in preserving and protecting the Commission's revenues from non E-ZPass customers under an AET environment. Specifically, the Commission had sought legislation that would have provided the Commission with enforcement provisions for video tolling and reciprocity authority with other states. While language was adopted in the Senate during discussions on transportation funding (Senate Bill 1) by a vote of 45-5, Senate Bill 1 was not considered in the House. The main enforcement mechanism would have been the ability of PennDOT to suspend the vehicle registration of video toll scofflaws. Act 89, as currently enacted, does not include any of the AET enforcement language or reciprocity language that the Commission had sought. Act 89 does include enhanced fare evasion penalties but this is not exclusive to AET. Therefore, the Commission is developing a Revenue Assurance Plan incorporating various strategies to assist the Commission in enhancing its toll enforcement capabilities. In addition, the Commission will again seek legislation, in the current legislative session, to obtain the aforementioned video tolling enforcement provisions and reciprocity authority with other states.

Following the enactment of Act 89, the Commission re-evaluated the AET schedule, which had contemplated full conversion to a cashless, non-stop AET system by 2018, and determined that a modified schedule for AET implementation extending to approximately 2021 was reasonable. Even further consideration has resulted in an approach called AET In-Place; whereby, the existing toll lanes are equipped with the necessary technology to allow AET to occur at the existing plaza locations. AET In-Place for the Mon-Fayette, Amos K. Hutchinson By-Pass and the Beaver Valley will be implemented by the end of 2015. The Turnpike Mainline and Northeast Extension will be equipped with AET In-Place by the end of 2017. AET In-Place will be phased-in with the western extensions of the Turnpike Mainline first expected to be completed and operational in 2016. From an AET In-Place concept, regional deployment of the ultimate AET mainline gantry system can occur on a planned and systematic approach where E-Z Pass penetration rates support the initiative. Additional information regarding AET is available on the Commission's website at http://www.paturnpike.com/aet_public/aet.asp.

CAPITAL IMPROVEMENTS

Act 61 Projects

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

System Maintenance and Inspection

The Commission's engineering and maintenance staff performs maintenance on, and repairs to, the System. In addition, the Commission also uses staff and consultants to perform periodic inspections of the System. Pursuant to the terms of the Senior Indenture, the Commission must arrange for the System to be inspected at least once every three years by engaging one or more consultants to conduct inspections and prepare a report. The report must state (a) whether the System has been maintained in good repair, working order and condition since the last inspection report and (b) any recommendations which such consultants may have as to revisions or additions to the Commission's annual capital budget. The most recent inspection report, the Pennsylvania Turnpike Condition Assessment Report 2014 (submitted to the Commission in February 2015), was prepared by Michael Baker International (the "***Condition Assessment Report***"). The next Turnpike Condition Assessment Report is scheduled for completion during 2017 and the Commission anticipates receiving the report in either late 2017 or early 2018.

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 2014. Three of the four asset groups, including Roadway, Structures and Facilities are rated "Good" overall. The asset group Technology, which only included Intelligent Transportation Systems is rated "Fair" to "Good." Each of the asset groups are in 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 available performance data that was both qualitative and quantitative. There were several different evaluation measures used across the array of Commission assets. The derivation of the individual asset rating is detailed in each section of the report. The following is an overall summary for each of the four asset groups.

Roadway

The recent roadway pavement inspection data indicate that the overall condition of the Commission pavement meets or exceeds established criteria with the area noted for skid resistance as the only exception. The supporting roadway features guiderail, attenuators, and median barrier are generally in Fair to Good condition. These assets require regular inspection and prompt repair when damaged for the safety of the Commission customers. Stormwater/Best Management Practices facilities are in Good condition and are being inspected in accordance with permitting requirements, however, a continued focus on regular maintenance or repair of these facilities is needed to keep them functioning as intended. The roadway drainage system seems to be in Fair condition based on qualitative approach used to evaluate this asset. More detailed inspections would be needed to verify the condition of drainage facilities and to establish necessary maintenance activities beyond the routine annual maintenance that the Commission currently performs. Based on a recent visual inspection and a comparative analysis from the 2011 Rock Cut Evaluation, 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 Commission's highly reflective and pavement markings and waterborne pavement markings at selected locations indicate that the Commission's pavement markings are in Good condition.

Structures

The Turnpike's bridges and culverts are in Good condition with about 5.4 percent noted as structurally deficient and 62 percent exceeding 50 years in age. Condition ratings are being uploaded to Pontis, a bridge management software tool, for the 233 sign structures and detailed information is provided in the inspection reports with the overall condition being Good. Retaining walls/noise barriers are in Good condition overall, with only minor areas of concern and no loss of structural integrity. 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. Turnpike tunnels are generally in Fair to Good condition with special attention to be given to structural elements (i.e. ceiling slabs, hanger rods) for corrective action, if needed.

Facilities

The service plazas were rated Good but nearly 50 percent of the facility ratings have declined in the last year. Facility condition reports are being shared with HMS/Host and Sunoco to assist with their maintenance responsibilities and capital plans reflecting maintenance needs and allocations will be developed. Maintenance buildings are in Fair condition with a number of these buildings requiring maintenance. Projects are being developed based on Condition Assessment reports with money being allocated to the Capital Plan to support these projects. The overall condition for the following facilities types, Interchange buildings, Administration buildings, District Fare Collection buildings, and Stockpiles are Good. The State Police Station facilities are rated Good based on the available condition data. An overall condition for Communication Towers is not provided due to a limited amount of available of inspection data. Since taking responsibility for inspection and maintenance of the communication towers in 2012, Facilities and Energy Management Operations has advanced a structural analysis review program to assess the condition of Communications Towers to identify and fix deficiencies.

Technology

Intelligent Transportation System devices were the sole Commission technology that was included in the Condition Assessment. The overall condition of the ITS devices that were evaluated is Fair to Good. The Commission's IT continually monitors the virtual network and provides support in troubleshooting issues as needed. The Commission's ITS contractor maintains the ITS equipment through preventative and response maintenance plans.

Ten-Year Capital Plan

The Commission prepared the 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, Facilities and Energy Management Operations and AET Conversion, which it updates each year. The Capital Plan for Fiscal Year 2014-2015 was adopted by the Commission on May 30, 2014. The Capital Plan calls for investment of $6.52 billion, net of federal reimbursements, over the coming decade and is estimated to support approximately 95,000 jobs each year for the next 10 years.

Exhibit I attached to this Appendix A indicates budget allocations by program.

The Capital Plan will require the issuance of additional debt throughout the ten-year period. The Commission believes that the increased capital spending and increased debt issuance will require the imposition of annual toll increases throughout the ten-year period and beyond. The Traffic Study (as defined in the forepart of this Official Statement) prepared by CDM Smith (formerly Wilbur Smith Associates) contemplates toll increases of 3.0% to 6.0% in each year.

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

The highest priority highway project 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 112 miles of total reconstruction has been completed and approximately 20 miles are currently in construction. Total reconstruction projects from Milepost 44 to Milepost 48, Milepost 99 to Milepost 102, Milepost 220 to Milepost 227, and Milepost A26 to Milepost A-31 are in construction. Milepost 242 to Milepost 245 total reconstruction was bid on January 28, 2015. Currently, approximately 135 miles are in design.

Based on the Capital Plan, the Commission plans to spend approximately $2.8 billion on total reconstruction projects and approximately $1.1 billion on various bridge and tunnel projects over the next ten years. In total, the Highway Program includes funding of $5.406 billion over the next ten years.

The Technology Program includes funding of $237 million over the next ten years to address the Commission's technology needs including toll collection projects, communication, application development and technical operational needs. The Commission has implemented SAP ERP to provide a set of integrated business processes supported by multi-module application software with a centralized data repository.

The Fleet Program includes funding of $164 million to purchase rolling stock to insure adequate maintenance of the roadway system.

The Facilities and Energy Management Program includes funding of $265 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.

The implementation of AET and the conversion of System facilities to accommodate AET is estimated to require $447 million in capital funding over the next ten years. This amount is higher than the estimate included in the AET Feasibility Report. The increase is associated with a proposed 3-gantry system in lieu of the 2-gantry system proposed in the AET Feasibility Report. A revision to the level of capital funding required for the modified AET In-Place approach is expected to be included in the FY 2015-2016 Ten Year 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 Interstate Route 70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is an 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 Interstate Route 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 PA Route 51 south of Pittsburgh, are now part of the System. The final 14-mile section of the Mon/Fayette Expressway, extending from PA Route 51 to Interstate Route 376 in Pittsburgh, received environmental clearance in December 2004. Final design through design field view has been completed. Additional design, right-of-way acquisition and construction cannot progress until additional funding from Act 89 becomes available in future years. Current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate Route 376 are in excess of $1.6 billion.

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

The proposed Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Interstate 376 at the Pittsburgh International Airport. It is comprised of three distinct projects. The six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) opened to traffic in October 2006. The project from U.S. 22 to I-79, which is currently estimated to cost $666 million, received environmental clearance for its 13 miles in September, 2008 and is in final design with sections of the final design expected to be completed in 2016; right of way acquisition began in late 2010. In January 2014, the Commission awarded two contracts, one for the construction manager and the other for the construction of a major bridge to carry the Southern Beltway over U.S. 22, to begin the construction of this leg of the Southern Beltway. Bridge construction commenced in the Spring of 2014 and is expected to be completed by May 2015. Construction on the roadway portion of the U.S. 22 to I-79 project is expected to begin in 2016. When completed, the U.S. 22 to I-79 portion of the Southern Beltway will be an All-Electronic Toll facility. 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 the Commission's Oil Franchise Tax Revenue Bonds, Series A and B of 1998, and Oil Franchise Tax Revenue Bonds, Series A, B and C of 2003, and Registration Fee Revenue Bonds, Series of 2001, were 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 Oil Franchise Tax Revenues (as defined herein) and Registration Fee Revenues (as defined herein) along with other funding sources. Although the open sections of the Mon/Fayette Expressway and the Southern Beltway are toll roads, the Tolls (as defined herein) pledged for the repayment of Turnpike Revenue Bonds will not be pledged for the financing of their construction, which will be funded by Oil Franchise Tax Revenues and Registration Fee Revenues.

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time. However, Act 89 is expected to generate an estimated $86.2 million in additional annual Oil Franchise Tax revenues for the Commission by Fiscal Year 2017-2018. With additional Oil Franchise Tax revenues, the Commission is proceeding with the U.S. 22 to I-79 portion of the Southern Beltway as well as actively evaluating financing options to complete additional portions of the Southern Beltway and portions of the Mon/Fayette Expressway.

I-95 Interchange

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

The Commission is currently in the first of three phases of its Pennsylvania Turnpike/I-95 Interchange Project (the "***Interchange Project***"). The main objectives of the Interchange Project are to improve the linkage between I-95 and the Turnpike 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 includes preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and southbound I-95 to the westbound Turnpike Mainline, and is currently under construction. This phase includes construction of a new mainline toll plaza and an AET plaza westbound, and was bid on March 27, 2013. Construction is expected to continue through 2015. The next construction contract, covering Turnpike Mainline Section D10 Turnpike Mainline, was bid on June 5, 2014 and construction commenced in September 2014 and is expected to continue through 2016. The final contract in the first phase, covering Turnpike Mainline Section D20, is planned to bid in the Summer 2015 and continue through construction into 2018. The second phase will include the completion of the reconstruction and widening of the remaining interchange connectors. The third phase will be the construction of an additional bridge over the Delaware River. Funding for construction of the first phase is included in the Capital Plan.

CERTAIN FINANCIAL INFORMATION

Revenue Sources of the Commission

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

Toll Revenues

The largest part of the Commission's revenues is derived from the collection of all rates, rents, fees, charges, fines and other income derived by the Commission from the vehicular usage of the System and all rights to receive the same (the "***Tolls***"). The Tolls are presently pledged to secure the Commission's Turnpike Revenue Bonds and other Senior Indenture Parity Obligations, as well as any subordinated indebtedness that may be issued under the Senior Indenture (collectively, the "***Senior Indenture Obligations***"). Following the issuance of the 2015A Bonds, $4,017,065,000 aggregate principal amount of fixed and variable rate Turnpike Revenue Bonds will be outstanding under the Senior Indenture. Other obligations incurred and outstanding under the Senior Indenture include the Commission's obligations under various interest rate swap agreements having a total current notional amount of $1,129,129,000. The Tolls are not pledged to secure the Oil Franchise Tax Revenue Bonds (as defined below), the Registration Fee Revenue Bonds (as defined below) or the bonds and other obligations issued under the Subordinate Indenture ("***Subordinate Indenture Obligations***"). All Subordinate Indenture Obligations are subordinated to the payment of the Senior Indenture Obligations issued under the Senior Indenture. See "THE COMMISSION – Enabling Acts - *Issuance of Bonds; Commission Payments*."

Neither the Subordinate 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 Senior Indenture.

The Commission may in the future, under the terms of the Senior 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 Senior Indenture which would eliminate toll revenues from these portions from the definition of Tolls under the Senior Indenture. The Commission currently has no plans to remove any roads from the System. In addition, under the Senior 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 Senior 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 Senior Indenture.

Oil Franchise Tax Revenues

The Commission's second principal stream of revenues consists of that portion of the Commonwealth's oil franchise tax revenues (the "***Oil Franchise Tax Revenues***") allocated by statute to the Commission or the holders of the Commission's Oil Franchise Tax Revenue Bonds (the "***Oil Franchise Tax Revenue Bonds***"), $735,140,936.80 (including compounded amounts as of June 1, 2015 for capital appreciation bonds) of which will be issued and outstanding as of June 1, 2015. The Oil Franchise Tax Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured solely by Oil Franchise Tax Revenues. **The Oil Franchise Tax Revenues are not pledged to secure any**

Senior Indenture Obligations, any Subordinate Indenture Obligations or any Registration Fee Revenue Bonds.

Registration Fee Revenues

The Commission's third principal stream of revenues consists of that portion of the Commonwealth's vehicle registration fee revenues (the "***Registration Fee Revenues***") allocated by statute to the Commission or the holders of any of the Commission's Registration Fee Revenue Bonds (the "***Registration Fee Revenue Bonds***"), $409,880,000 of which will be issued and outstanding as of June 1, 2015. The Registration Fee Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by Registration Fee Revenues. Registration Fee Revenue Bonds are to be paid solely from the Registration Fee Revenues. **The Registration Fee Revenues are not pledged to secure any Senior Indenture Obligations, Subordinate Indenture Obligations or the Oil Franchise Tax Revenue Bonds.**

Toll Schedule and Rates

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

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

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

- On July 22, 2008, the Commission approved a toll increase in the amount of 25% (except for the Southern Beltway and the Mon Fayette Expressway) which became effective on January 4, 2009, with the expectation that it would implement annual increases thereafter.

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

- On July 13, 2010, the Commission adopted several revenue enhancement measures that took effect on January 2, 2011. For E-ZPass users, tolls increased by 3%. For cash customers, tolls increased by 10% (rounded to the nearest $0.05). (Tolls on the Southern Beltway were not increased.) Annual fees for use of E-ZPass transponders increased from $3 per transponder to $6 per transponder. Finally, the commercial discount program, which provided for tiered discounts of 10%, 15% and 20% off published toll rates depending on total monthly fares, was adjusted to provide tiered discounts of 5%, 10% and 15%. These revenue enhancements were used to provide funds for payments under the Amended Funding Agreement and other Act 44 purposes, including funding of the Commission's capital expenditure program and normal operating expenditures.

- On July 19, 2011, the Commission approved a toll increase (except on the Southern Beltway) which took effect on January 2, 2012. E-ZPass users did not see a toll increase, and cash customers saw an increase of 10%. In addition, commercial discounts were reduced. The 15% volume discount was eliminated and the remaining discounts were set at a 5% discount for $5,000-$10,000 in monthly tolls and a 10% discount for more than $10,000 in monthly tolls. In addition, the Commission also approved approximate overall toll rate increases that among E-ZPass users and cash customers would average 3% annually for each of the 2013 and 2014 calendar years.

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

- At its meeting on July 16, 2013, the Commission clarified its previously approved toll increase which was to occur in January 2014. The Commission approved a differential to the toll increases which became effective on January 5, 2014. Tolls (except on the Southern Beltway) increased by 12% for cash customers and by 2% for E-ZPass users. The toll increase differential kept the overall toll revenue increase to approximately 3%, in keeping with previous approvals of the Commission. Additionally, the remaining commercial discount program (5% volume discount on total monthly fares of $10,000 or more) was approved for elimination, effective January 5, 2014.

- At its meeting on September 20, 2013, the Commission partially reinstated the commercial discount to provide a three percent (3%) discount to Turnpike System commercial E-ZPass account holders that expend $20,000 or more in tolls per month on the Turnpike System.

- On June 17, 2014, the Commission approved a toll increase (except for the Southern Beltway) in the amount of 5% for both cash and E-ZPass users effective January 4, 2015.

Traffic data for the Fiscal Year ended May 31, 2014 indicates a 6.2% increase in adjusted gross toll revenue, with an increase in traffic volume of 0.4%, as compared to the same period in Fiscal Year 2012-13. Improving economic conditions and gasoline price declines have positively impacted traffic volumes and revenue for the first nine months of Fiscal Year 2014-2015 compared to the same period in Fiscal Year 2013-2014. Preliminary unaudited traffic data for the nine months of Fiscal Year 2015, ended February 28, 2015 indicates an 8.3% increase in adjusted gross toll revenue, with an increase in traffic volume of 2.1%, as compared to the same period in Fiscal Year 2014.

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

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

Vehicle Toll Class	Gross Vehicle Weight (Thousand Pound)	New Toll Rate Cash Effective 1/2015	Per Mile Cash Rate	New Toll Rate EZ-Pass Effective 1/2015	Per Mile EZ-Pass Rate
1	1-7	39.90	0.121	28.60	0.087
2	7-15	58.60	0.178	42.01	0.128
3	15-19	72.70	0.221	52.14	0.158
4	19-30	84.90	0.258	60.85	0.185
5	30-45	119.05	0.362	85.47	0.260
6	45-62	151.35	0.460	108.65	0.330
7	62-80	215.85	0.656	155.00	0.471
8	80-100	282.25	0.858	202.82	0.616
9	Over 100	1600.35	4.864	1150.26	3.496

Notes:
The above rates represent an "East West" trip for the ticket toll system between the Delaware River Bridge (#359) interchange and Warrendale (#30). The 30-mile Gateway to Warrendale roadway between Warrendale and the Ohio Turnpike has a barrier toll at the Gateway Mainline interchange (#2). For purposes of the Senior Indenture, the Mainline is the entire length of the roadway between Ohio and the Delaware River Bridge. The toll on the Gateway connector is payable only when traveling eastbound and is standard for all vehicles of a class, regardless of distance traveled. The cash rate as of January 4, 2015 is $ 6.20 for the first two axles, $12.25 for three axles, $18.35 for four axles, $24.30 for five axles and $30.35 for six axles. The E-ZPass rate is $4.35 for the first two axles, $8.69 for three axles, $13.04 for four axles, $17.38 for five axles, and $21.74 for six axles.

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

[Remainder of page intentionally left blank]

Five-Year Financial History

The following Tables II and III summarize certain operating and revenue information with respect to the System for the Fiscal Years from 2010 to 2014 and for the nine-month periods ended February 28, in Fiscal Years 2014 and 2015. This information is derived from the Commission's regularly prepared books and records. The financial information presented in Table III is a combination of cash basis financial statements with certain accruals included. **Such information is not presented in accordance with generally accepted accounting principles and has not been audited.** In the opinion of management of the Commission, the financial information for the nine-month period ended February 28, for Fiscal Years 2014 and 2015, is presented on a basis consistent with the presentation of the audited information below. Such interim information is not indicative of the results that may be expected for the entire Fiscal Year.

Tables II and III should be read in conjunction with the financial statements prepared in accordance with generally accepted accounting principles and related notes included in "APPENDIX B – AUDITED 2014 AND 2013 FINANCIAL STATEMENTS" of this Official Statement (the "***Financial Statements***").

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

[Remainder of page intentionally left blank]

TABLE II

Number of Vehicles and Fare Revenues – Summarized by Fare Classification

(in thousands)

	Fiscal Year Ended May 31,					Nine-Months Ended February 28,	
	2010	**2011**	**2012**	**2013**	**2014**	**FY 2014**	**FY 2015**
Number of Vehicles:							
Passenger	163,599	165,230	164,960	163,690	163,788	122,131	124,080
Commercial	22,933	23,812	24,127	24,207	24,891	18,419	19,420
Total	186,532	189,042	189,087	187,897	188,679	140,550	143,500
Fare Revenue							
Passenger	$407,368	$435,751	$455,133	$471,514	$497,671	$368,997	$394,825
Commercial	310,670	328,105	342,646	350,226	368,395	269,817	293,931
Total	718,038	763,856	797,779	821,740	866,066	$638,814	$688,756
Discount	-24,211	-24,152	-16,981	-10,198	-4,220	-3,759	-1,284
Net Fare Revenues	$693,827	$739,704	$780,798	$811,542	$861,846	$635,055	$687,472

[Remainder of page intentionally left blank]

TABLE III
Summary of System Revenues and Operating Expenditures
Before Interest and Other Charges (1)
(000's Omitted)
Fiscal Year End May 31

	2010	2011	2012	2013	2014	Nine months ended FY 2014	Nine months ended FY 2015*
Revenues							
Net Toll Revenues	$693,827	$739,704	$780,798	$811,542	$861,846	$635,055	$687,472
Concession Revenues	2,868	2,728	3,167	3,302	3,554	2,836	2,807
Interest Income (non bond proceeds)	5,560	11,089	15,771	19,497	14,917	11,780	9,740
Miscellaneous	13,337	16,202	19,923	16,792	15,355	12,122	10,523
Total Revenues	$715,592	$769,723	$819,659	$851,133	$895,672	$661,793	$710,542
Operating Expenditures							
General & Administrative	$41,467	$33,528	$40,335	$42,542	$40,958	$33,602	$45,598
Operations Safety & Incident Response	4,048	3,979	4,078	4,455	3,966	3,010	2,875
Service Centers	19,596	20,384	25,570	24,480	22,448	16,889	17,741
Employee Benefits	69,387	70,441	77,563	80,670	83,810	62,315	65,010
Fare Collection	63,087	64,944	61,884	59,952	58,164	44,186	33,687
Normal Maintenance	64,347	65,285	58,096	65,924	74,789	58,696	56,197
Facilities and Energy Mgmt. Operations	80	2,866	7,644	8,903	9,850	6,961	7,798
Turnpike Patrol	34,337	34,056	34,658	36,171	39,818	29,505	30,074
Total Operating Expenditures	$296,349	$295,483	$309,828	$323,097	$333,803	$255,164	$258,980
Revenues less Operating Expenditures	$419,243	$474,240	$509,831	$528,036	$561,869	$406,629	$451,562
Senior Annual Debt Service Requirement	$127,866	$120,570	$145,906	$142,552	$158,995		
Coverage Ratio	3.28	3.93	3.49	3.70	3.53		
Annual Subordinate Debt Service Requirement	$86,977	$123,186	$130,713	$156,067	$196,475		
Coverage Ratio	1.95	1.95	1.84	1.77	1.58		
Annual MLF Enhanced Debt Service Requirement		$1,541	$10,063	$20,305	$29,632		
Coverage Ratio		1.93	1.78	1.66	1.46		

(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 capitalized interest and receipt of Federal Subsidy.
* Unaudited

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.

In addition, Act 44 requires the Commission to prepare and submit an annual 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 payments due to PennDOT under Act 44, Act 89 and the Amended Funding Agreement 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 Act 44 Financial Plan for Fiscal Year 2014-2015 on May 30, 2014. The Commission expects to deliver the Act 44 Financial Plan for Fiscal Year 2015-16 on or prior to June 1, 2015. See "THE COMMISSION – Enabling Acts – *Rules Relating to Governance and Accountability Under the Enabling Acts*" above.

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 January 8, 2013, former Auditor General Wagner issued a final report presenting the results of his quadrennial audit of the Commission under Act 44 and Act 122. The financial portion of the audit covered the period from June 1, 2005 to May 31, 2010, and the performance portion of the audit covered the period from June 1, 2007 to August 31, 2011. The Auditor General's office did not conduct its own financial audit but reviewed audits and supporting documentation of the independent firm that audits the Commission's financial statements annually, including working papers for the five fiscal years ended May 31, 2006 through May 31, 2010.

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

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

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

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

Financial Policies and Guidelines

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

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

The Commission adopted three additional financial policies on April 20, 2004: a 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 Indenture and the Commission's Debt Management Policy, it is the internal policy of the Commission's management to maintain 2.00

debt service coverage on the Turnpike Revenue Bonds, 1.30 debt service coverage on the Subordinate Bonds and 1.20 debt service coverage on the Special Revenue Bonds. For a discussion of the rate covenant under the Senior Indenture, see "SECURITY FOR THE 2015A BONDS – Rate Covenant" in the forepart to this Official Statement. The Commission's Debt Management Policy is available at on the Commission's website at: *http://www.paturnpike.com/geninfo/Debt%20Management%20Policy%20Letter.pdf*. As of March 1, 2015, approximately 87% of the Commission's outstanding debt is fixed rate, five percent is synthetic fixed, seven percent variable rate, and one percent is synthetic variable.

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, swap options, caps, collars and floors (collectively, "***Swaps***") incurred in connection with the incurrence of debt. The Commission's Swap Policy was amended in May 2013 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. Key elements of the Swap Policy include the following:

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

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

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

<u>Prohibited Agreements</u>. The Commission will not use Swaps that:

- Are speculative or create extraordinary leverage as risk;

- Lack adequate liquidity to terminate without incurring a significant bid/ask spread; or

- Provide insufficient price transparency to allow reasonable valuation.

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

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

The Commission has interest rate exchange agreements with respect to its Senior Revenue Bonds, Series 2006A, Series 2009A, Series 2010B, Series 2012B, Series 2013B, and Series 2014B. In addition, the Commission has interest rate exchange agreements with respect to its Registration Fee Revenue Bonds, Series 2005, and Oil Franchise Tax Revenue Bonds, Series 2003C. As of April 30, 2015, the aggregate market value of the swaps to the counterparties thereto from the Commission was calculated to be approximately $156,880,002 (negative value to the Commission) with respect to swaps relating to the Senior Bonds referred to above, $83,202,622 (negative value to the Commission) with respect to swaps relating to the Registration Fee Revenue Bonds referred to above, and $2,917,999 (negative value to the Commission) with respect to swaps relating to the above-referenced Oil Franchise Tax Revenue Bonds. See Note 4, Note 8, and Note 13 to the Financial Statements. The Commission does not have any interest rate exchange agreements associated with its Subordinate Revenue Bonds or Special Revenue Bonds.

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

The Commission adopted a post-issuance tax compliance policy on December 6, 2011 to assist it in complying with the provisions of the Internal Revenue Code of 1986, as amended regarding, among other things, the use of proceeds of tax-exempt bonds and arbitrage rebate compliance.

Copies of the Commission's Investment Policy, Liquidity Standard Policy, Debt Management Policy and Swap Policy can be found on the Commission's website at: *http://www.paturnpike.com/geninfo/policies.aspx*.

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

Future Financing Considerations

The Commission may issue additional bonds under the Senior Indenture and the Subordinate Indenture. In addition, the Commission may, from time to time, issue other notes and bonds payable from such sources as may be available so long as the Tolls, the Oil Franchise Tax Revenues securing the Oil Franchise Tax Revenue Bonds or the Registration Fee Revenues securing the Registration Fee Revenue Bonds are not pledged to such other notes and bonds or, if pledged, are pledged on a subordinate basis. The Commission anticipates that it will borrow substantial additional funds for the purpose of funding capital expenditures for the System pursuant to the Ten Year Capital Plan. Borrowings for the Ten Year Capital Plan are expected to be undertaken principally under the Senior Indenture. In addition, pursuant to Act 89, the Commission anticipates that it will borrow substantial additional funds for purposes of funding payments under Act 44, Act 89 and the Amended Funding Agreement through Fiscal Year 2021-2022. Such borrowings are expected to be undertaken principally under the Subordinate Indenture. In addition, the Commission may from time to time increase toll rates to meet the debt, capital and operational obligations of the Commission. The most recent toll increase was effective January 4, 2015. See "CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates" above for further information.

The Commission expects to issue one or more additional series of Turnpike Revenue Bonds under the Senior Indenture, in addition to the 2015A Bonds, during the Fall of 2015 for the purpose of funding costs of capital projects included in the Commission's Capital Plan. The Commission also expects to issue additional bonds under the Subordinate Indenture, during the Fall of 2015, to finance all or a portion of its quarterly payments to PennDOT pursuant to the Amended Funding Agreement under the Enabling Acts. (See "THE COMMISSION—Enabling Acts – *Issuance of Bonds; Commission Payments*" above.) In addition, the Commission regularly evaluates market conditions with respect to the possible refunding of its outstanding Turnpike Revenue Bonds, Subordinate Revenue Bonds, Special Revenue Bonds, Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds.

In September of 2014, the Commission issued its Special Obligation Bonds (Federally Taxable), Series 2014 in an aggregate principal amount of $288,675,000 (the "2014 Special Obligation Bonds") under the Enabling Acts and pursuant to a Trust Indenture dated as of September 1, 2014 by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2014 Special Obligation Bonds Trust Indenture"), the proceeds of which, together with cash from the Commission's own funds escrowed under an escrow deposit agreement dated as of July 15, 2003 by and between the Commission and The Bank of

New York Mellon Trust Company, N.A. (successor to National City Bank of Pennsylvania), as escrow agent (the "Escrowed Funds" under the "2003 Escrow Deposit Agreement"), were applied to current refund all of the outstanding Commission's Oil Franchise Tax Senior Revenue Bonds, Series A of 1998 and the Commission's Oil Franchise Tax Senior Revenue Bonds, Series B of 1998, and to provide funds for the construction of part of the sections of the System known as the Mon-Fayette Expressway and Southern Beltway. The 2014 Special Obligation Bonds are limited obligation bonds secured solely by the trust estate established under the 2014 Special Obligation Bonds Trust Indenture. The 2014 Special Obligation Bonds are not secured by nor have any interest in the Trust Estate under the Senior Indenture. Further, the trust estate established under the 2014 Special Obligation Bonds Trust Indenture is not pledged to secure any Subordinate Revenue Bonds, Special Revenue Bonds the 2015A Bonds, other Senior Revenue Bonds or the Senior Indenture Parity Obligations.

In connection with funding for the I-95 Interchange project, the Commission anticipates borrowing up to $200 million in four tranches of up to $50 million each through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services in the period 2015 through 2017. Such debt would be issued under the Senior Indenture on parity with the Turnpike Revenue Bonds.

The ability of the Commission to repay such borrowings could be adversely affected by many factors, some of which are beyond the control of the Commission. For example, economic circumstances which result in significant declines in motor vehicle acquisition or operating cost increases could adversely affect the number of motor vehicles in use. 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.

CERTAIN OTHER INFORMATION

Insurance

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

For capital projects, the Commission maintains Builders' Risk insurance that covers buildings and structures, including temporary structures, while being constructed, erected or fabricated on Commission property. This insurance provides coverage against risk of physical damage and/or loss (subject to policy exclusions) to all buildings and structures during construction. Upon completion, a project is then covered under an All Risk insurance policy that has a $125 million per occurrence policy limit.

Deductibles range in amount depending on the line of coverage and the nature of the claim. For bridges, tunnels, overpasses, underpasses and viaducts, the deductible is $5 million. For buildings (including contents), toll plazas and equipment, warehouses and similar facilities, the deductible is $1 million.

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

Personnel and Labor Relations

As of May 1, 2015, the Commission employed 2,068 persons, consisting of 491 management employees, 1,478 full-time union members, and 99 temporary union employees. Seventy one percent (71.0%) of all employees are engaged in maintenance operations and fare collection. There is 786 field personnel in the 22 facilities. As a result, the Commission currently employs 482, or 18.9%, fewer employees than it did in 2002, the peak employment year over the past 13 years.

In an effort to meet funding obligations and contain costs, in 2008 the Commission reduced overhead by eliminating vacant positions, offered early retirement incentives to eligible staff members, implemented a reduction-in-force program for positions no longer required, and reduced salary and benefit expenses by cutting 15 management positions. Subsequently, the Commission also reduced overtime by permanently shifting schedules, lowered expenses, and implemented a management pay freeze during Fiscal Years 2009-2010 and 2010-2011, and the first half of Fiscal Year 2011-2012. As a result, the Commission currently employs 465, or 18.24%, fewer employees than it did in 2002, the peak employment year over the past 13 years.

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

The Commission is a party to three collective bargaining agreements and one memorandum of understanding with Teamsters' Local Unions covering central office, field, professional and first level supervisory personnel. The three collective bargaining agreements became effective on October 1, 2007 and expired on September 30, 2011. An agreement was reached with one bargaining unit, which was effective as of November 19, 2013 and extends until September 30, 2017. No extension to either of the two remaining collective bargaining agreements has been executed. Those unions retain their right to strike during negotiations. Negotiations are ongoing with the two remaining collective bargaining units. The memorandum of understanding, which became effective on October 1, 2007, has no termination date. Since union representation began, the Commission has experienced one work stoppage which occurred on November 24, 2004 and lasted for seven days.

Retirement Plan

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

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

Article II of the Pennsylvania Constitution provides the General Assembly the authority to establish or amend benefit provisions. Act 2001-9, signed into law on May 17, 2001, established Class AA ("***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 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 his/her 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.

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

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

Year Ended June 30 (Commonwealth's Fiscal Year)	Class A	Class AA	Class A-3	Class A-4
2014	12.10%	15.12%	10.46%	10.46%
2013	8.43	10.51	7.29	7.29
2012	5.59	6.99	4.83	4.83
2011	3.29	4.11	4.11	4.11
2010	2.52	3.15		

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

Year Ended May 31	Commission Required Contribution (in millions)	Percent Contributed
2014	$17.4	100%
2013	12.0	100
2012	7.9	100
2011	5.3	100
2010	4.0	100

The Commission has budgeted $24.9 million for Fiscal Year 2014-2015 SERS required contribution.

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.

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.

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

For more information on SERS, including Act 120, see the SERS website at *www.portal.state.pa.us/portal/server.pt/community/pension_funding/19115* and the disclosure beginning on page 45 of the Official Statement for the Commonwealth's General Obligation Bonds, First Series of 2015 dated February 3, 2015 (as modified), which may be found at the EMMA website at *http://emma.msrb.org/IssueView/IssueDetails.aspx?id=EP364563*.

During the prior legislative session of the General Assembly, which ended in December 2014, various legislation was introduced, which, if enacted, would have affected future required pension contributions by the Commission (and other Commonwealth employers) for its employees by changing various provisions of the defined benefit plan. None of this legislation was enacted prior to the conclusion of the prior legislative session and is therefore null and void.

In March 2015, as part of his fiscal year 2015-2016 Executive Budget, Governor Wolf proposed a pension reform proposal focused mainly on the Public School Employees Retirement System ("***PSERS***") rather than on SERS. However, one component of the Governor's pension proposal includes a proposed reduction in the level of management fees paid to outside investment managers by SERS. The Governor's pension proposal does not appear to recommend any changes to the level of benefits for current or new employees and does not recommend any changes to the employer contribution rates as contained in Act 120. Based on materials publicly available to the Commission, it does not appear that any portion of Governor Wolf's pension reform proposal, in and of itself, would directly or materially impact the Commission's employer contributions under Act 120 or any Commission employee benefits provided by SERS.

Other Post-Employment Benefit Liabilities

The Commission maintains a welfare plan program (the "***Plan***"), one purpose of which is to provide benefits to eligible retirees and their dependents. The Plan is a single employer, defined benefit plan. The 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 post-employment benefits ("***OPEB***" or the "***Benefits"***).

The Trust is administered by six trustees appointed by the Commission and who serve 2-year terms. PNC Bank, N.A. serves as custodian of the assets of the Trust. Payments from the Trust are made by the custodian at the direction of the Trustees. The Trust's financial statements are not included in the financial statements of a public employee retirement system. The Trust issues a stand-alone financial report, which can be obtained by contacting the Commission's Accounting and 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 post-employment medical, prescription drug, dental and vision benefits to management and supervisory union employees who have reached 20 years of service and are under age 60; and benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The same coverage is provided to 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.

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.

For Local 30 Professional and other non-supervisory union employees/retirees who were hired prior to January 1, 2011, the earlier of completion of 20 years of service or the later of attainment of age 60 and the completion of 10 years of service satisfies the eligibility requirements. The last five years of service must be with the Commission.

For Local 30 Professionals who were hired on or after January 1, 2011, the earlier of completion of 30 years of service or the later of attainment of age 60 and completion of 25 years of service satisfies the eligibility requirements. The last ten years of service must be with the Commission.

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.

The Trust began making payments to benefit providers for retiree claims and related administrative fees in October 2008. Prior to that time, the Commission made such payments. For the year ended May 31, 2014, claims and administration expenses totaled $13.7 million.

Historically, the Commission has funded its post-employment benefit liabilities on a pay-as-you-go basis. In accordance with the pronouncements of the GASB applicable to the Commission, the Commission began reporting its unfunded actuarial accrued liabilities for OPEB and its annual OPEB cost each year commencing with its audited financial statements for the Fiscal Year ended May 31, 2008. The Commission's unfunded actuarial accrued liability (the "***UAAL***") as of January 1, 2014 was $11.9 million, which corresponds to a funded ratio of 95.8%, using a 7% discount rate and assuming that the annual required contribution would be invested in an irrevocable separate trust account. The Commission decided to use the Projected Unit Credit Cost Method with the unfunded liability as of March 1, 2012 amortized over a closed 10 years and subsequent changes in the unfunded liability amortized over an open 10 years. The

Commission is required, pursuant to GASB rules, to have biennial actuarial valuations of its OPEB obligations. The last biennial actuarial valuation was as of January 1, 2014. 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 during the approval of its annual operating budget. The Commission's annual required contributions for Fiscal Year 2013 and Fiscal Year 2014, which includes the normal costs for the year, a Trust expense assumption, a component for the level dollar amortization of the total UAAL and a mid-year contribution interest component, were $23.4 million and $18.4 million, respectively. The Commission's actual contributions towards the ARC for Fiscal Year 2013 and Fiscal Year 2014 were $54.8 million and $44.2 million, respectively. The market value of the Trust's assets for the fiscal years 2013 and 2014 were $217.0 million and $275.2 million, respectively.

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

Commission Compliance Department

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 currently fall under the Compliance Department and the Special Investigations unit within the Compliance Department. The primary mission of the Compliance Department is developing, managing, and executing comprehensive audit and investigation programs that examine and promote the adequacy and effectiveness of the Commission's internal control system. The Compliance Department includes the office of Chief Compliance Officer and the departments of Toll Revenue Audit, Audit and Advisory Services, and Special Investigations. As head of the department, the Chief Compliance Officer oversees all aspects of operations auditing, toll revenue auditing, and internal and external investigations, enforcement of Commission rules, regulations, policies and strategic planning, and the Commission's Code of Conduct. The Compliance Department has conducted numerous investigations of fraud, waste, abuse and misconduct that have resulted in the termination of Commission employees and a vendor contract. When appropriate, the Compliance Department refers cases to law enforcement authorities for possible criminal prosecution.

[Remainder of page intentionally left blank]

EXHIBIT I

PENNSYLVANIA TURNPIKE COMMISSION
Fiscal Year 2015 TEN-YEAR CAPITAL PLAN[5]

FY 2015 Ten Year Capital Plan (YOE)												
		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	TOTAL PLAN
Program	**Program Category**											
Highway	Roadway/Safety	98,811,000	62,008,452	67,176,941	92,104,311	59,681,103	125,783,223	138,746,758	109,675,606	121,684,404	90,816,432	966,488,230
Highway	Bridge,Tunnels & Misc Structure	88,552,026	98,799,026	87,883,239	63,943,747	58,825,181	162,554,981	136,651,282	136,125,791	139,526,837	143,519,904	1,116,382,014
Highway	Total Reconstruction	273,917,000	319,370,738	279,552,481	272,722,034	402,172,159	206,532,255	188,569,393	285,500,742	263,188,242	291,175,902	2,782,700,948
Highway	Interchanges	79,603,000	117,476,188	131,800,323	107,716,110	16,507,066	3,424,132	0	0	0	0	456,526,820
Highway	Highway Miscellaneous	44,740,667	31,098,178	36,379,251	34,788,514	27,194,975	20,310,812	18,944,837	19,332,221	19,071,880	19,202,385	271,063,720
Highway	Highway Total	585,623,693	628,752,582	602,792,235	571,274,716	564,380,485	518,605,404	482,912,270	550,634,360	543,471,364	544,714,623	5,593,161,732
Highway	Federally Reimbursed Funds	52,000,000	20,000,000	25,850,000	30,850,000	40,000,000	18,800,000	0	0	0	0	187,500,000
Highway	Highway Net	533,623,693	608,752,582	576,942,235	540,424,716	524,380,485	499,805,404	482,912,270	550,634,360	543,471,364	544,714,623	5,405,661,732
FEMO	Re-capitalization	700,000	513,400	1,052,088	410,646	190,593	469,387					3,336,114
FEMO	Sustainment	10,650,000	8,111,720	9,910,591	10,176,195	9,893,124	10,158,260	10,430,501	9,386,326	9,637,879	9,896,174	98,250,771
FEMO	Compliance	1,980,000	2,412,980	3,162,955	3,247,722	3,334,761	3,424,132	3,515,899	3,610,125	3,706,877	3,806,221	32,201,672
FEMO	New Energy Initiative	1,865,835	1,197,079	1,176,445	1,021,032	1,000,428	1,027,240	1,054,770	1,083,038	1,112,063	1,141,866	11,679,796
FEMO	Facilities Design	28,307,557	26,570,736	26,935,172	14,344,105	3,612,658	4,613,980	3,808,891	3,910,969	4,015,783	4,123,406	120,243,256
FEMO	FEMO Total	43,503,392	38,805,915	42,237,252	29,199,700	18,031,563	19,692,998	18,810,061	17,990,458	18,472,602	18,967,668	265,711,609
Fleet Equipment	Fleet Equipment	16,031,814	13,419,781	15,920,778	14,214,773	16,288,976	20,175,503	17,812,122	18,315,302	18,831,948	13,276,317	164,287,314
Fleet Equipment	Fleet Equipment Total	16,031,814	13,419,781	15,920,778	14,214,773	16,288,976	20,175,503	17,812,122	18,315,302	18,831,948	13,276,317	164,287,314
Technology	Functional Business Software	13,000,986	13,628,427	12,048,395	12,457,427	13,177,592	13,552,150	14,095,977	15,188,330	15,235,263	14,532,863	136,917,410
Technology	Infrastructure HW / SW	8,580,000	5,963,914	6,649,616	6,429,353	3,894,751	3,999,130	3,913,635	4,018,521	4,126,217	3,773,229	51,348,365
Technology	Toll Collection / Operations	10,760,000	14,708,910	11,492,069	1,623,861	1,667,380	1,712,066	1,757,950	1,805,063	1,853,438	1,522,488	48,903,225
Technology	Technology Total	32,340,986	34,301,251	30,190,079	20,510,640	18,739,723	19,263,346	19,767,562	21,011,914	21,214,918	19,828,580	237,169,000
EN-00115	**All-Electronic Toll Conversion**	**5,175,000**	**18,887,986**	**8,764,548**	**28,668,724**	**30,504,169**	**81,544,573**	**117,463,848**	**50,071,234**	**57,702,478**	**48,526,780**	**447,309,339**
Capital Plan Grand Total		**682,674,885**	**734,167,515**	**699,904,892**	**663,868,554**	**647,944,916**	**659,281,824**	**656,765,863**	**658,023,268**	**659,693,310**	**645,313,968**	**6,707,638,993**
Capital Plan Grand Total NET		**630,674,885**	**714,167,515**	**674,054,892**	**633,018,554**	**607,944,916**	**640,481,824**	**656,765,863**	**658,023,268**	**659,693,310**	**645,313,968**	**6,520,138,993**

[5] Capital plans from prior years back to Fiscal Year 2005-2006 are available on the Commission's website at https://www.paturnpike.com/.

APPENDIX B

AUDITED 2014 AND 2013 FINANCIAL STATEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

BASIC FINANCIAL STATEMENTS

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania
Years Ended May 31, 2014 and 2013
With Report of Independent Auditors

Zelenkofske Axelrod LLC

A Certified Public Accounting and Auditing Firm

Table of Contents

Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

The Commissioners
Pennsylvania Turnpike Commission
Middletown, Pennsylvania

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, 2014 and 2013, 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

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.

Auditors' 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 audits 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 auditors' 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 auditors' consider 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.

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, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of Accounting Pronouncements

As described in Note 2 to the financial statements, in 2014 the Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34,* the provisions of Statement No. 65*, Items Previously Reported as Assets and Liabilities,* the provisions of Statement No. 66*, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62,* and the provisions of Statement No. 70*, Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Our opinion is not modified with respect to these matters.

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 and the schedule of funding progress – postemployment healthcare benefits on pages 4 through 20 and page 92 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.

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 on 94 through 108 and the schedules of cost of services detail on page 109 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The section information and schedules of cost of services detail are the responsibility of management and were derived from and relate 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 and cost of services detail are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Harrisburg, Pennsylvania
August 27, 2014

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's financial activities for the year ended May 31, 2014, which should be read in conjunction with the Commission's basic financial statements. Certain amounts presented in the prior period have been reclassified to conform to the current period financial statement presentation.

Overview of the Basic Financial Statements

This 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, 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, capital contributions, and the special item. Changes in net position (increases or decreases) reflect the current fiscal period's operating impact upon 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		
	2014	2013	2012
		(Restated)[1]	*(Restated)*[1]
		(In Thousands)	
Assets and deferred outflows of resources			
Current assets	**$ 1,123,279**	$ 1,014,941	$ 777,193
Long-term investments	**743,407**	728,103	898,014
Capital assets, net of accumulated depreciation	**4,914,361**	4,831,902	4,715,957
Other assets	**123,055**	101,708	71,752
Total assets	**6,904,102**	6,676,654	6,462,916
Deferred outflows of resources	**213,878**	255,521	349,406
Total assets and deferred outflows of resources	**7,117,980**	6,932,175	6,812,322
Liabilities and deferred inflows of resources			
Current liabilities	**569,919**	597,007	523,912
Debt, net of unamortized premium	**9,523,230**	8,678,370	7,942,673
Other noncurrent liabilities	**200,726**	203,766	284,892
Total liabilities	**10,293,875**	9,479,143	8,751,477
Deferred inflows of resources	**124,560**	141,440	108,503
Total liabilities and deferred inflows of resources	**10,418,435**	9,620,583	8,859,980
Net position			
Net investment in capital assets	**372,750**	613,422	927,679
Restricted for construction purposes	**237,042**	225,358	232,392
Restricted for debt service	**36,801**	49,655	37,611
Unrestricted	**(3,947,048)**	(3,576,843)	(3,245,340)
Total net position	**$ (3,300,455)**	$ (2,688,408)	$ (2,047,658)

[1] Certain 2013 and 2012 amounts were restated.

Financial Analysis (continued)

The Commission's total net position decreased $612.0 million and $640.8 million for the fiscal years ended May 31, 2014 and 2013, respectively. The large decreases in net position in the fiscal years 2014 and 2013 were mainly the result of the $450 million paid in both years to the Pennsylvania Department of Transportation (PennDOT), as required by Act 44, Act 89 and the Amended Lease and Funding Agreement (Amended Funding Agreement) between the Commission and PennDOT, as well as interest expense on the debt issued to fund these payments. These expenses were recorded as nonoperating expenses. 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.

Additionally, as a result of the implementation of GASB Statement No. 65, net position as of May 31, 2012 was decreased by $69.7 million. This decrease was comprised of a $40.1 million decrease in Net investment in capital assets, a $3.6 million decrease in Net position, restricted for construction purposes and a $26.0 million decrease in Net position, unrestricted. See Notes 2 and 15 for further discussion on the implementation of GASB Statement No. 65 and the fiscal year 2013 restatements.

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

The Commission's total assets and deferred outflows of resources increased by $185.8 million in fiscal year 2014. This 2014 increase is mostly related to increases in cash and investments of $114.3 million, capital assets of $82.5 million, and the other post-employment benefit (OPEB) asset of $21.0 million. These increases were partially offset by a decrease in deferred outflows of resources of $41.6 million. The increase in capital assets is related to capital asset additions of $420.5 million offset by $324.0 million of depreciation expense. The increase in the OPEB asset is mostly related to the Commission's $44.2 million contributions to the Retiree Medical Trust. The decrease in deferred outflows of resources is primarily the result of changes in values of the Commission's hedging derivatives. For additional information, see: Note 4, Cash and Investments; Note 5, Capital Assets, and the Capital Assets and Debt Administration section of this MD&A; Note 11, Postemployment Benefits; and Note 9, Commitments and Contingencies.

Financial Analysis (continued)

The Commission's total assets and deferred outflows of resources increased by $119.9 million in fiscal year 2013. This 2013 increase is mostly related to increases in cash and investments of $69.1 million, capital assets of $115.9 million, and the OPEB asset of $29.3 million. These increases were partially offset by a decrease in deferred outflows of resources of $93.9 million. The increase in capital assets is related to capital asset additions of $479.1 million offset by $311.7 million of depreciation expense. The increase in the OPEB asset is mostly related to the Commission's $54.8 million contributions to the Retiree Medical Trust. The decrease in deferred outflows of resources is primarily the result of change in values of the Commission's hedging derivatives. For additional information, see: Note 4, Cash and Investments; Note 5, Capital Assets, and the Capital Assets and Debt Administration section of this MD&A; Note 11, Postemployment Benefits; and Note 9, Commitments and Contingencies.

Total liabilities and deferred inflows of resources increased by $797.9 million in fiscal year 2014 and by $760.6 million in fiscal year 2013. The increase for both fiscal year 2014 and fiscal year 2013 were mainly related to the issuance of senior debt to finance the costs of various capital expenditures set forth in the Commission's current ten-year plan and the issuance of subordinate debt to finance the costs of making 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.

Financial Analysis (continued)

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

	Year ended May 31		
	2014	2013 *(Restated)*[1]	2012 *(Restated)*[1]
		(In Thousands)	
Operating:			
Operating revenues	**$ 880,755**	$ 831,636	$ 803,939
Cost of services	**(438,981)**	(412,484)	(387,506)
Depreciation	**(324,010)**	(311,735)	(300,777)
Operating income	**117,764**	107,417	115,656
Nonoperating revenues (expenses):			
Investment earnings	**27,570**	30,048	28,052
Other nonoperating revenues	**23,161**	19,877	21,196
Act 44 payments to PennDOT	**(450,000)**	(450,000)	(450,000)
Capital assets transferred to PennDOT	**(13,531)**	-	(22,783)
Interest and bond expense	**(427,047)**	(394,919)	(437,680)
Nonoperating expenses, net	**(839,847)**	(794,994)	(861,215)
Loss before capital contributions and special item	**(722,083)**	(687,577)	(745,559)
Capital contributions	**110,036**	97,836	102,407
Discontinued project	**-**	(51,009)	-
Decrease in net position	**$ (612,047)**	$ (640,750)	$ (643,152)

[1] Certain 2013 and 2012 amounts were restated.

For fiscal years ended May 31, 2014, and 2013, operating and nonoperating revenues totaled $931.5 million and $881.6 million, respectively, while operating and nonoperating expenses totaled $1,653.6 million and $1,569.1 million, respectively.

Total operating and nonoperating revenues for fiscal year 2014 were $49.9 million or 5.7% higher than fiscal year 2013. This increase in revenue was mainly related to a $50.3 million increase in fare revenues resulting from a January 2014 toll increase of 2% for E-ZPass customers and 12% for cash customers, the full year impact of the January 2013 toll increase of 2% for E-ZPass customers and 10% for cash customers and reductions in January 2014 and

Financial Analysis (continued)

January 2013 to the post-paid, commercial-volume-discount program. Total traffic volumes were flat in fiscal year 2014 compared to fiscal year 2013.

Total operating and nonoperating revenues for fiscal year 2013 were $28.4 million or 3.3% higher than fiscal year 2012. This increase in revenue was mainly related to a $30.7 million increase in fare revenues resulting from a January 2013 toll increase of 2% for E-ZPass customers and 10% for cash customers, the full year impact of the January 2012 toll increase of 2% for E-ZPass customers and 10% for cash customers and reductions in January 2013 and January 2012 to the post-paid, commercial-volume-discount program. Total traffic volumes were flat in fiscal year 2013 compared to fiscal year 2012.

Total operating and nonoperating expenses for fiscal year 2014 were $84.4 million higher than fiscal year 2013 primarily due to increases in: cost of services of $26.5 million mainly related to increases in noncapitalizable contractor charges related to maintenance of the road, an increase in employee benefits of $7.0 million driven by the contribution to the State Employees' Retirement System, an increase of $5.9 million for materials and supplies which is primarily a winter materials increase of $4.7 million; depreciation expense of $12.3 related to an increase in assets being depreciated (see Note 5, Capital Assets); and interest and bond expenses of $32.1 million related to the increase in debt (see Note 7, Debt).

Total operating and nonoperating expenses for fiscal year 2013 were $29.6 million lower than fiscal year 2012 primarily due to a decrease in interest and bond expenses of $42.8 million related to the implementation of GASB 65 and capital assets transferred to PennDOT in fiscal year 2012 of $22.8 million compared to none in fiscal year 2013. These decreases were offset with increases in: cost of services of $25.0 million mainly related to increases in noncapitalizable contractor charges related to maintenance of the road, increase in employee benefits of $5.9 million driven by the contribution to the State Employees' Retirement System, increase of $5.1 million for materials and supplies which is primarily a winter materials increase of $4.9 million; and depreciation expense of $11.0 related to an increase in assets being depreciated (see Note 5, Capital Assets).

Financial Analysis (continued)

For the fiscal year ended May 31, 2013, the Commission recorded an expense of $51.0 million for the write-down of assets under construction related to design costs for the west leg of the PA Route 51 to Interstate Route 376 project. Due to the magnitude of the estimated costs of construction, the Commission believes it is unlikely to be economically feasible to complete this leg of the project. This expense was recorded as a special item in the statements of revenues, expenses, and changes in net position.

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), buildings, improvements, equipment, infrastructure, and assets under construction. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. The Commission's investment in capital assets at May 31, 2014 amounted to $10.0 billion of gross asset value with accumulated depreciation of $5.1 billion, leaving a net book value of $4.9 billion. The net book value of capital assets at May 31, 2013 was $4.8 billion. Capital assets represented 69.0% and 69.7% of the Commission's total assets and deferred outflows of resources at May 31, 2014 and 2013, respectively.

Assets under construction at the end of fiscal year 2014 were $790.4 million, which was $128.8 million more than fiscal year 2013. In fiscal year 2014, $241.2 million of constructed capital assets were completed which was $309.7 million less than the $550.9 million of constructed capital assets completed in fiscal year 2013. In addition to constructed capital assets, the Commission had capital asset additions of approximately $50.5 million and $80.1 million in fiscal years 2014 and 2013, respectively.

A top priority of the Commission is to entirely reconstruct the Turnpike roadway, completely removing all original pavement down to the subgrade and replacing it with an entirely new roadway pavement section, including all facets of the highway construction such as median barriers and guide rails, drainage systems and signage, as well as the construction of retaining walls and noise walls where warranted. From about 1998 to date, the Commission has rebuilt approximately 105 miles of roadways and bridges and much of the reconstructed roadway has been widened to accommodate six lanes. An additional 12 miles of roadway reconstruction has

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

been initiated, and another 113 miles of reconstruction is currently in design. Also, the Commission completed 54 miles of roadway resurfacing during fiscal year 2014, helping to maintain a quality-riding surface with a Turnpike System wide median IRI (International Roughness Index) of 75 which is rated as good.

The Commission completely replaced 11 aging original bridges with new bridges, rehabilitated another 32 bridges, completely painted 11 bridges, and constructed three new retaining walls in calendar year 2013. Of the Commission's bridges, 5.4% are rated structurally deficient which is below the national average of 10.5%. Forty-five of the 47 bridges currently rated structurally deficient are either in construction or design for rehabilitation.

Facility projects continue to focus on environmental and safety compliance, and on the maintenance and repair of existing buildings including HVAC, electrical and plumbing systems. The Commission completed construction on the Somerset Maintenance Facility in June 2014 and completed construction on the new Everett PA State Police Barracks in February 2014. Construction of the new Somerset PA State Police Barracks is underway which is anticipated to be completed in February 2015. Construction of the new Plymouth Meeting Maintenance Facility is underway which is anticipated to be completed in August 2015. Construction of the new Western Training Facility is underway which is anticipated to be completed in November 2014. New Maintenance Facilities continue to be under design currently with the new District 1 Maintenance Facility to be constructed in the New Stanton area. A public CNG Fueling Station is planned to open in October 2014 at the New Stanton Service Plaza. Currently, there are four service plazas that have electric vehicle (EV) charging systems available to users on the Turnpike System. They are the Oakmont, New Stanton, Bowmansville and King of Prussia service plazas. Over the next two years, the remaining 13 services plazas will have EV charging systems installed.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

With the completion of Phase 2 for the Uniontown to Brownsville project, the Mon/Fayette Expressway is completed and open to traffic from the Pennsylvania/West Virginia line to PA 51 in Jefferson Hills Borough, a distance of 54 miles. Phase 2 of the Uniontown to Brownsville project, a seven mile section, opened to traffic on July 16, 2012. 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. Additional funding is required to construct this section. Due to the magnitude of the estimated costs of construction, the Commission believes it is unlikely to be economically feasible to complete the west leg of this project.

The Southern Beltway is a series of three independent projects that extend from the Mon/Fayette Expressway near Finleyville to Pennsylvania Route 60 (PA 60) 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 PA 60 to U.S. Route 22 (U.S. 22), is in operation. The project from U.S. 22 to I-79 is in final design and some construction has already started. The additional funding under Act 89 will enable the Commission to continue to construct this section. The entire 13 miles of this section are anticipated to be open to traffic by 2020. The project from Interstate 79 (I-79) to Mon/Fayette Expressway has completed the environmental phase and is inactive until additional funding is identified. The fourth and final section of the Mon/Fayette Expressway, the SR51 to Pittsburgh project, is completed in Preliminary Design and is also now inactive until additional funding is identified.

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

The I-276/I-95 Interchange Project involves the construction of a direct interchange connecting the PA Turnpike to I-95. The project also includes tolling modifications and reconstruction and widening of the interstates.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

The first phase of the Interchange Project includes preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and southbound I-95 to the westbound Turnpike Mainline. This phase includes construction of a new mainline toll plaza and an All-Electronic Tolling (AET) plaza westbound. Construction has commenced and is expected to continue through 2018. The second phase will include the completion of the reconstruction and widening of the remaining interchange connectors. The third phase will be the construction of an additional bridge over the Delaware River.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2014 and 2013. Please refer to the capital assets section in the notes to the financial statements (Note 5) for more detailed capital asset schedules.

Debt Administration – Mainline

In July 2012, the Commission issued $200,215,000 2012 Series A Turnpike Revenue Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 A Bonds were issued for the purpose of financing the costs of various capital expenditures set forth in the Commission's ten-year plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges and for issuing the 2012 A Bonds.

In October 2012, the Commission issued $121,065,000 2012 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2012 B Subordinate Bonds.

In October 2012, the Commission issued $92,780,000 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2012 B Motor License Fund Enhanced Subordinate Special Revenue Bonds.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Mainline (continued)

In November 2012, the Commission issued $70,060,000 2012 Series B Senior Bonds at a variable rate with a maturity date of December 1, 2016. The 2012 B Senior Bonds were issued primarily for the current refunding of the $52,070,000 December 1, 2012 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series C of 2009 and the $17,455,000 December 1, 2012 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series D of 2011 and for payment of the costs of issuance of the 2012 B Senior Bonds.

In January 2013, the Commission issued $176,075,000 2013 Series A Senior Bonds at a variable rate with a maturity date of December 1, 2018. The 2013 A Senior Bonds were issued primarily to finance the cost of various capital expenditures set forth in the Commission's current ten-year capital plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges and for issuing the 2013 A Bonds.

In April 2013, the Commission issued $71,702,000 2013 Series A Subordinate Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 A Subordinate Bonds.

In April 2013, the Commission issued $92,465,000 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 A Motor License Fund Enhanced Subordinate Special Revenue Bonds.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Mainline (continued)

In July 2013, the Commission issued $265,155,000 2013 Series B Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2020. The 2013 B Senior Bonds were issued primarily for the current refunding of the Commission's 2009 Series C Variable Rate Turnpike Revenue Bonds ($52,070,000) and the Commission's 2011 Series D Variable Rate Turnpike Revenue Bonds ($17,455,000), both with maturity dates of December 1, 2013; the Commission's 2010 Series A-1 Multi-Modal Revenue Refunding Bonds ($97,230,000) and the Commission's 2010 Series A-2 Multi-Modal Revenue Refunding Bonds ($97,140,000), both with a mandatory redemption date of July 2013; and for the payment of the costs of issuance of the 2013 B Senior Bonds.

In August 2013, the Commission issued $222,935,000 2013 Series C Senior Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 C Senior Bonds were issued primarily 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 the rehabilitation of certain interchanges and for issuing the 2013 C Bonds.

In October 2013, the Commission issued $108,708,000 2013 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 B Subordinate Bonds.

In October 2013, the Commission issued $101,731,000 2013 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 B Motor License Fund Enhanced Subordinate Special Revenue Bonds.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Mainline (continued)

In April 2014, the Commission issued $236,115,000 2014 Series A Senior Bonds at a fixed rate with a maturity date of December 1, 2044. The 2014 A Senior Bonds were issued primarily 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 the rehabilitation of certain interchanges and for issuing the 2014 A Bonds.

In April 2014, the Commission issued $148,300,000 2014 Series A Subordinate Bonds at a fixed rate with a maturity December 1, 2043. The 2014 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and Act 89 as well as for issuing the 2014 A Subordinate Bonds.

In April 2014, the Commission issued $59,740,000 2014 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds as a capital appreciation bond with a maturity date of December 1, 2044. The 2014 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and Act 89 as well as for issuing the 2014 A Motor License Fund Enhanced Subordinate Special Revenue Bonds.

In May 2014, the Commission issued $444,280,000 2014 Series B-1 Senior Bonds at a variable rate with a maturity date of December 1, 2021. The 2014 B-1 Senior Bonds were issued primarily for the current refunding of the Commission's 2008 Series B-1 Multi-Modal Revenue Bonds ($100,000,000), the Commission's 2008 Series C Multi-Modal Revenue Bonds ($50,000,000), the Commission's 2011 Series C-1 Multi-Modal Revenue Bonds ($230,745,000), and the Commission's 2011 Series C-2 Multi-Modal Revenue Bonds ($61,500,000), all with a mandatory redemption date of May 2014. The bonds were also issued for payment of the costs of issuance for the 2014 Series B-1 Senior Bonds.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Oil Company Franchise Tax

In October 2013, the Commission issued $27,785,000 2013 Series A Senior Oil Franchise Tax Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2024. The 2013 A Senior Oil Franchise Tax Revenue Refunding Bonds were issued primarily for the current refunding of the $30,775,000 December 1, 2024 maturity of the Commission's Oil Franchise Tax Senior Revenue Bonds, Series A of 2003 and for the payment of the costs of issuance of the 2013 A Senior Oil Franchise Tax Revenue Refunding Bonds.

In October 2013, the Commission issued $32,035,000 2013 Series B Subordinate Oil Franchise Tax Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2025. The 2013 B Subordinate Oil Franchise Tax Revenue Refunding Bonds were issued primarily to partially refund the $34,695,000 December 1, 2025 maturity of the Commission's 2003 B Oil Franchise Tax Subordinate Revenue Bonds and for the payment of the costs of issuance of the 2013 B Subordinate Oil Franchise Tax Revenue Refunding Bonds.

Debt Administration – Motor License Registration Fee

No Motor License Registration Fee debt has been issued during the fiscal years presented in these statements.

The preceding paragraphs describe debt activity occurring during the fiscal years ended May 31, 2014 and 2013. Please refer to the debt and commitments and contingencies sections in the 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 effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, the Commission and PennDOT entered into a Lease and Funding Agreement (the 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.

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

On October 13, 2007, the Commission and PennDOT submitted a joint application to the FHWA for approval of the Conversion. The FHWA ultimately denied the application on April 6, 2010. Neither the Commission nor PennDOT appealed the FHWA's decision, nor did the Commission extend the Conversion Period during the notice period under the Funding Agreement or give notice of Conversion. Therefore, the Conversion Period lapsed on October 14, 2010 without the Commission effectuating Conversion or having the ability to do so in the future. The Funding Agreement provides that the Commission's aggregate annual payments to PennDOT are limited to $450 million annually upon lapse of the Conversion option and such payment amount commenced with fiscal year 2011. Under existing law, all legal, financial and operational responsibility for I-80 remains with PennDOT.

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 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 *Amended Funding Agreement*). In accordance with Act 89 and the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT for fiscal year 2014 through fiscal year 2022 remains at $450 million and at least $30 million of the payment must be made from current revenues. Commencing in fiscal year 2023 through the term of the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT is $50 million, which must be paid from current revenues.

In accordance with Act 44, the Commission is required to provide a financial plan to the Secretary of the Budget of the Commonwealth no later than June 1 of each year. The financial plan must describe the Commission's proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenue and expenditures for the ensuing fiscal year. The financial plan must also show that the operation of the Turnpike System can reasonably be anticipated to result in the Commission's ability to meet its payment obligations to PennDOT pursuant to Act 44, Act 89 and the Amended Funding Agreement. It does not, however, address the funding needs for the Mon/Fayette or Southern Beltway projects.

On May 30, 2014, the Commission submitted its financial plan for fiscal year 2015 (the Financial Plan). The Financial Plan incorporates the Commission's Capital Plan for fiscal year 2015 (the Proposed Capital Plan), which provides for $6.7 billion in capital spending over the period from fiscal year 2015 through the fiscal year 2024. The Proposed Capital Plan allows the Commission to accelerate a number of capital improvements and to pursue new initiatives to maintain and improve the Turnpike System. The Financial Plan indicates that in fiscal year 2014 it was able to meet all of its financial covenants and Act 44 and Act 89 obligations and was able to progress with its Capital Plan. Given the slow recovery of the economy, the Commission plans to continue the cost containment and efficiency measures it implemented within the past few years. These measures, together with future toll increases, are expected to allow the Commission to meet its financial covenants, Act 44 and Act 89 obligations, and capital needs during fiscal year 2015.

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 2015. Key among these assumptions is the Commission's ability to raise all tolls throughout the Turnpike System. The Financial Plan reflects the expected full year effects of the January 2014 toll increase and the expected partial year impacts of the approved January 2015 toll increase. The Financial Plan does not assume any tolling of I-80 and assumes the $450 million reduced level of funding obligations required by Act 44 and Act 89 through fiscal year 2022 and the $50 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.

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 2014-2015 or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

Pennsylvania Turnpike Commission

A Component Unit of the Commonwealth of Pennsylvania

Statements of Net Position

	May 31	
	2014	2013
Assets and deferred outflows of resources		*(Restated)*[1]
	(In Thousands)	
Current assets:		
Cash and cash equivalents	**$ 135,452**	$ 130,010
Short-term investments	**43,936**	47,952
Accounts receivable	**43,218**	39,149
Accrued interest receivable	**1,273**	1,663
Inventories	**20,158**	16,871
Restricted current assets:		
Cash and cash equivalents	**712,737**	528,427
Short-term investments	**155,194**	241,914
Accounts receivable	**8,314**	5,400
Accrued interest receivable	**2,997**	3,555
Total current assets	**1,123,279**	1,014,941
Noncurrent assets:		
Long-term investments:		
Long-term investments unrestricted	**158,224**	197,127
Long-term investments restricted	**585,183**	530,976
Total long-term investments	**743,407**	728,103
Capital assets not being depreciated:		
Land and intangibles	**289,900**	271,310
Assets under construction	**790,396**	661,613
Capital assets being depreciated:		
Buildings	**905,235**	893,705
Improvements other than buildings	**114,009**	112,632
Equipment	**570,115**	549,578
Infrastructure	**7,345,336**	7,172,878
Total capital assets before accumulated depreciation	**10,014,991**	9,661,716
Less accumulated depreciation	**5,100,630**	4,829,814
Total capital assets after accumulated depreciation	**4,914,361**	4,831,902
Other assets:		
Prepaid bond insurance costs	**15,761**	16,853
OPEB asset	**79,149**	58,127
Other assets	**28,145**	26,728
Total other assets	**123,055**	101,708
Total noncurrent assets	**5,780,823**	5,661,713
Total assets	**6,904,102**	6,676,654
Deferred outflows of resources from hedging derivatives	**49,684**	117,369
Deferred outflows of resources from refunding bonds	**164,194**	138,152
Total deferred outflows of resources	**213,878**	255,521
Total assets and deferred outflows of resources	**$ 7,117,980**	$ 6,932,175

[1] Certain 2013 amounts were restated as discussed in Notes 2 and 15.

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

Pennsylvania Turnpike Commission

A Component Unit of the Commonwealth of Pennsylvania

Statements of Net Position (continued)

	May 31 2014	2013 (Restated)[1]
	(In Thousands)	
Liabilities and deferred inflows of resources		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 330,027**	$ 350,017
Current portion of debt	**184,675**	198,800
Unearned income	**55,217**	48,190
Total current liabilities	**569,919**	597,007
Noncurrent liabilities:		
Debt, less current portion, net of unamortized premium of $203,526 and $178,860 in 2014 and 2013, respectively	**9,523,230**	8,678,370
Other noncurrent liabilities	**200,726**	203,766
Total noncurrent liabilities	**9,723,956**	8,882,136
Total liabilities	**10,293,875**	9,479,143
Deferred inflows of resources from hedging derivatives	**-**	26,317
Deferred inflows of resources from service concession arrangements	**122,994**	115,123
Deferred inflows of resources from refunding bonds	**1,566**	-
Total deferred inflows of resources	**124,560**	141,440
Total liabilities and deferred inflows of resources	**10,418,435**	9,620,583
Net position		
Net investment in capital assets	**372,750**	613,422
Restricted for construction purposes	**237,042**	225,358
Restricted for debt service	**36,801**	49,655
Unrestricted	**(3,947,048)**	(3,576,843)
Total net position	**$ (3,300,455)**	$ (2,688,408)

[1] Certain 2013 amounts were restated as discussed in Notes 2 and 15.

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

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended May 31	
	2014	2013
		(Restated)[1]
	(In Thousands)	
Operating revenues:		
Fares – net of discounts of $4,220 and $10,198 for the years ended May 31, 2014 and 2013, respectively	**$ 861,846**	$ 811,542
Other	**18,909**	20,094
Total operating revenues	**880,755**	831,636
Operating expenses:		
Cost of services	**438,981**	412,484
Depreciation	**324,010**	311,735
Total operating expenses	**762,991**	724,219
Operating income	**117,764**	107,417
Nonoperating revenues (expenses):		
Investment earnings	**27,570**	30,048
Other nonoperating revenues	**23,161**	19,877
Act 44 and Act 89 payments to PennDOT	**(450,000)**	(450,000)
Capital assets transferred to PennDOT	**(13,531)**	-
Interest and bond expense	**(427,047)**	(394,919)
Nonoperating expenses, net	**(839,847)**	(794,994)
Loss before capital contributions and special item	**(722,083)**	(687,577)
Capital contributions	**110,036**	97,836
Discontinued project	**-**	(51,009)
Decrease in net position	**(612,047)**	(640,750)
Net position at beginning of year	**(2,688,408)**	(2,047,658)
Net position at end of year	**$ (3,300,455)**	$ (2,688,408)

[1] Certain 2013 amounts were restated as discussed in Notes 2 and 15.

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

Pennsylvania Turnpike Commission

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows

	Year Ended May 31	
	2014	2013
	(In Thousands)	
Operating activities		
Cash received from customer tolls and deposits	**$ 876,945**	$ 829,291
Cash payments for goods and services	**(297,504)**	(253,179)
Cash payments to employees	**(153,681)**	(144,292)
Cash received from other operating activities	**8,741**	7,706
Net cash provided by operating activities	**434,501**	439,526
Investing activities		
Proceeds from sales and maturities of investments	**1,874,941**	1,631,813
Interest received on investments	**20,177**	25,232
Purchases of investments	**(1,819,119)**	(1,466,354)
Net cash provided by investing activities	**75,999**	190,691
Capital and related financing activities		
Capital grants received	**9,128**	7,240
Cash proceeds from motor license grant	**28,000**	28,000
Cash proceeds from oil company franchise tax	**65,089**	60,285
Construction and acquisition of capital assets	**(403,813)**	(507,650)
Proceeds from sale of capital assets	**620**	1,765
Payments for bond and swap expenses	**(7,335)**	(1,540)
Payments for debt refundings	**(771,610)**	(69,525)
Payments for debt maturities	**(75,205)**	(41,890)
Interest paid on debt	**(191,970)**	(182,611)
Interest subsidy from Build America Bonds	**23,008**	19,181
Proceeds from debt issuances	**1,252,354**	473,667
Net cash used for capital and related financing activities	**(71,734)**	(213,078)
Noncapital financing activities		
Cash payments to PennDOT	**(450,000)**	(450,000)
Payments for bond and swap expenses	**(2,946)**	(1,032)
Payments for debt maturities	**(49,495)**	(15,860)
Interest paid on debt	**(176,612)**	(160,512)
Proceeds from debt issuances	**430,039**	416,314
Net cash used for noncapital financing activities	**(249,014)**	(211,090)
Increase in cash and cash equivalents	**189,752**	206,049
Cash and cash equivalents at beginning of year	**658,437**	452,388
Cash and cash equivalents at end of year	**$ 848,189**	$ 658,437

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

Pennsylvania Turnpike Commission

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows (continued)

	Year Ended May 31	
	2014	2013
	(In Thousands)	
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 117,764**	$ 107,417
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**324,010**	311,735
Change in operating assets and liabilities:		
Accounts receivable	**(3,593)**	(2,370)
Inventories	**(3,287)**	2,705
Other assets	**(19,587)**	(28,061)
Accounts payable and accrued liabilities	**19,157**	41,810
Other noncurrent liabilities	**37**	6,290
Net cash provided by operating activities	**$ 434,501**	$ 439,526
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	**$ 135,452**	$ 130,010
Restricted cash and cash equivalents	**712,737**	528,427
Total cash and cash equivalents	**$ 848,189**	$ 658,437

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

Statements of Cash Flows (continued)

Noncash Activities

The Commission recorded a net increase of $8.5 million and $5.5 million in the fair value of its investments for the years ended May 31, 2014 and 2013, respectively.

The Commission recorded $9.4 million and $8.2 million for the amortization of bond premiums for the years ended May 31, 2014 and 2013, respectively.

The Commission recorded $23.7 million and $21.2 million (as restated) in expenses for amortization of deferred losses on refundings and amortization of prepaid bond insurance costs for the years ended May 31, 2014 and 2013, respectively.

The Commission recorded an interest expense reduction of $15.7 million and $11.7 million for the years ended May 31, 2014 and 2013, respectively, related to GASB 53 entries.

The Commission recognized revenues of $4.4 million and $3.4 million for the fiscal years ended May 31, 2014 and 2013, respectively, for noncash capital contributions. These noncash capital contributions are the result of agreements 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. See Note 2 for further discussion on capital contributions and Note 6 for further discussion on the service plazas.

The Commission and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission transferred assets with a net book value of $13.5 million to PennDOT during the fiscal year ended May 31, 2014. The Commission did not transfer any assets to PennDOT during the fiscal year ended May 31, 2013.

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

Notes to the Financial Statements

May 31, 2014

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

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, No. 39 and No. 61.

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 a majority of the Senate.

2. Summary of Significant Accounting Policies

The financial statements of the Pennsylvania Turnpike Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. 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.

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts presented in the prior period have been reclassified to conform to the current period financial statements 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 certain nonparticipating contracts such as repurchase agreements and other agreements structured as repurchase agreements that are reported at cost, which does not materially differ from fair value. Fair values are based on quoted market prices.

Capital Assets

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

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

2. Summary of Significant Accounting Policies (continued)

Inventories

Inventories are valued at the lower of average cost (determined on a first-in, first-out method) or market.

Debt Premium/Discount and Prepaid Insurance Costs

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

Unearned Income

Unearned income is primarily related to E-ZPass customer deposits and microwave tower leases. E-ZPass customers of the Commission are required to deposit funds in advance of anticipated travel. Since this money is collected prior to the customers' travel and revenue recognition, it is recorded as unearned income. The Commission had unearned income of $55.2 million and $48.2 million at May 31, 2014 and 2013, respectively.

Deferred Outflows/Inflows of Resources

The Statement of Net Position reports 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 three items that qualify for reporting in these categories (deferred charges and gains on refundings, deferred outflows and inflows from its hedging derivative instruments, and deferred inflows from its service concession arrangements).

Deferred inflows from its service concession arrangements are amortized over the life of the lease agreements with its service plaza operators. The deferred outflows and inflows of resources related to hedging derivative instruments represents the cumulative change in their fair values. Deferred charges on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

2. Summary of Significant Accounting Policies (continued)

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.
>
> *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 including creditors, grantors, contributors or laws or regulations of other governments and 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 electronic toll collection and violation enforcement fees related to the E-ZPass program. Also included is revenue from various sponsorship agreements.

2. Summary of Significant Accounting Policies (continued)

Operating Revenues (continued)

Fare Revenues

Fare revenues are recognized when vehicles exit the Turnpike System. As of May 31, 2014 and 2013, approximately 70.0% and 68.3%, respectively, of the fare revenues were realized through electronic toll collection; the remainder was realized through cash collection or a credit card program for military and Class 9 vehicles.

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: 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 PennDOT, interest and bond expenses, and other miscellaneous expenses not associated with the operations of the Turnpike System.

2. Summary of Significant Accounting Policies (continued)

Nonoperating Revenues (Expenses) (continued)

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.

Capital Assets Transferred to PennDOT

The Commission and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission transferred assets with a net book value of $13.5 million to PennDOT during the fiscal year ended May 31, 2014. The Commission did not transfer any of these assets to PennDOT during the fiscal year ended May 31, 2013.

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 $68.3 million and $59.6 million for the fiscal years ended May 31, 2014 and 2013, respectively. These revenues are kept in a separate fund as required by the applicable bond indenture.

Motor License Registration Fee Revenues

The Commission received $28.0 million in grants during each of the fiscal years ended May 31, 2014 and 2013 from the Commonwealth's Motor License Fund. The Commission has elected to account for this grant in a separate fund.

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, 2014 and 2013, the Commission recognized $9.3 million and $6.8 million, respectively, as capital contributions 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 implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* in fiscal year 2013. The Commission recognized capital contribution revenues of $4.4 million and $3.4 million, related to these agreements for the years ended May 31, 2014 and 2013, respectively. See Note 6 for further discussion on the service plazas.

Adoption of Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The Commission adopted this statement for its fiscal year ended May 31, 2014 financial statements. The adoption of this statement had no impact on the Commission’s financial statements for fiscal years ending May 31, 2014 and 2013.

2. Summary of Significant Accounting Policies (continued)

Adoption of Accounting Pronouncements (continued)

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Commission adopted this statement for its fiscal year ended May 31, 2014 financial statements. The accompanying fiscal year 2013 financial statements have been restated to reflect the adoption of Statement No. 65. Net position as of June 1, 2012 (the beginning of the earliest financial statement period presented) was decreased by $69.7 million. Net position as of May 31, 2013 was decreased by $70.8 million, this decrease was comprised of a $39.7 million decrease in Net investment in capital assets, a $3.4 million decrease in Net position, restricted for construction purposes and a $27.7 million decrease in Unrestricted net position. See Note 15 for additional restated balances.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The Commission adopted this statement for its fiscal year ended May 31, 2014 financial statements. The adoption of this statement had no significant impact on the Commission's financial statements for fiscal years ending May 31, 2014 and 2013.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The Commission adopted this statement for its fiscal year ended May 31, 2014 financial statements. The adoption of this statement had no significant impact on the Commission's financial statements for fiscal years ending May 31, 2014 and 2013. See Note 7 for additional disclosures required by this statement.

Pending Changes in Accounting Principles

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

2. Summary of Significant Accounting Policies (continued)

Pending Changes in Accounting Principles (continued)

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* The Commission is required to adopt Statement No. 68 for its fiscal year ended May 31, 2016. The Commission is anticipating early adopting this statement during fiscal year 2015.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The Commission is required to adopt Statement No. 69 for its fiscal year ended May 31, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The Commission is required to adopt Statement No. 71 for its fiscal year ended May 31, 2016. The Commission is anticipating early adopting this statement during fiscal year 2015.

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

3. Indenture Requirements and Restrictions

The Commission's debt has been issued under the provisions of four 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 the Trustee, U.S. Bank Corp., successor to First Union National Bank;

- An Oil Franchise Tax Trust Indenture dated August 1, 1998, as supplemented, between the Commission and the Trustee, Bank of New York Mellon Trust Company, N.A., successor to National City Bank of Pennsylvania;

- A Registration Fee Revenue Trust Indenture dated August 1, 2005 between the Commission and the Trustee, Bank of New York Mellon Trust Company, N.A., successor to Wachovia Bank, N.A.; and

- A Subordinate Trust Indenture dated April 1, 2008, as supplemented, between the Commission and the Trustee, Wells Fargo Bank, N.A., successor to Commerce Bank, N.A.

Accordingly, certain activities of the Commission are restricted by these Indentures.

4. Cash and Investments

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

Cash and Cash Equivalent and Investment Types	May 31 **2014**	2013
	(In Thousands)	
Corporate obligations	**$ 320,486**	$ 306,667
Municipal bonds	**280,105**	373,181
Government agency securities	**188,657**	183,474
U.S. Treasuries	**87,580**	105,795
GNMA mortgages	**8,057**	12,327
Total investment securities	**884,885**	981,444
Investment derivatives	**57,652**	36,525
Cash and cash equivalents	**848,189**	658,437
Total cash and cash equivalents and investments	**$ 1,790,726**	$ 1,676,406

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.

4. Cash and Investments (continued)

Cash and Cash Equivalents (continued)

The following summary presents the Commission's Cash and Cash Equivalents.

	Bank Balance	Book Balance
	(In Thousands)	
May 31, 2014		
Demand Deposits	**$ 13,183**	**$ 18,013**
Money Market Funds	**665,678**	**665,678**
Cash Equivalents	**164,498**	**164,498**
Total Cash and Cash Equivalents	**$ 843,359**	**$ 848,189**
May 31, 2013		
Demand Deposits	$ 10,623	$ 11,937
Money Market Funds	646,500	646,500
Total Cash and Cash Equivalents	$ 657,123	$ 658,437

Cash Equivalents and Investment Securities

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

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

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

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

- U.S. Treasury Bills, Notes, Bonds, Strips;
- Time Deposits issued by a banking association organized and doing business under the laws of the United States of America or of any state that may have a combined capital and surplus of at least $50,000,000;
- Certificates of Deposit that are fully collateralized and issued by a bank, savings and loan or trust company organized under the laws of the United States or any state thereof;
- Investment Agreements with a bank, a bank holding company or a financial institution that has outstanding long-term indebtedness rated “AA” or better by Moody’s and S&P;
- Obligations of any federal agencies which obligations are backed by the full faith and credit of the United States of America;
- Senior debt obligations rated a minimum “AA” by S&P and “Aa2” by Moody’s and issued by government-sponsored enterprises which include Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation; and Federal National Mortgage Association;
- Mortgage-backed securities issued by an approved Federal agency and collateralized mortgage obligations 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 with securities rated in the “Aa/AA” category;
- Commercial paper rated not less than “A-1/P-1/F-1”, corporate bonds rated “Aa3/AA-” or better, and asset-backed securities rated “AAA”;
- Repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York, collateralized by investments with a minimum 102% valuation in securities of U.S. Treasury bills, notes, bonds, strips, or obligations of any of federal agencies or senior debt obligations described above; and
- Share or Certificates in any short-term investment fund investing not less than 90% of its assets in obligations of U.S. treasury bills, notes, bonds, strips or time deposits.

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

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

The investment policy imposes the following additional limitations:

- Investments in any single Federal agency, 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 are limited to 30% of the portfolio.
- Combined exposure to commercial paper, corporate bonds, and asset-backed securities, in aggregate, is limited to 35% of the total portfolio.
- Investments in any single issuer, excluding U.S. Treasury and Federal Agencies, are limited to 5% of the portfolio.

The Commission's investment policy also limits investments to those issues expected to mature within five years, taking into consideration call, prepayment, or other features that may impact maturity. At May 31, 2014, the Commission held three securities totaling $21.6 million. Each of these securities had a maturity greater than five years. All of these securities were purchased prior to the Commission's adoption of an Investment Policy.

The Commission's exposure to credit risk for investment securities as of May 31, 2014 is as follows:

	Quality Rating					
Investment Type	**AAA**	**AA**	**A**	**A-1**	**Below A**	**Total**
			(In Thousands)			
Corporate obligations	$ 56,537	$ 215,038	$ 6,028	$ 42,099	$ 784	$ 320,486
Municipal bonds	72,195	155,397	30,004	22,509	-	280,105
Government agency securities	188,657	-	-	-	-	188,657
	$ 317,389	$ 370,435	$ 36,032	$ 64,608	$ 784	$ 789,248

4. Cash and Investments (continued)

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, 2014, the Commission had investments of more than 5% of its consolidated portfolio with the following issuer:

Issuer	Total Market Value	Percentage of Total Portfolio
	(in Thousands)	
Federal National Mortgage Association	$110,567	6.45%

Interest Rate Risk

On May 31, 2014, the effective duration of the Commission's investments, by type, was as follows:

Investment Type	Fair Value	Effective Duration
	(In Thousands)	*(In Years)*
Corporate obligations	$ 320,486	1.7475
Municipal bonds	280,105	1.3380
Government agency securities	188,657	2.5783
U.S. Treasuries	87,580	3.0196
GNMA mortgages	8,057	2.7722
Total investment securities	$ 884,885	

4. Cash and Investments (continued)

Investment Derivatives

Following is a summary of the Commission's investment derivatives at May 31, 2014:

	Notional Amount *(Thousands)*	Weighted Avg. Mat. *(Years)*	Effective Date	Maturity Date	Terms	Fair Value *(Thousands)*	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	$ 107,784				Pay 67% of 1-month LIBOR receive 60.08% of the 10 year maturity of the USD-ISDA Swap Rate	$ 5,174	JPMorgan Chase Bank	Aa3/A+/A+
	107,784					5,875	Merrill Lynch CS*	Baa2/A-/A
	107,784					5,040	PNC Bank	A2/A/A+
	134,733					7,460	Bank of New York Mellon	Aa2/AA-/AA-
A	458,085	7.4	7/1/2007	12/1/2030		23,549		
	112,000				Pay SIFMA, receive 63% of 1-month LIBOR + 20 bps	(7,376)	JPMorgan Chase Bank	Aa3/A+/A+
	48,000					(3,163)	Bank of New York Mellon	Aa2/AA-/AA-
B	160,000	15.1	8/14/2003	12/1/2032		(10,539)		
	80,000				Pay 67% of 1-month LIBOR receive 60.15% of the 10 year maturity of the USD-ISDA Swap Rate	5,118	JPMorgan Chase Bank	Aa3/A+/A+
	80,000					5,118	Royal Bank of Canada	Aa3/AA-/AA
C	160,000	15.0	9/19/2006	11/15/2032		10,236		
D	142,410	15.2	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% of 3-month LIBOR	7,372	Goldman Sachs MMDP	Aa2/AAA/NR
E	142,410	15.2	6/1/2010	6/1/2039	Pay SIFMA, receive 99.80% of 3-month LIBOR	7,434	Deutsche Bank	A2/A/A+
F	107,784	0.6	1/1/2011	1/1/2015	Pay 60.08% of 10 year maturity of the USD-ISDA Swap Rate, receive 67% of 1-month LIBOR	(1,670)	Deutsche Bank	A2/A/A+
G	134,733	0.6	1/1/2011	1/1/2015	Pay 60.08% of 10 year maturity of the USD-ISDA Swap Rate, receive 67% of 1-month LIBOR	(2,087)	Deutsche Bank	A2/A/A+
H	118,015	10.6	6/9/2006	12/1/2026	Receive 4.186%, pay SIFMA	23,357	Bank of New York Mellon	Aa2/AA-/AA-
						$ 57,652		

1-month LIBOR was 0.151% at May 31, 2014
3-month LIBOR was 0.2274% at May 31, 2014
10-year maturity of the USD-ISDA swap rate was 2.576% at May 31, 2014
SIFMA was 0.06% at May 31, 2014

* 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/A+/NR (Moody's/S&P/Fitch) as of May 31, 2014.

See Note 9 for additional disclosures regarding derivative instruments.

5. Capital Assets

Summaries of changes to capital assets for the years ended May 31, 2014 and 2013 are as follows:

	Balance May 31, 2013	Additions	Transfers	Reductions	Balance May 31, 2014
			(In Thousands)		
Capital assets not being depreciated (cost)					
Land and intangibles	$ 271,310	$ 18,717	$ -	$ 127	$ 289,900
Assets under construction	661,613	369,940	(241,157)	-	790,396
Total capital assets not being depreciated	932,923	388,657	(241,157)	127	1,080,296
Capital assets being depreciated (cost)					
Buildings	893,705	7,701	6,303	2,474	905,235
Improvements other than buildings	112,632	3,186	1,652	3,461	114,009
Equipment	549,578	10,420	12,163	2,046	570,115
Infrastructure	7,172,878	10,502	221,039	59,083	7,345,336
Total capital assets being depreciated	8,728,793	31,809	241,157	67,064	8,934,695
Less accumulated depreciation for:					
Buildings	312,159	22,265	-	2,452	331,972
Improvements other than buildings	66,252	5,131	-	3,461	67,922
Equipment	392,113	30,163	-	1,729	420,547
Infrastructure	4,059,290	266,451	-	45,552	4,280,189
Total accumulated depreciation	4,829,814	324,010	-	53,194	5,100,630
Total capital assets being depreciated, net	3,898,979	(292,201)	241,157	13,870	3,834,065
Total capital assets	$ 4,831,902	$ 96,456	$ -	$ 13,997	$ 4,914,361

5. Capital Assets (continued)

	May 31, 2012	Additions	Transfers	Reductions	May 31, 2013
			(In Thousands)		
Capital assets not being depreciated (cost)					
Land and intangibles	$ 256,175	$ 15,287	$ -	$ 152	$ 271,310
Assets under construction	864,474	399,036	(550,888)	51,009	661,613
Total capital assets not being depreciated	1,120,649	414,323	(550,888)	51,161	932,923
Capital assets being depreciated (cost)					
Buildings	832,592	27,576	38,502	4,965	893,705
Improvements other than buildings	95,198	13,492	3,942	-	112,632
Equipment	531,210	11,270	13,971	6,873	549,578
Infrastructure	6,704,803	12,444	494,473	38,842	7,172,878
Total capital assets being depreciated	8,163,803	64,782	550,888	50,680	8,728,793
Less accumulated depreciation for:					
Buildings	294,378	22,746	-	4,965	312,159
Improvements other than buildings	61,774	4,478	-	-	66,252
Equipment	369,478	29,244	-	6,609	392,113
Infrastructure	3,842,865	255,267	-	38,842	4,059,290
Total accumulated depreciation	4,568,495	311,735	-	50,416	4,829,814
Total capital assets being depreciated, net	3,595,308	(246,953)	550,888	264	3,898,979
Total capital assets	$ 4,715,957	$ 167,370	$ -	$ 51,425	$ 4,831,902

The Commission incurred interest costs of $10.7 million and $11.1 million for the fiscal years ended May 31, 2014 and 2013, respectively, which qualified for capitalization. For fiscal year 2014, there was a $0.2 million interest income offset; therefore, $10.5 million was capitalized. For fiscal year 2013, there was a $0.1 million interest income offset; therefore, $11.0 million was capitalized.

For the fiscal year ended May 31, 2013, the Commission recorded an expense of $51.0 million for the write-down of assets under construction related to design costs for the west leg of the PA Route 51 to Interstate Route 376 project. Due to the magnitude of the estimated costs of construction, the Commission believes it is unlikely to be economically feasible to complete this leg of the project. This expense was recorded as a special item in the statements of revenues, expenses, and changes in net position.

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, Inc. to design, reconstruct, finance, operate and maintain all of the service plazas. The Commission has no responsibility for maintaining the service plazas under the agreements. 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 that 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 Sunoco, Inc. expire on August 25, 2036 and January 31, 2022, respectively. Sunoco, Inc.'s lease may be extended for three additional five-year periods. The first extension shall be at the discretion of Sunoco, Inc., and the second and third extensions shall be mutually agreed to by both parties.

As of May 31, 2014, the Commission had capitalized $108.1 million in assets representing 14 service plazas that had fully completed construction and recognized deferred inflows of resources of $94.9 million related to these assets in accordance with GASB Statement No. 60. Also, as of May 31, 2014 and in accordance with GASB Statement No. 60, the Commission recognized a receivable and deferred inflow of resources in the amount of $28.1 million for the present value of guaranteed minimum rent payments scheduled to begin upon completion of all construction.

As of May 31, 2013, the Commission had capitalized $97.2 million in assets representing twelve service plazas that had fully completed construction and recognized deferred inflows of resources of $88.4 million related to these assets in accordance with GASB Statement No. 60. Also, as of May 31, 2013 and in accordance with GASB Statement No. 60, the Commission recognized a receivable and deferred inflow of resources in the amount of $26.7 million for the present value of guaranteed minimum rent payments scheduled to begin upon completion of all construction.

7. Debt

Following is a summary of debt outstanding:

	May 31 2014	May 31 2013
	(In Thousands)	
Mainline Senior Debt		
2001 Series T: Issued $86,660 in September 2001 at 4.13% to 5.50%, due in varying installments through December 1, 2013. Interest paid each June 1 and December 1.	**$ -**	$ 27,005
2004 Series A: Issued $269,245 in June 2004 at 5.00% to 5.50%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1.	**269,245**	269,245
2006 Series A: Issued $118,015 in June 2006 at 5.00%, due in varying installments through December 1, 2026. Interest paid each June 1 and December 1.	**118,015**	118,015
2008 Series B Multi-Modal: Issued $402,000 in May 2008 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through December 1, 2038. Series B-2 through B-6 refunded in May 2011. Series B-1 refunded in May 2014.	**-**	100,000
2008 Series C Multi-Modal Revenue: Issued $50,000 in August 2008 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through June 1, 2038. Refunded in May 2014.	**-**	50,000
2009 Series A Build America Bonds: Issued $275,000 in July 2009 at 6.105%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	**275,000**	275,000
2009 Series B: Issued $375,010 in December 2009 at 3% to 5%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1.	**375,010**	375,010
2009 Series C: Issued $208,280 in December 2009 at a variable rate (based on SIFMA + 0.52% to 1.05%, paid the 1st of each month), due in varying installments through December 1, 2014. Partially refunded in November 2012 and July 2013.	**52,070**	104,140
2010 Series A: Issued $209,230 in July 2010 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through December 1, 2036. Refunded in July 2013.	**-**	194,370
2010 Series B Build America Bonds: Issued $600,000 in September 2010 at 5.5%, due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	**600,000**	600,000
2011 Series A: Issued $68,660 in April 2011 at 4% to 5%, due in varying installments through December 1, 2023. Interest paid each June 1 and December 1.	**68,660**	68,660
2011 Series B: Issued $92,035 in April 2011 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through June 1, 2015.	**47,040**	69,860
2011 Series C: Issued $298,330 in May 2011 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through December 1, 2038. Refunded in May 2014.	**-**	294,355
2011 Series D: Issued $52,365 in November 2011 at a variable rate (based on SIFMA +0.05% to 0.55%, reset weekly, paid the 1st of each month), due in equal installments through December 1, 2014. Partially refunded in November 2012 and July 2013.	**17,455**	34,910
2011 Series E: Issued $110,080 in November 2011 at 3.63% to 5%, due in varying installments through December 1, 2030. Interest paid each June 1 and December 1.	**110,080**	110,080
2012 Series A: Issued $200,215 in July 2012 at 3% to 5%, due in varying installments through December 2042. Interest paid each June 1 and December 1.	**200,215**	200,215

7. Debt (continued)

	May 31 2014	May 31 2013
	(In Thousands)	
Mainline Senior Debt (continued)		
2012 Series B: Issued $70,060 in November 2012 at a variable rate (based on SIFMA +.55%, reset weekly, paid the 1st of each month). Due at December 1, 2016.	**$ 70,060**	$ 70,060
2013 Series A: Issued $176,075 in January 2013 at a variable rate (based on SIFMA +.60% and .68%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2018	**176,075**	176,075
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.	**265,155**	-
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.	**222,935**	-
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.	**236,115**	-
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.	**444,280**	-
Total Mainline Senior Debt Payable	**3,547,410**	3,137,000
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)		
Mainline Subordinate Revenue Debt		
2008 Sub-Series A-1 Subordinate Revenue: Issued $176,565 in April 2008 at 4.125% to 5.00%, due in varying installments through June 1, 2038. Interest paid each June 1 and December 1.	**176,565**	176,565
2008 Sub-Series A-2 Subordinate 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.	**49,695**	53,975
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.	**233,905**	233,905
2008 Sub-Series C-1, C-3, C-4 Subordinate Revenue (C-4 Federally Taxable): Issued $411,110 in October 2008 at 4.00% to 6.25%, due in varying installments through June 1, 2038. Interest paid each June 1 and December 1. Sub-Series C-3 refunded July 2009 and Sub-Series C-4 refunded June 2010.	**218,030**	221,585
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.	**287,315**	292,730
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.	**831,035**	856,735
2009 Series C Subordinate Revenue: Issued $99,998 in July 2009 at 6.25%, due in varying installments through June 1, 2033. Interest to be compounded semi-annually from July 2009 until June 1, 2016, thereafter paid each June 1 and December 1. Series C issued as Capital Appreciation Bonds (CABs). Compounded interest to be paid at maturity or earlier redemption.	**134,709**	126,670
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.	**324,745**	324,745
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 to be compounded semi-annually from October 2009 to December 1, 2017, thereafter paid each June 1 and December 1. Series E issued as CABs. The compounded interest to be paid at maturity or earlier redemption.	**265,737**	249,798

7. Debt (continued)

	May 31 2014	2013
	(In Thousands)	
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)		
Mainline Subordinate Revenue Debt (continued)		
2010 Sub-Series B-1, B-2 Subordinate Revenue: Issued $273,526 in July 2010 at 5.00%. Sub-Series B-1 due in varying installments through December 1, 2037. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compounded interest paid at maturity or earlier redemption.	**$ 315,188**	$ 303,442
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.	**156,511**	151,276
2011 Series A Subordinate Revenue: Issued $135,655 in April 2011 at 5.00% to 6.50%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	**135,655**	135,655
2011 Series 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.	**120,095**	123,635
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.	**120,105**	123,545
2012 Series B Subordinate Revenue: Issued $121,065 in October 2012 at 2% to 5%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1.	**117,985**	121,065
2013 Series A Subordinate Revenue: Issued $71,702 in April, 2013 at 3.125% to 5%, 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 compounded semi-annually until December 1, 2018, thereafter paid each June 1 and December 1.	**73,650**	71,870
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-1interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest 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.	**109,698**	-
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-1interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest 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.	**148,485**	-
Total Mainline Subordinate Revenue Debt Payable	**3,819,108**	3,567,196

7. Debt (continued)

	May 31 2014	May 31 2013
	(In Thousands)	
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)		
Motor License Fund-Enhanced Subordinate Special Revenue Debt		
2010 Sub-Series A-1, A-2, A-3 Subordinate Motor License Fund-Enhanced Special Revenue: Issued $187,816 in July 2010 at 4.50% to 5.50%. Sub-Series A-1 due in varying installments through December 1, 2038. Interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest will compound semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series A-3 issued as CABs. Compounded interest to be paid at maturity or earlier redemption.	**$ 209,593**	$ 203,486
2010 Sub-Series B-1, B-2, B-3 Subordinate Motor License Fund-Enhanced Special Revenue: Issued $105,299 in October 2010 at 3.95% to 5.125%, due in varying installments through December 1, 2040. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption.	**117,156**	113,645
2011 Series A Subordinate Motor License Fund-Enhanced Special Revenue: Issued $102,620 in April 2011 at 5.00% to 6.00%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	**102,620**	102,620
2011 Series B Subordinate Motor License Fund-Enhanced Special Revenue: Issued $98,910 in October 2011 at 3.00% to 5.00%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	**98,635**	98,910
2012 Series A Subordinate Motor License Fund-Enhanced Special Revenue: Issued $94,935 in April 2012 at 2.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1.	**94,725**	94,935
2012 Series B Subordinate Motor License Fund-Enhanced Special Revenue: Issued $92,780 in October 2012 at 3% to 5%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1.	**92,780**	92,780
2013 Series A Subordinate Motor License Fund-Enhanced Special Revenue: Issued $92,465 in April 2013 at 3% to 5%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1.	**92,465**	92,465
2013 Sub-Series B-1, B-2, B-3 Subordinate Motor License Fund-Enhanced 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-1interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest 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.	**102,542**	-
2014 Series A Subordinate Motor License Fund-Enhanced Special Revenue: Issued $59,740 in April 2014 at 4.50% to 4.90%. Series A issued as convertible CABs. Interest will compound semi-annually until December 1, 2021, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption.	**59,987**	-
Motor License Fund-Enhanced Subordinate Special Revenue Debt	**970,503**	798,841
Total Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)	**4,789,611**	4,366,037
Total Mainline Senior and Subordinate Debt Payable	**8,337,021**	7,503,037

7. Debt (continued)

	May 31 2014	2013
	(In Thousands)	
Oil Company Franchise Tax Senior Debt		
2003 Series A Oil Company Franchise Tax Revenue: Issued $124,730 in August 2003 at 2.50% to 5.25%, due in varying installments through December 1, 2024. Interest paid each June 1 and December 1. Partially defeased in November 2006. The remaining balance refunded in October 2013.	**$ -**	$ 35,770
2003 Series C Oil Company Franchise Tax Multi-Modal Revenue: Issued $160,000 in August 2003 at a variable rate, converted to a fixed rate of 5.00% in May 2008, due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	**160,000**	160,000
2006 Series A Oil Company Franchise Tax Revenue Refunding: Issued $98,705 in November 2006 at 5.00%, due in varying installments through December 1, 2023. Interest paid each June 1 and December 1.	**87,595**	90,665
2009 Series A, B, C Oil Company Franchise Tax Revenue: Issued $164,181 in October 2009. Series A issued at 2.00% to 5.85%, due in varying installments through December 1, 2023. Series B (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 5.85%, due in varying installments through December 1, 2037. Interest paid each June 1 and December 1. Series C issued as CABs at 5.30%. Interest on the CABs is deferred until maturity on December 1, 2039.	**162,893**	163,233
2013 Series A Oil Company 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.	**27,785**	-
Total Oil Company Franchise Tax Senior Debt Payable	**438,273**	449,668
Oil Company Franchise Tax Subordinate Debt		
2003 Series B Subordinate Oil Company Franchise Tax Revenue: Issued $197,955 in August 2003 at 2.38% to 5.50%, due in varying installments through December 1, 2032. Interest paid each June 1 and December 1. Partially defeased in November 2006 and partially refunded in October 2013.	**16,440**	55,185
2006 Series B Subordinate Oil Company Franchise Tax Revenue Refunding: Issued $141,970 in November 2006 at 3.75% to 5.00%, due in varying installments through December 1, 2031. Interest paid each June 1 and December 1.	**134,130**	136,375
2009 Series D, E Subordinate Oil Company Franchise Tax Revenue: Issued $134,065 in October 2009. Series D issued at 2.00% to 5.00%, due in varying installments through December 1, 2027. Series E (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 6.378%, due in varying installments through December 1, 2037.	**129,550**	130,395
2013 Series B Subordinate Oil Company 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.	**32,035**	-
Total Oil Company Franchise Tax Subordinate Debt Payable	**312,155**	321,955
Total Oil Company Franchise Tax Senior and Subordinate Debt Payable	**750,428**	771,623

7. Debt (continued)

	May 31 2014	May 31 2013
	(In Thousands)	
Motor License Registration Fee Debt		
2005 Series A: Issued $234,135 in August 2005 at 3.25% to 5.25%, due in varying installments through July 15, 2030. Interest paid each January 15 and July 15.	**$ 185,505**	$ 192,225
2005 Series B, C, D: Issued $231,425 in August 2005 at a variable rate (based on SIFMA, reset weekly, paid the 15th of each month), due in varying installments through July 15, 2041.	**231,425**	231,425
Total Motor License Registration Fee Debt Payable	**416,930**	423,650
Total Debt Payable	**9,504,379**	8,698,310
Unamortized premium/discount	**203,526**	178,860
Total debt, net of unamortized premium/discount[1]	**9,707,905**	8,877,170
Less current portion	**184,675**	198,800
Debt, noncurrent portion[1]	**$ 9,523,230**	$ 8,678,370

SIFMA was 0.06% on May 31, 2014

[1] May 31, 2013 amounts were restated due to the implementation of GASB Statement No. 65. See Notes 2 and 15 for further discussion.

7. Debt (continued)

Changes in debt are as follows:

		Balance at June 1, 2013		Additions		Reductions		Balance at May 31, 2014		Due Within One Year
						(In Thousands)				
Mainline debt	$	7,503,037	$	1,641,554	$	807,570	$	8,337,021	$	161,280
Oil Company Franchise Tax debt		771,623		60,825		82,020		750,428		16,345
Motor License Registration Fee debt		423,650		-		6,720		416,930		7,050
		8,698,310		1,702,379		896,310		9,504,379		184,675
Premium (discount), net		178,860		35,607		10,941		203,526		-
Totals	$	8,877,170	$	1,737,986	$	907,251	$	9,707,905	$	184,675

		Balance at June 1, 2012		Additions		Reductions		Balance at May 31, 2013		Due Within One Year
						(In Thousands)				
Mainline debt	$	6,735,805	$	872,262	$	105,030	$	7,503,037	$	175,530
Oil Company Franchise Tax debt		786,521		952		15,850		771,623		16,550
Motor License Registration Fee debt		430,045		-		6,395		423,650		6,720
		7,952,371		873,214		127,275		8,698,310		198,800
Premium (discount), net		117,577		69,467		8,184		178,860		-
Totals[1]	$	8,069,948	$	942,681	$	135,459	$	8,877,170	$	198,800

[1] Amounts for fiscal year 2013 were restated due to the implementation of GASB Stmt No. 65. See Notes 2 and 15 for further discussion.

7. Debt (continued)

Debt service requirements subsequent to May 31, 2014 related to all sections of debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2015	$ 184,675	$ 369,849	$ 554,524
2016	203,230	370,562	573,792
2017	227,740	396,877	624,617
2018	266,500	395,127	661,627
2019	284,425	408,506	692,931
2020-2024	1,484,129	1,926,515	3,410,644
2025-2029	1,276,384	1,675,859	2,952,243
2030-2034	1,661,295	1,382,711	3,044,006
2035-2039	2,102,098	971,981	3,074,079
2040-2044	1,400,990	421,491	1,822,481
2045-2049	342,728	76,249	418,977
2050 and thereafter	70,185	3,903	74,088
	$ 9,504,379	$ 8,399,630	$ 17,904,009

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 authorized to raise tolls accordingly.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

As disclosed in Note 3, the Commission's Trust Indentures impose certain restrictions and requirements. The Commission's Trust Indenture for the Series 2008 A Turnpike Subordinate Revenue Bonds imposes that the Commission establish and maintain schedules of tolls for traffic over the 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 eighteen (18) month period.

The Commission entered into a loan agreement to borrow up to $200 million in four tranches of up to $50 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 anticipates borrowing this money periodically through 2017 to fund a portion of the I-95 Interchange Project. Such debt would be issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. As of May 31, 2014, the Commission has not borrowed any money under this agreement.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

Under the Commonwealth of Pennsylvania's Act 44 of 2007 (Act 44), the Commission may issue up to $5 billion of Special Revenue Bonds guaranteed by the Commonwealth of Pennsylvania'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 billion; no more than $600,000,000 of Special Revenue Bonds may be issued in any calendar year; debt service on the Special Revenue Bonds shall be payable from any available funds of the Commission, but are additionally secured by amounts payable from the Commonwealth of Pennsylvania'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 of Pennsylvania'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. Through fiscal year ended May 31, 2014, the Commission issued $936.3 million of Special Revenue Bonds with an accreted value of $970.5 million. The commitment of the Commonwealth of Pennsylvania'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.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

In July 2012, the Commission issued $200,215,000 2012 Series A Turnpike Revenue Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 A Bonds were issued for the purpose of financing the costs of various capital expenditures set forth in the Commission's ten-year plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges and for issuing the 2012 A Bonds.

In October 2012, the Commission issued $121,065,000 2012 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2012 B Subordinate Bonds.

In October 2012, the Commission issued $92,780,000 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2012 B Motor License Fund Enhanced Subordinate Special Revenue Bonds.

In November 2012, the Commission issued $70,060,000 2012 Series B Senior Bonds at a variable rate with a maturity date of December 1, 2016. The 2012 B Senior Bonds were issued primarily for the current refunding of the $52,070,000 December 1, 2012 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series C of 2009 and the $17,455,000 December 1, 2012 maturity of the Commission's Variable Rate Turnpike Revenue Bonds, Series D of 2011 and for payment of the costs of issuance of the 2012 Series B Senior Bonds.

In January 2013, the Commission issued $176,075,000 2013 Series A Senior Bonds at a variable rate with a maturity date of December 1, 2018. The 2013 A Senior Bonds were issued primarily to finance the cost of various capital expenditures set forth in the Commission's current ten-year capital plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges and for issuing the 2013 A Bonds.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

In April 2013, the Commission issued $71,702,000 2013 Series A Subordinate Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 A Subordinate Bonds.

In April 2013, the Commission issued $92,465,000 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 A Motor License Fund Enhanced Subordinate Special Revenue Bonds.

In July 2013, the Commission issued $265,155,000 2013 Series B Senior Bonds at a variable rate with a maturity date of December 1, 2020. The 2013 B Senior Bonds were issued primarily for the current refunding of the Commission’s 2009 Series C Variable Rate Turnpike Revenue Bonds ($52,070,000) and the Commission’s 2011 Series D Variable Rate Turnpike Revenue Bonds ($17,455,000), both with maturity dates of December 1, 2013; the Commission’s 2010 Series A-1 Multi-Modal Revenue Refunding Bonds ($97,230,000) and the Commission’s 2010 Series A-2 Multi-Modal Revenue Refunding Bonds ($97,140,000), both with a mandatory redemption date of July 2013; and for the payment of the costs of issuance of the 2013 Series B Senior Bonds.

In August 2013, the Commission issued $222,935,000 2013 Series C Senior Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 C Senior Bonds were issued primarily 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 the rehabilitation of certain interchanges and for issuing the 2013 C Bonds.

In October 2013, the Commission issued $108,708,000 2013 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 B Subordinate Bonds.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

In October 2013, the Commission issued $101,731,000 2013 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2043. The 2013 B Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and for issuing the 2013 B Motor License Fund Enhanced Subordinate Special Revenue Bonds.

In April 2014, the Commission issued $236,115,000 2014 Series A Senior Bonds at a fixed rate with a maturity date of December 1, 2044. The 2014 A Senior Bonds were issued primarily 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 the rehabilitation of certain interchanges and for issuing the 2014 A Bonds.

In April 2014, the Commission issued $148,300,000 2014 Series A Subordinate Bonds at a fixed rate with a maturity December 1, 2043. The 2014 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and Act 89 as well as for issuing the 2014 A Subordinate Bonds.

In April 2014, the Commission issued $59,740,000 2014 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds as capital appreciation bonds with a maturity date of December 1, 2044. The 2014 A Subordinate Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and Act 89 as well as for issuing the 2014 A Motor License Fund Enhanced Subordinate Special Revenue Bonds.

In May 2014, the Commission issued $444,280,000 2014 Series B-1 Senior Bonds at a variable rate with a maturity date of December 1, 2021. The 2014 B-1 Senior Bonds were issued primarily for the current refunding of existing variable rate debt which included the Commission's 2008 Series B-1 Multi-Modal Revenue Bonds ($100,000,000), the Commission's 2008 Series C Multi-Modal Revenue Bonds ($50,000,000), the Commission's 2011 Series C-1 Multi-Modal Revenue Bonds ($230,745,000), and the Commission's 2011 Series C-2 Multi-Modal Revenue Bonds ($61,500,000), all with a mandatory redemption date of May 2014. The bonds were also issued for payment of the costs of issuance for the 2014 Series B-1 Senior Bonds.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

Debt service requirements subsequent to May 31, 2014 related to the Mainline debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2015	$ 161,280	$ 322,225	$ 483,505
2016	178,195	323,808	502,003
2017	201,080	351,319	552,399
2018	238,530	350,842	589,372
2019	255,030	365,632	620,662
2020-2024	1,315,824	1,735,477	3,051,301
2025-2029	1,059,429	1,532,249	2,591,678
2030-2034	1,382,340	1,297,178	2,679,518
2035-2039	1,811,870	922,527	2,734,397
2040-2044	1,320,530	398,410	1,718,940
2045-2049	342,728	76,249	418,977
2050 and thereafter	70,185	3,903	74,088
	$ 8,337,021	$ 7,679,819	$ 16,016,840

Oil Company Franchise Tax Debt Requirements and Recent Activity

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

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

7. Debt (continued)

Oil Company Franchise Tax Debt Requirements and Recent Activity (continued)

In October 2013, the Commission issued $27,785,000 2013 Series A Senior Oil Franchise Tax Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2024. The 2013 A Senior Oil Franchise Tax Revenue Refunding Bonds were issued primarily for the current refunding of the $30,775,000 December 1, 2024 maturity of the Commission's Oil Franchise Tax Senior Revenue Bonds, Series A of 2003 and for the payment of the costs of issuance of the 2013 A Senior Oil Franchise Tax Revenue Refunding Bonds. The refunding of the 2003 A Senior Oil Franchise Tax Bonds allowed the Commission to reduce its debt service by approximately $4.76 million. The transaction resulted in an economic gain of approximately $3.48 million.

In October 2013, the Commission issued $32,035,000 2013 Series B Subordinate Oil Franchise Tax Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2025. The 2013 B Subordinate Oil Franchise Tax Revenue Refunding Bonds were issued primarily to partially refund the $34,695,000 December 1, 2025 maturity of the Commission's 2003 B Oil Franchise Tax Subordinate Revenue Bonds and for the payment of the costs of issuance of the 2013 B Subordinate Oil Franchise Tax Revenue Refunding Bonds. The partial refunding of the 2003 B Subordinate Oil Franchise Tax Bonds allowed the Commission to reduce its debt service by approximately $4.22 million. The transaction resulted in an economic gain of approximately $2.99 million.

7. Debt (continued)

Oil Company Franchise Tax Debt Requirements and Recent Activity (continued)

Debt service requirements subsequent to May 31, 2014 related to Oil Company Franchise Tax are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
	(In Thousands)		
2015	$ 16,345	$ 37,927	$ 54,272
2016	17,625	37,419	55,044
2017	18,885	36,613	55,498
2018	19,785	35,759	55,544
2019	20,780	34,788	55,568
2020-2024	117,945	158,081	276,026
2025-2029	151,900	125,722	277,622
2030-2034	195,350	83,106	278,456
2035-2039	185,833	49,015	234,848
2040-2044	5,980	23,020	29,000
	$ 750,428	$ 621,450	$ 1,371,878

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 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.

No Motor License Registration Fee debt has been issued during the fiscal years presented in these statements.

7. Debt (continued)

Motor License Registration Fee Debt Requirements and Recent Activity (continued)

Debt service requirements subsequent to May 31, 2014 related to Motor License Registration Fee debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2015	$ 7,050	$ 9,697	$ 16,747
2016	7,410	9,335	16,745
2017	7,775	8,945	16,720
2018	8,185	8,526	16,711
2019	8,615	8,086	16,701
2020-2024	50,360	32,957	83,317
2025-2029	65,055	17,888	82,943
2030-2034	83,605	2,427	86,032
2035-2039	104,395	439	104,834
2040-2044	74,480	61	74,541
	$ 416,930	$ 98,361	$ 515,291

Defeased Bonds

In prior years, the Commission defeased certain revenue bonds by placing funds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Commission's financial statements. At May 31, 2014 and 2013, the Commission had $249.9 million and $415.0 million, respectively, of defeased bonds outstanding.

7. Debt (continued)

Swap Payments and Associated Debt

Net swap payments and related debt service requirements related to all sections subsequent to May 31, 2014, assuming current interest rates remain the same for the term of the agreements, are as follows:

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
		(In Thousands)		
2015	$ 69,525	$ 7,353	$ 30,692	$ 107,570
2016	80,235	6,852	30,692	117,779
2017	105,110	6,417	30,693	142,220
2018	40,000	6,038	30,692	76,730
2019	65,000	5,722	30,692	101,414
2020-2024	489,150	8,907	153,460	651,517
2025-2029	-	849	141,078	141,927
2030-2034	52,550	776	96,755	150,081
2035-2039	104,395	439	44,287	149,121
2040-2044	74,480	61	3,688	78,229
	$ 1,080,445	$ 43,414	$ 592,729	$ 1,716,588

7. Debt (continued)

Swap Payments and Associated Debt (continued)

Mainline net swap payments and related debt service requirements for the 2009 Series C Senior, 2011 Series D Senior, 2012 Series B Senior, 2013 Series B Senior and the 2014 Series B-1 Senior bond issues are as follows:

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
	(In Thousands)			
2015	$ 69,525	$ 7,183	$ 21,108	$ 97,816
2016	80,235	6,682	21,108	108,025
2017	105,110	6,247	21,108	132,465
2018	40,000	5,869	21,107	66,976
2019	65,000	5,552	21,108	91,660
2020-2024	489,150	8,059	105,538	602,747
2025-2029	-	-	93,155	93,155
2030-2034	-	-	52,759	52,759
2035-2039	-	-	19,120	19,120
	$ 849,020	$ 39,592	$ 376,111	$ 1,264,723

7. Debt (continued)

Swap Payments and Associated Debt (continued)

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

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
		(In Thousands)		
2015	$ -	$ 170	$ 9,584	$ 9,754
2016	-	170	9,584	9,754
2017	-	170	9,585	9,755
2018	-	169	9,585	9,754
2019	-	170	9,584	9,754
2020-2024	-	848	47,922	48,770
2025-2029	-	849	47,923	48,772
2030-2034	52,550	776	43,996	97,322
2035-2039	104,395	439	25,167	130,001
2040-2044	74,480	61	3,688	78,229
	$ 231,425	$ 3,822	$ 216,618	$ 451,865

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

8. Retirement Benefits

Substantially all employees of the Commission participate in the Commonwealth of Pennsylvania State Employees' Retirement System (SERS), a cost-sharing multiple-employer public employee retirement system that was established under the provisions of Public Law 858, No. 331. It is a defined benefit plan that is funded through a combination of employee contributions, employer contributions and investment earnings. Membership in SERS is mandatory for most Commission employees, which provides retirement, death, and disability benefits.

8. Retirement Benefits (continued)

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

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

Act 120, signed into law on November 23, 2010, established Class A-3 and Class A-4 memberships. Effective January 1, 2011, all new members to SERS 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 ten years of credited service. Class A-3 and A-4 members who retire at age 65 with three years of service or when the member's age (last birthday) plus his/her completed years of credit service total at least 92 (Rule of 92) are entitled to an unreduced annual retirement benefit.

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

8. Retirement Benefits (continued)

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

Year Ended June 30	Class A	Class AA	Class A-3	Class A-4
2014	**12.10%**	**15.12%**	**10.46%**	**10.46%**
2013	8.43%	10.51%	7.29%	7.29%
2012	5.59%	6.99%	4.83%	4.83%

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

Year Ended May 31	Commission Required Contribution *(In Millions)*	% Contributed
2014	**$17.4**	**100%**
2013	$12.0	100%
2012	$ 7.9	100%

A copy of SERS's annual financial statements can be obtained by writing to: State Employees' Retirement System, 30 North Third Street, Suite 150, Harrisburg, Pennsylvania 17101. Additional information about SERS, including its CAFR and actuarial valuation reports, are available at www.sers.state.pa.us.

9. Commitments and Contingencies

Litigation

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

9. Commitments and Contingencies (continued)

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately $999.3 million and $681.1 million at May 31, 2014 and 2013, respectively.

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 effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, the Commission and PennDOT entered into a Lease and Funding Agreement (the 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.

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

On October 13, 2007, the Commission and PennDOT submitted a joint application to the FHWA for approval of the Conversion. The FHWA ultimately denied the application on April 6, 2010. Neither the Commission nor PennDOT appealed the FHWA's decision, nor did the Commission extend the Conversion Period during the notice period under the Funding Agreement or give notice of Conversion. Therefore, the Conversion Period lapsed on October 14, 2010 without the Commission effectuating Conversion or having the ability to do so in the future. The Funding Agreement provides that the Commission's aggregate annual payments to PennDOT are limited to $450 million annually upon lapse of the Conversion option and such payment amount commenced with fiscal year 2011. Under existing law, all legal, financial and operational responsibility for I-80 remains with PennDOT.

9. Commitments and Contingencies (continued)

Act 44 and Act 89 (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 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 *Amended Funding Agreement*). In accordance with Act 89 and the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT for fiscal year 2014 through fiscal year 2022 remains at $450 million and at least $30 million of the payment must be made from current revenues. Commencing in fiscal year 2023 through the term of the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT is $50 million, which must be paid from current revenues.

The Commission made payments of $450 million (recorded as nonoperating expense) in both fiscal years reported in these statements.

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

9. Commitments and Contingencies (continued)

Act 44 and Act 89 (continued)

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 finance its required payments to PennDOT. Therefore, the Commission plans to continue to increase toll rates annually and to issue debt for the foreseeable future to finance 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 having such status as of the Effective Date," which under the Amended Funding Agreement is defined as October 14, 2007. These voting procedures have not become effective 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.

9. Commitments and Contingencies (continued)

Interest Rate Swaps

The fair value and notional amount of derivative instruments outstanding at May 31, 2014 and May 31, 2013, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2014 and fiscal year 2013 financial statements are as follows:

		Changes in fair value		Fair Value at May 31, 2014		
	May 31, 2013	Classification	Amount	Classification	Amount	Notional
			(In Thousands)			
Cash flow hedges:						
Pay-fixed interest rate swap	**$ (117,369)**	**Deferred outflows**	**$ 67,685**	**Noncurrent liabilities**	**$ (49,684)**	**$ 685,455**
Fair value hedges:						
Receive-fixed rate swap	**26,317**	**Deferred inflows**	**(26,317)**	**Noncurrent liabilities**	**-**	**-**
Investment derivative instruments:						
Basis and fair value swaps	**36,525**	**Investment earnings**	**21,127**	**Long-term investments**	**57,652**	**1,423,437**
Total PTC	**$ (54,527)**		**$ 62,495**		**$ 7,968**	

		Changes in fair value		Fair Value at May 31, 2013		
	May 31, 2012	Classification	Amount	Classification	Amount	Notional
			(In Thousands)			
Cash flow hedges:						
Pay-fixed interest rate swap	$ (198,518)	Deferred outflows	$ 81,149	Noncurrent liabilities	$ (117,369)	$ 685,455
Fair value hedges:						
Receive-fixed rate swap	33,229	Deferred inflows	(6,912)	Noncurrent liabilities	26,317	118,015
Investment derivative instruments:						
Basis swaps	22,569	Investment earnings	13,956	Long-term investments	36,525	1,310,732
Total PTC	$ (142,720)		$ 88,193		$ (54,527)	

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Fair Values

Fair values of the Commission's derivative instruments were estimated using the zero-coupon discounting method. This method calculates the future 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 payment on the swaps.

Recent Activity

In November 2012, the Commission issued 2012 Series B Senior Bonds primarily to partially refund the 2009 Series C Senior Bonds and the 2011 Series D Senior Bonds. Concurrently, $38,495,000 of the 2009 Series C Senior Bonds related swaps and $12,832,000 of the 2011 Series D Senior Bonds related swaps were deemed terminated and are now associated with the 2012 Series B Senior Bonds. The fair value of these swaps at the time of the deemed termination was a negative $7,428,000. This amount is being amortized over the two year period ending December 1, 2014, which is the final maturity for both the 2009 Series C Senior Bonds and the 2011 Series D Senior Bonds.

In June 2013, three of the Commission's swaps with UBS AG (a Mainline hedging derivative with a notional amount of $38,520,000, a Mainline investment derivative with a notional amount of $134,733,000, and an Oil Franchise investment derivative with a notional amount of 48,000,000) were novated to Bank of New York Mellon, with the Commission as the remaining party in the trades. Since the novations were not done in response to a default or termination event by UBS, the hedging relationship on the Mainline swap was terminated. A new hedging relationship was established using the on-market portion of the swap at the time of the novation. The accumulated changes in its fair value that were reported as deferred outflows of $1,329,000 at May 31, 2013 netted with an increase in fair value of the swap in fiscal year 2014 until the time of novation of $952,000, are reported in the amount of $377,000 as a decrease in earnings within the investment earnings classification. The change in fair value of the swap, subsequent to the novation, in the amount of $1,056,000 is reported as deferred outflows at May 31, 2014.

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Recent Activity (continued)

In July 2013, the Commission issued 2013 Series B Senior Bonds primarily to partially refund the 2009 Series C Senior Bonds and the 2011 Series D Senior Bonds. Concurrently, $38,520,000 of the 2009 Series C Senior Bonds related swaps and $12,832,000 of the 2011 Series D Senior Bonds related swaps were deemed terminated and are now associated with the 2013 Series B Senior Bonds. The fair value of these swaps at the time of the deemed termination was a negative $1,847,000. This amount is being amortized over the 16 month period ending December 1, 2014, which is the final maturity for both the 2009 Series C Senior Bonds and the 2011 Series D Senior Bonds.

In December 2013, two of the Commission's swaps with Citibank (a former Mainline hedging derivative with a notional amount of $118,015,000 and a Motor Vehicle Registration Fee hedging derivative with a notional amount of $57,860,000) were novated to Bank of New York Mellon, with the Commission as the remaining party in the trades. Since the novations were not done in response to a default or termination event by Citibank, the hedging relationships are terminated.

The Mainline derivative no longer meets the criteria for effectiveness and, thus, was reclassified as an investment derivative instrument. Accordingly, the accumulated changes in its fair value, that were reported as deferred inflows of $26,317,000 at May 31, 2013, netted with the decrease in fair value of the swap in fiscal year 2014 of $2,960,000, are reported in the amount of $23,357,000 within the investment earnings classification for the year ended May 31, 2014.

For the Motor Vehicle Registration Fee hedging derivative, a new hedging relationship was established using the on-market portion of the swap at the time of the novation. The accumulated changes in fair value, that were reported as a deferred outflow of $14,238,000 at May 31, 2013 netted with an increase in fair value of the swap in fiscal year 2014 until the time of novation of $6,363,000, are reported in the amount of $7,875,000 as a decrease in earnings within the investment earnings classification. The change in fair value of the swap, subsequent to the novation, in the amount of $4,928,000 is reported as deferred outflows at May 31, 2014.

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Recent Activity (continued)

In May 2014, the Commission issued 2014 Series B-1 Senior Bonds primarily to partially refund the 2008 Series B-1 Senior Bonds and the 2011 Series C Senior Bonds. Concurrently, $100,000,000 of the 2008 Series B-1 Senior Bonds related swaps and $200,000,000 of the 2011 Series C Senior Bonds related swaps were deemed terminated and are now associated with the 2014 Series B-1 Senior Bonds. The fair value of these swaps at the time of the deemed termination was a negative $46,725,000. This amount is being amortized over the eight year period ending May 31, 2022, which is the final maturity for both the 2008 Series B-1 Senior Bonds and the 2011 Series C Senior Bonds.

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Following is a summary of the hedging derivatives in place as of May 31, 2014. These hedging derivatives contain certain risks and collateral requirements as described below (in thousands):

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Moody's/ S&P/Fitch	Book Fair Value	Full Value (to) from Counterparty
Pay fixed	Hedge of changes of cash flows	$ 100,000	5/20/2014	12/1/2038	Pay 4.887%, receive	Goldman Sachs MMDP	Aa2/AAA/NR	$ (921)	$ (32,551)
Interest	of 2014 Series B-1 Bonds	100,000	5/20/2014	12/1/2038	SIFMA	Merrill Lynch CS*	Baa2/A-/A	(928)	(32,541)
Rate	(formerly 2008 Series B-1 & 2011	100,000	5/20/2014	12/1/2038		Morgan Stanley CS	Baa2/A-/A	(917)	(32,545)
Swap	Series C Bonds)	$ 300,000						$ (2,766)	$ (97,637)
Pay fixed	Hedge of changes of cash flows	$ 12,842	7/23/2013	12/1/2030	Pay 4.403%, receive	Bank of America*	A2/A/A	$ (299)	$ (3,838)
Interest	of 2013 Series B Bonds (formerly	25,667	7/23/2013	12/1/2030	67.00% of 1-month	JPMorgan Chase Bank	Aa3/A+/A+	(599)	(7,671)
Rate	2009 Series C & 2011 Series D	12,842	7/23/2013	12/1/2030	LIBOR	Bank of New York Mellon	Aa2/AA-/AA-	(299)	(3,838)
Swap	Bonds)	$ 51,351						$ (1,197)	$ (15,347)
Pay fixed	Hedge of changes of cash flows	$ 12,836	11/30/2012	12/1/2030	Pay 4.403%, receive	Bank of America*	A2/A/A	$ 708	$ (3,836)
Interest	of 2012 Series B Bonds (formerly	25,655	11/30/2012	12/1/2030	67.00% of 1-month	JPMorgan Chase Bank	Aa3/A+/A+	1,414	(7,667)
Rate	2009 Series C and 2011 Series D	12,836	6/27/2013	12/1/2030	LIBOR	Bank of New York Mellon	Aa2/AA-/AA-	(528)	(3,836)
Swap	Bonds)	$ 51,327						$ 1,594	$ (15,339)
Pay fixed	Hedge of changes of cash flows	$ 3,209	12/1/2011	12/1/2030	Pay 4.403%, receive	Bank of America*	A2/A/A	$ 50	$ (959)
Interest	of 2011 Series D Bonds (formerly	6,414	12/1/2011	12/1/2030	67.00% of 1-month	JPMorgan Chase Bank	Aa3/A+/A+	99	(1,917)
Rate	2009 Series C Bonds)	3,209	6/27/2013	12/1/2030	LIBOR	Bank of New York Mellon	Aa2/AA-/AA-	(132)	(959)
Swap		$ 12,832						$ 17	$ (3,835)
Pay fixed	Hedge of changes of cash flows	$ 9,633	12/4/2009	12/1/2030	Pay 4.403%, receive	Bank of America*	A2/A/A	$ (946)	$ (2,879)
Interest	of the 2009 Series C Bonds	19,254	12/4/2009	12/1/2030	67.00% of 1-month	JPMorgan Chase Bank	Aa3/A+/A+	(1,892)	(5,754)
Rate	(formerly 2002 Series A Bonds)	9,633	6/27/2013	12/1/2030	LIBOR	Bank of New York Mellon	Aa2/AA-/AA-	(396)	(2,879)
Swap		$ 38,520						$ (3,234)	$ (11,512)
Pay fixed	Hedge of changes of cash flow	$ 57,860	12/20/2013	7/15/2041	Pay 4.2015%,	Bank of New York Mellon	Aa2/AA-/AA-	$ (4,928)	$ (13,056)
Interest	on the 2005 Series B, C, D Bonds	57,845	8/17/2005	7/15/2041	receive SIFMA	JPMorgan Chase Bank	Aa3/A+/A+	(13,058)	(13,058)
Rate		57,860	8/17/2005	7/15/2041		Merrill Lynch CS*	Baa2/A-/A	(13,056)	(13,056)
Swap		57,860	8/17/2005	7/15/2041		Morgan Stanley CS	Baa2/A-/A	(13,056)	(13,056)
		$ 231,425						$ (44,098)	$ (52,226)
Total pay fixed interest rate swaps		$ 685,455						$ (49,684)	$ (195,896)

1-month LIBOR was 0.151% at May 31, 2014.
SIFMA was 0.06% at May 31, 2014.

* 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/A+/NR (Moody's/S&P/Fitch).

The full value (to) from Counterparty listed is the mid-market value at May 31, 2014. The difference between full value and book fair value is related to the value of the swaps at the time the related bonds were refunded and/or the swap was novated.

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. At May 31, 2014, the Commission is exposed to credit risk with respect to the (A), (C), (D), (E) and (H) 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 fair 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 third-party custodian and would be in the form of cash, U.S. Treasury Obligations, or U.S. Government Agency Securities. At May 31, 2014, the Commission had net credit risk exposure to four counterparties pursuant to the provisions of the respective derivative agreements. The Commission has the right to call the collateral posting with two of these counterparties.

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

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

  (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

  (F) – To the extent 60.08% of the 10-year maturity of the USD-ISDA Swap Rate exceeds 67% of 1-month LIBOR

  (G) – To the extent 60.08% of the 10-year maturity of the USD-ISDA Swap Rate exceeds 67% of 1-month LIBOR

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

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

- ***Collateral Requirements*** – The Commission's derivative instruments related to its Mainline Turnpike Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its senior credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the "A3" (Moody's Investors Service) and "A-" (Standard & Poor's and Fitch Rating Service) levels. The Commission's Mainline senior bond rating was "A1" from Moody's and "A+" from both Standard & Poor's and Fitch at May 31, 2014. Based on May 31, 2014 full values, the Commission could be required to post $113.7 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

  The Commission's derivative instruments related to its Oil Company Franchise Tax Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the "A3" (Moody's Investors Service) and A- (Standard & Poor's and Fitch Rating Service) levels. The Commission's Oil Company Franchise Tax senior bond rating is currently "Aa3" from Moody's and "AA" from Standard & Poor's. Based on May 31, 2014 full values, the Commission could be required to post $5.4 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

  The Commission's derivative instruments related to its Motor Vehicle Registration Fee Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds and/or in the event of certain uncured insurer events of default. These thresholds vary from agreement to agreement. The Commission's Motor Vehicle Registration Fee Revenue bond rating was "Aa3" from Moody's, "AA" from Standard & Poor's and "AA-" from Fitch at May 31, 2014. Based on May 31, 2014 full values, the Commission could be required to post $52.2 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

10. Related Party Transactions

The Commission incurred costs of $41.4 million and $38.2 million for the fiscal years ended May 31, 2014 and 2013 respectively, related to its use of the Commonwealth's State Police in patrolling the Turnpike System.

11. Postemployment Benefits

Plan Description

The Commission maintains a 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 post-employment benefits (OPEB).

The Trust is administered by the Trustees. PNC Bank serves as custodian of the assets of the Trust. Payments from the Trust are made by the custodian at the direction of the Trustees. The Trust's financial statements are not included in the financial statements of a public employee retirement system. The Trust 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 post-employment medical, prescription drug, dental and vision benefits to management and supervisory union employees who have reached 20 years of service and are under age 60; and benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The same coverage is provided to 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 are required to contribute the full cost of the coverage 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.

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.

11. Postemployment Benefits (continued)

Plan Description (continued)

Non-Supervisory Union Employees/Retirees (continued)

For Local 30 Professional and other non-supervisory union employees/retirees who were hired prior to January 1, 2011, the earlier of completion of 20 years of service or the later of attainment of age 60 and completion of ten years of service satisfies the eligibility requirements. The last five years of service must be with the Commission.

For Local 30 Professionals who were hired on or after January 1, 2011, the earlier of completion of 30 years of service or the later of attainment of age 60 and completion of 25 years of service satisfies the eligibility requirements. The last ten years of service must be with the Commission.

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.

Funding Policy

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 during the approval of its annual operating budget.

11. Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Asset

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

	Year ended May 31		
	2014	2013	2012
	(Dollar Amounts in Thousands)		
Normal cost	**$ 9,470**	$ 9,019	$ 7,356
Trust expense assumption	**150**	150	-
Amortization	**7,825**	13,095	20,377
Interest	**908**	1,159	1,088
Annual required contribution (ARC)	**18,353**	23,423	28,821
Interest on net OPEB asset	**(4,069)**	(2,021)	(283)
Adjustment to ARC	**8,922**	4,110	527
Annual OPEB cost	**23,206**	25,512	29,065
Employer contributions	**44,228**	54,768	54,397
Percentage of annual OPEB cost contributed	**190.6%**	214.7%	187.2%
Increase in net OPEB asset	**21,022**	29,256	25,332
Net OPEB asset – beginning of year	**58,127**	28,871	3,539
Net OPEB asset – end of year	**$ 79,149**	$ 58,127	$ 28,871

The ARC and its components (normal cost, trust expense assumption, Unfunded Actuarial Accrued Liability ("UAAL") amortization, and mid-year contribution interest) in the table above were obtained from the actuarial valuations, prepared by an independent actuary. The fiscal year 2014 ARC and Annual OPEB cost amounts were obtained from a March 1, 2013 interim valuation. The fiscal year 2013 and 2012 ARC and Annual OPEB cost amounts were obtained from a March 1, 2012 valuation.

11. Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Asset (continued)

Retiree and spouse contribution rates at May 31, 2014 are as follows:

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

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

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

Funding Status and Funding Progress

The actuarial value of assets, AAL, and UAAL amounts for the fiscal year ended May 31, 2014 and 2012 in the chart below were obtained from actuarial valuations, prepared by independent actuaries, as of January 1, 2014 and March 1, 2012, respectively.

Fiscal Year Ended May 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
			(Dollar Amounts in Thousands)			
2014	$ 271,265	$ 283,133	$ 11,868	95.8%	$ 126,699	9.4%
2012	152,341	250,750	98,409	60.8%	124,241	79.2%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information depicting the change in the actuarial value of Plan assets over time relative to the actuarial accrued liability for benefits.

11. Postemployment Benefits (continued)

Actuarial Methods and Assumptions

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

A summary of the actuarial methods and assumptions used in the January 1, 2014 valuation is as follows:

Actuarial cost method	Projected Unit Credit
Discount rate	7%
Rate of return on assets	7%
Amortization method	Level dollar
Amortization period:	
• UAAL as of March 1, 2012	10 years (closed)
• Subsequent changes	10 years (open)
Asset valuation method	Fair value
Benefit Assumption – increases/decreases	No changes

Health Cost Trend: The healthcare trend assumption for medical and pharmacy benefits and premiums is based on the Society of Actuaries-Getzen Model version 12.2 utilizing the baseline assumptions included in the model, except real GDP growth is assumed to be 1.8% per year, for fiscal years 2016 and later. Further adjustments are made for aging, percentage of costs associated with administrative expenses, inflation on administrative costs, and potential excise tax due to Healthcare Reform.

11. Postemployment Benefits (continued)

Actuarial Methods and Assumptions (continued)

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

Valuation Year	Pre-65 Trend	Post-65 Trend
2014	6.0%	6.3%
2015	5.6%	5.8%
2016	5.3%	5.6%
2017	5.6%	5.6%
2018	5.6%	5.6%
2023	5.6%	5.5%
2028	6.8%	5.4%
2033	6.7%	5.4%
2038	6.2%	5.2%
2043	5.8%	5.0%
2048	5.6%	5.6%
2053	5.5%	5.5%

The health cost trend assumptions for dental and vision benefits and premiums are assumed to be 4.0% per year.

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

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, third-party torts, injuries to employees, injuries to third parties due to accidents caused by Commission automobiles, and natural disasters. The Commission has purchased commercial insurance for all risks of losses, including employee medical benefits, except for torts, injuries to employees and injuries to third parties due to accidents caused by Commission automobiles. No settlements exceeded insurance coverage for each of the past three years.

12. Self-Insurance (continued)

The Commission recorded a liability of $38.0 million and $37.6 million for loss and loss adjustment expenses on claims relating to self-insurance that have been incurred but not reported as of May 31, 2014 and 2013, respectively. This liability is based on GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is calculated based on the Commission's past loss experience. The liability for automobile and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 3.25% and 3.25% for each of the fiscal years ended May 31, 2014 and 2013. The liability includes amounts for claims adjustment expense and is net of any salvage and subrogation. Salvage and subrogation were not material for the years ended May 31, 2014 and 2013. The Commission believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss adjustment expenses.

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

The self-insurance liabilities are $38.0 million and $37.6 million for fiscal years ended May 31, 2014 and 2013, respectively. The self-insurance liabilities recorded as accounts payable and accrued liabilities are $2.9 million and $2.7 million for the fiscal years ended May 31, 2014 and 2013, respectively. The self-insurance liabilities recorded as other noncurrent liabilities are $35.1 million and $34.9 million for the fiscal years ended May 31, 2014 and 2013, respectively.

12. Self-Insurance (continued)

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

	June 1, 2013 Liability	Effects of Discount as of June 1, 2013	Incurred Claims Current Year	Incurred Claims Prior Years	Paid Claims Current Year	Paid Claims Prior Years	Effects of Discount as of May 31, 2014	May 31, 2014 Liability
			(In Thousands)					
Year ended May 31, 2014								
Workers' compensation	**$ 6,662**	**$ 1,675**	**$ 1,545**	**$ 2,412**	**$ (753)**	**$ (2,652)**	**$ (1,743)**	**$ 7,146**
Automobile/general tort	**30,919**	**-**	**772**	**(301)**	**(44)**	**(480)**	**-**	**30,866**
	$ 37,581	**$ 1,675**	**$ 2,317**	**$ 2,111**	**$ (797)**	**$ (3,132)**	**$ (1,743)**	**$ 38,012**

	June 1, 2012 Liability	Effects of Discount as of June 1, 2012	Incurred Claims Current Year	Incurred Claims Prior Years	Paid Claims Current Year	Paid Claims Prior Years	Effects of Discount as of May 31, 2013	May 31, 2013 Liability
			(In Thousands)					
Year ended May 31, 2013								
Workers' compensation	$ 6,278	$ 2,056	$ 1,558	$ 1,504	$ (568)	$ (2,491)	$ (1,675)	$ 6,662
Automobile/general tort	25,586	-	5,897	(416)	(54)	(94)	-	30,919
	$ 31,864	$ 2,056	$ 7,455	$ 1,088	$ (622)	$ (2,585)	$ (1,675)	$ 37,581

The foregoing reflects an adjustment for a deficiency of $2.1 million and $1.1 million for the fiscal years ended May 31, 2014 and 2013, respectively, for prior years' incurred claims that resulted from a change in estimate as more information became available.

13. Compensated Absences

Sick leave is earned at a rate of 3.08 hours every two weeks, or ten days per year. Unused sick leave may be carried over from year to year up to a maximum of 18 days. In November of each year, employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts were $1.9 and $1.9 million in November 2013 and 2012 respectively.

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.

13. Compensated Absences (continued)

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities are $16.6 million and $16.7 million for fiscal years ended May 31, 2014 and 2013, respectively. The compensated absences liabilities recorded as accounts payable and accrued liabilities are $9.1 million and $9.2 million for the fiscal years ended May 31, 2014 and 2013, respectively. The compensated absences liabilities recorded as other noncurrent liabilities are $7.5 million and $7.5 million for the fiscal years ended May 31, 2014 and 2013, respectively.

A summary of changes to compensated absences for the years ended May 31, 2014 and 2013 is as follows:

Fiscal Year Ended May 31	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
			(In Thousands)		
2014	**$ 16,730**	**$ 12,291**	**$ 12,438**	**$ 16,583**	**$ 9,121**
2013	16,146	12,771	12,187	16,730	9,202

14. Letters of Credit

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

Supplemental Trust Indenture No. 13 dated as of May 1, 2008, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2011, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2008 Series B-1 Turnpike Multi-Modal Revenue Bonds. The Commission entered into a Letter of Credit with Barclays Bank PLC in the amount of up to $102,137,000 for purposes of paying debt service obligations on the bonds. The Commission draws against this letter of credit each month to fund the related debt service payments. The Commission makes monthly reimbursements for these draws against the letter of credit. During fiscal year 2014, the Commission made draws against the Letter of Credit and reimbursements to Barclays in the amount of $67,000 and $67,000, respectively. There were no outstanding draws against the Letter of Credit at May 31, 2014. The stated expiration date on this letter of credit was May 25, 2014 which was not extended.

14. Letters of Credit (continued)

Supplemental Trust Indenture No. 14 dated as of August 1, 2008, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2011, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2008 Series C Turnpike Multi-Modal Revenue Bonds. The Commission entered into a Letter of Credit with Barclays Bank PLC in the amount of up to $50,855,000 for purposes of paying debt service obligations on the bonds. The Commission draws against this letter of credit each month to fund the related debt service payments. The Commission makes monthly reimbursements for these draws against the letter of credit. During fiscal year 2014, the Commission made draws against the Letter of Credit and reimbursements to Barclays in the amount of $33,000 and $33,000, respectively. There were no outstanding draws against the Letter of Credit at May 31, 2014. The stated expiration date on this letter of credit was May 25, 2014 which was not extended.

Pennsylvania insurance law requires a Letter of Credit, Surety Bond, or Escrow from entities that self-insure their Workers Compensation. Therefore, the Commission has four (4) Standby Letters of Credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP) with Zurich American Insurance. As of May 31, 2014, there have been no draws against these Letters of Credit. The Letters of Credit are as follows:

- $170,000 Letter of Credit with PNC Bank, N.A. for beneficiary Zurich American Insurance for the Allegheny River Bridge OCIP.

- $461,000 Letter of Credit with PNC Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase I OCIP.

- $1,300,000 Letter of Credit with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP.

- $255,000 Letter of Credit with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Susquehanna River Bridge and Valley Forge to Norristown Widening OCIPs.

15. Restatement

The Commission adopted GASB Statement No. 65 in the current year (as discussed in Note 2); the effect on fiscal year 2013 is as follows:

Description	Amount as Previously Reported	Adjustment for GASB No. 65	Amount as Restated
		(in Thousands)	
		[Debits / (Credits)]	
Statement of Net Position			
Prepaid bond insurance costs (formerly presented as Deferred issuance costs)	$ 73,616	$ (56,763)	$ 16,853
Deferred outflows of resources from refunding bonds	-	138,152	138,152
Debt, less current portion, net of unamortized premium (former presentation included “net of unamortized refunding loss”)	(8,526,198)	(152,172)	(8,678,370)
Net position at end of year	2,617,625	70,783	2,688,408
Statement of Revenues, Expenses, and Changes in Net Position			
Net position at beginning of year	$ 1,977,972	$ 69,686	$ 2,047,658
Interest and bond expense	393,822	1,097	394,919
Net position at end of year	2,617,625	70,783	2,688,408

16. Subsequent Events

On June 2, 2014, the Commission issued $69,870,000 2014 Series B-2 Senior Revenue Bonds at a variable rate with a final maturity date of December 1, 2016. The 2014 B-2 Bonds were issued primarily to refund the 2009 Series C Bonds and the 2011 Series D Bonds.

On June 17, 2014, the Commission executed a partial reversal of one of the Mainline Constant Maturity Swaps associated with the Commission's 2012 Series B, 2013 Series B and 2014 Series B-1 Bonds. JPMorgan Chase Bank was the winning bidder with an offer of $4,068,000 which was received by the Commission. This payment was in lieu of interest payments that may have been received by the Commission through July 2, 2018, which is the reversal maturity date.

On July 2, 2014, the Commission executed a partial reversal of one of the Mainline Constant Maturity Swaps associated with the Commission's 2012 Series B, 2013 Series B and 2014 Series B-1 Bonds. PNC was the winning bidder with an offer of $4,179,000 which was received by the Commission. This payment was in lieu of interest payments that may have been received by the Commission through July 2, 2018, which is the reversal maturity date.

On July 22, 2014 the Commission executed a partial reversal of one of the Constant Maturity Swaps associated with the Commission's Oil Franchise Tax 2003 Series C Bonds. This reversal was executed at a level of $3,270,000 which Royal Bank of Canada paid to the Commission. This payment was in lieu of interest payments that may have been received by the Commission through May 15, 2018, which is the reversal maturity date.

On August 26, 2014, the Commission executed a partial reversal of one of the Constant Maturity Swaps associated with the Commission's Oil Franchise Tax 2003 Series C Bonds. This reversal was executed at a level of $3,292,000 which Wells Fargo will pay to the Commission. This payment is in lieu of interest payments that may have been received by the Commission from JP Morgan through November 15, 2018, which is the reversal maturity date.

Required Supplementary Information

Required Supplementary Information

Schedule of Funding Progress – Postemployment Healthcare Benefits

(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2014	$ 271,265	$ 283,133	$ 11,868	95.8%	$ 126,699	9.4%
March 1, 2012	152,341	250,750	98,409	60.8%	124,241	79.2%
March 1, 2010	66,436	263,398	196,962	25.2%	123,754	159.2%

Following is a listing of changes in assumptions used in the January 1, 2014 valuation compared with previous valuations.

- Per capita claims costs were updated based on recent experience of Commission retirees and the healthcare trend was updated.

- Assumed health plan elections for members attaining age 65 were modified from 2/3rd electing Signature 65 and 1/3rd electing Freedom Blue (without Rx) to 60% electing Signature 65 and 40% electing Freedom Blue (without Rx).

- The assumed percentage of eligible female members covering a spouse decreased from 50% to 40%.

Other Supplementary Information

Other Supplementary Information

Section Information

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

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

The Oil Company Franchise section consists of revenues received from the Commission's allocation of the Commonwealth's Oil Company Franchise Tax. This revenue is pledged against the Oil Company Franchise Tax Debt as listed in Note 7.

The Motor License section consists of an annual income of $28 million which has been provided to the Commission pursuant to Section 20 of Act 3 of the Commonwealth of Pennsylvania. This income is pledged against the Motor License Registration Fee Debt as listed in Note 7.

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Net Position

	May 31, 2014			
	Mainline	Oil Franchise	Motor License	Total
Assets and deferred outflows of resources	*(In Thousands)*			
Current assets:				
Cash and cash equivalents	$ 135,452	$ -	$ -	$ 135,452
Short-term investments	43,936	-	-	43,936
Accounts receivable	43,218	-	-	43,218
Accrued interest receivable	1,273	-	-	1,273
Inventories	20,158	-	-	20,158
Restricted current assets:				
Cash and cash equivalents	635,332	55,780	21,625	712,737
Short-term investments	154,081	-	1,113	155,194
Accounts receivable	836	7,478	-	8,314
Accrued interest receivable	1,990	911	96	2,997
Total current assets	1,036,276	64,169	22,834	1,123,279
Noncurrent assets:				
Long-term investments:				
Long-term investments unrestricted	158,224	-	-	158,224
Long-term investments restricted	391,877	163,773	29,533	585,183
Total long-term investments	550,101	163,773	29,533	743,407
Capital assets not being depreciated:				
Land and intangibles	289,900	-	-	289,900
Assets under construction	790,396	-	-	790,396
Capital assets being depreciated:				
Buildings	905,235	-	-	905,235
Improvements other than buildings	114,009	-	-	114,009
Equipment	570,115	-	-	570,115
Infrastructure	7,345,336	-	-	7,345,336
Total capital assets before accumulated depreciation	10,014,991	-	-	10,014,991
Less accumulated depreciation	5,100,630	-	-	5,100,630
Total capital assets after accumulated depreciation	4,914,361	-	-	4,914,361
Other assets:				
Prepaid bond insurance costs	12,665	1,448	1,648	15,761
OPEB Asset	79,149	-	-	79,149
Other assets	28,145	-	-	28,145
Total other assets	119,959	1,448	1,648	123,055
Total noncurrent assets	5,584,421	165,221	31,181	5,780,823
Total assets	6,620,697	229,390	54,015	6,904,102
Deferred outflows of resources from hedging derivatives	5,586	-	44,098	49,684
Deferred outflows of resources from refunding bonds	136,086	6,575	21,533	164,194
Deferred outflows of resources	141,672	6,575	65,631	213,878
Total assets and deferred outflows of resources	$ 6,762,369	$ 235,965	$ 119,646	$ 7,117,980

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Net Position (continued)

	May 31, 2014			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable and accrued liabilities	**$ 304,848**	**$ 21,118**	**$ 4,061**	**$ 330,027**
Current portion of debt	**161,280**	**16,345**	**7,050**	**184,675**
Unearned income	**55,217**	**-**	**-**	**55,217**
Total current liabilities	**521,345**	**37,463**	**11,111**	**569,919**
Noncurrent liabilities:				
Debt, less current portion, net of unamortized premium	**8,341,420**	**752,387**	**429,423**	**9,523,230**
Other noncurrent liabilities	**148,840**	**-**	**51,886**	**200,726**
Total noncurrent liabilities	**8,490,260**	**752,387**	**481,309**	**9,723,956**
Total liabilities	**9,011,605**	**789,850**	**492,420**	**10,293,875**
Deferred inflows of resources from service concession arrangements	**122,994**	**-**	**-**	**122,994**
Deferred inflows of resources from refunding bonds	**-**	**1,566**	**-**	**1,566**
Total deferred inflows of resources	**122,994**	**1,566**	**-**	**124,560**
Total liabilities and deferred inflows of resources	**9,134,599**	**791,416**	**492,420**	**10,418,435**
Net position				
Net investment in capital assets	**1,546,260**	**(752,431)**	**(421,079)**	**372,750**
Restricted for construction purposes	**-**	**188,737**	**48,305**	**237,042**
Restricted for debt service	**28,558**	**8,243**	**-**	**36,801**
Unrestricted	**(3,947,048)**	**-**	**-**	**(3,947,048)**
Total net position	**$(2,372,230)**	**$ (555,451)**	**$ (372,774)**	**$(3,300,455)**

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Revenues, Expenses, and Changes in Net Position

	May 31, 2014			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating revenues:				
Net fares	$ 861,846	$ -	$ -	$ 861,846
Other	18,909	-	-	18,909
Total operating revenues	880,755	-	-	880,755
Operating expenses:				
Cost of services	437,999	951	31	438,981
Depreciation	324,010	-	-	324,010
Total operating expenses	762,009	951	31	762,991
Operating income (loss)	118,746	(951)	(31)	117,764
Nonoperating revenues (expenses):				
Investment earnings	32,671	2,384	(7,485)	27,570
Other nonoperating revenues	16,389	6,772	-	23,161
Act 44 and Act 89 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to PennDOT	(13,531)	-	-	(13,531)
Interest and bond expense	(373,223)	(34,653)	(19,171)	(427,047)
Nonoperating expenses, net	(787,694)	(25,497)	(26,656)	(839,847)
Loss before capital contributions	(668,948)	(26,448)	(26,687)	(722,083)
Capital contributions	13,759	68,277	28,000	110,036
(Decrease) Increase in net position	(655,189)	41,829	1,313	(612,047)
Net position at beginning of year	(1,732,011)	(583,177)	(373,220)	(2,688,408)
Intersection transfers	14,970	(14,103)	(867)	-
Net position at end of year	$(2,372,230)	$ (555,451)	$ (372,774)	$(3,300,455)

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Cash Flows

	May 31, 2014			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating activities				
Cash received from customer tolls and deposits	$ 876,945	$ -	$ -	$ 876,945
Cash payments for goods and services	(296,993)	(485)	(26)	(297,504)
Cash payments to employees	(153,091)	(590)	-	(153,681)
Cash received from other operating activities	8,741	-	-	8,741
Net cash provided by (used for) operating activities	435,602	(1,075)	(26)	434,501
Investing activities				
Proceeds from sales and maturities of investments	1,774,007	82,841	18,093	1,874,941
Interest received on investments	15,929	3,621	627	20,177
Purchases of investments	(1,706,159)	(94,847)	(18,113)	(1,819,119)
Net cash provided by (used for) investing activities	83,777	(8,385)	607	75,999
Capital and related financing activities				
Capital grants received	9,128	-	-	9,128
Cash proceeds from motor license grant	-	-	28,000	28,000
Cash proceeds from oil company franchise tax	-	65,089	-	65,089
Construction and acquisition of capital assets	(393,831)	(9,982)	-	(403,813)
Proceeds from sale of capital assets	620	-	-	620
Payments for bond and swap expenses	(6,089)	(521)	(725)	(7,335)
Payments for debt refundings	(706,140)	(65,470)	-	(771,610)
Payments for debt maturities	(51,935)	(16,550)	(6,720)	(75,205)
Interest paid on debt	(132,977)	(39,198)	(19,795)	(191,970)
Interest subsidy from Build America Bonds	16,236	6,772	-	23,008
Proceeds from debt issuances	1,185,820	66,534	-	1,252,354
Net cash (used for) provided by capital and related financing activities	(79,168)	6,674	760	(71,734)
Noncapital financing activities				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(2,946)	-	-	(2,946)
Payments for debt maturities	(49,495)	-	-	(49,495)
Interest paid on debt	(176,612)	-	-	(176,612)
Proceeds from debt issuances	430,039	-	-	430,039
Net cash used for noncapital financing activities	(249,014)	-	-	(249,014)
Increase (Decrease) in cash and cash equivalents	191,197	(2,786)	1,341	189,752
Cash and cash equivalents at beginning of year	579,587	58,566	20,284	658,437
Cash and cash equivalents at end of year	$ 770,784	$ 55,780	$ 21,625	$ 848,189

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Cash Flows (continued)

	Year Ended May 31, 2014			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	**$ 118,746**	**$ (951)**	**$ (31)**	**$ 117,764**
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	**324,010**	**-**	**-**	**324,010**
Change in operating assets and liabilities:				
Accounts receivable	**(3,593)**	**-**	**-**	**(3,593)**
Inventories	**(3,287)**	**-**	**-**	**(3,287)**
Other assets	**(19,587)**	**-**	**-**	**(19,587)**
Accounts payable and accrued liabilities	**19,276**	**(124)**	**5**	**19,157**
Other noncurrent liabilities	**37**	**-**	**-**	**37**
Net cash provided by (used for) operating activities	**$ 435,602**	**$ (1,075)**	**$ (26)**	**$ 434,501**
Reconciliation of cash and cash equivalents to the statements of net position:				
Cash and cash equivalents	**$ 135,452**	**$ -**	**$ -**	**$ 135,452**
Restricted cash and cash equivalents	**635,332**	**55,780**	**21,625**	**712,737**
Total cash and cash equivalents	**$ 770,784**	**$ 55,780**	**$ 21,625**	**$ 848,189**

Section Information (continued)

Schedule of Cash Flows (continued)

Noncash activities

The Commission recorded a net increase of $8.5 million in the fair value of its investments for the year ended May 31, 2014. Increases (Decreases) by section were: Mainline, $17.5 million; Oil Franchise, $(1.0) million and Motor License, $(8.0) million.

The Commission recorded $9.4 million for the amortization of bond premium for the year ended May 31, 2014. Amortization by section was: Mainline, $7.3 million; Oil Franchise, $1.4 million and Motor License, $0.7 million.

The Commission recorded $23.7 million for the amortization of deferred losses on refundings and amortization of prepaid bond insurance costs for the year ended May 31, 2014. Amortization by section was: Mainline, $22.0 million; Oil Franchise, $0.9 million and Motor License, $0.8 million.

The Commission recorded an interest expense reduction of $15.6 million in the Mainline section and $0.1 in the Motor License section for the year ended May 31, 2014 related to GASB 53 entries.

The Commission recognized revenues of $4.4 million for the fiscal year ended May 31, 2014 for noncash capital contributions. This noncash capital contribution revenue is the result of agreements 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 and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission transferred assets with a net book value of $13.5 million from its Mainline section to PennDOT during the fiscal year ended May 31, 2014.

Section Information (continued)

Schedule of Cash Flows (continued)

Noncash activities (continued)

The Commission records intersection activity related to revenue, expense, asset and liability transfer between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2014 were: to Mainline, $15.0 million; from Oil Franchise, $14.1 million; and from Motor License, $0.9 million.

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Net Position *(Restated)*[1]

	May 31, 2013			
Assets and deferred outflows of resources	**Mainline**	**Oil Franchise**	**Motor License**	**Total**
	(In Thousands)			
Current assets:				
Cash and cash equivalents	$ 130,010	$ -	$ -	$ 130,010
Short-term investments	47,952	-	-	47,952
Accounts receivable	39,149	-	-	39,149
Accrued interest receivable	1,663	-	-	1,663
Inventories	16,871	-	-	16,871
Restricted current assets:				
Cash and cash equivalents	449,577	58,566	20,284	528,427
Short-term investments	214,369	21,448	6,097	241,914
Accounts receivable	1,110	4,290	-	5,400
Accrued interest receivable	2,283	1,135	137	3,555
Total current assets	902,984	85,439	26,518	1,014,941
Noncurrent assets:				
Long-term investments:				
Long-term investments unrestricted	197,127	-	-	197,127
Long-term investments restricted	372,599	133,653	24,724	530,976
Total long-term investments	569,726	133,653	24,724	728,103
Capital assets not being depreciated:				
Land and intangibles	271,310	-	-	271,310
Assets under construction	661,613	-	-	661,613
Capital assets being depreciated:				
Buildings	893,705	-	-	893,705
Improvements other than buildings	112,632	-	-	112,632
Equipment	549,578	-	-	549,578
Infrastructure	7,172,878	-	-	7,172,878
Total capital assets before accumulated depreciation	9,661,716	-	-	9,661,716
Less accumulated depreciation	4,829,814	-	-	4,829,814
Total capital assets after accumulated depreciation	4,831,902	-	-	4,831,902
Other assets:				
Prepaid bond insurance costs	13,166	1,978	1,709	16,853
OPEB asset	58,127	-	-	58,127
Other assets	26,728	-	-	26,728
Total other assets	98,021	1,978	1,709	101,708
Total noncurrent assets	5,499,649	135,631	26,433	5,661,713
Total assets	6,402,633	221,070	52,951	6,676,654
Deferred outflows of resources from hedging derivatives	60,435	-	56,934	117,369
Deferred outflows of resources from refunding bonds	108,776	7,051	22,325	138,152
Total deferred outflows of resources	169,211	7,051	79,259	255,521
Total assets and deferred outflows of resources	$ 6,571,844	$ 228,121	$ 132,210	$6,932,175

[1] Certain 2013 amounts were restated as discussed in Notes 2 and 15.

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Net Position *(Restated)*[1] (continued)

	May 31, 2013			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable and accrued liabilities	$ 320,773	$ 24,660	$ 4,584	$ 350,017
Current portion of debt	175,530	16,550	6,720	198,800
Unearned income	48,190	-	-	48,190
Total current liabilities	544,493	41,210	11,304	597,007
Noncurrent liabilities:				
Debt, less current portion, net of unamortized premium	7,471,504	769,674	437,192	8,678,370
Other noncurrent liabilities	146,418	414	56,934	203,766
Total noncurrent liabilities	7,617,922	770,088	494,126	8,882,136
Total liabilities	8,162,415	811,298	505,430	9,479,143
Deferred inflows of resources from hedging derivatives	26,317	-	-	26,317
Deferred inflows of resources from service concession arrangements	115,123	-	-	115,123
Total deferred inflows of resources	141,440	-	-	141,440
Total liabilities and deferred inflows of resources	8,303,855	811,298	505,430	9,620,583
Net position				
Net investment in capital assets	1,803,506	(770,206)	(419,878)	613,422
Restricted for construction purposes	-	178,700	46,658	225,358
Restricted for debt service	41,326	8,329	-	49,655
Unrestricted	(3,576,843)	-	-	(3,576,843)
Total net position	$(1,732,011)	$ (583,177)	$ (373,220)	$(2,688,408)

[1] Certain 2013 amounts were restated as discussed in Notes 2 and 15.

Section Information (continued)

Schedule of Revenues, Expenses, and Changes in Net Position *(Restated)*[1]

	May 31, 2013			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating revenues:				
Net fares	$ 811,542	$ -	$ -	$ 811,542
Other	20,094	-	-	20,094
Total operating revenues	831,636	-	-	831,636
Operating expenses:				
Cost of services	411,572	894	18	412,484
Depreciation	311,735	-	-	311,735
Total operating expenses	723,307	894	18	724,219
Operating income (loss)	108,329	(894)	(18)	107,417
Nonoperating revenues (expenses):				
Investment earnings	27,624	2,106	318	30,048
Other nonoperating revenues	17,431	2,446	-	19,877
Act 44 payments to PennDOT	(450,000)	-	-	(450,000)
Interest and bond expense	(339,912)	(35,667)	(19,340)	(394,919)
Nonoperating expenses, net	(744,857)	(31,115)	(19,022)	(794,994)
Loss before capital contributions and special item	(636,528)	(32,009)	(19,040)	(687,577)
Capital contributions	10,274	59,562	28,000	97,836
Discontinued project	-	(51,009)	-	(51,009)
(Decrease) Increase in net position	(626,254)	(23,456)	8,960	(640,750)
Net position at beginning of year	(1,072,621)	(593,246)	(381,791)	(2,047,658)
Intersection transfers	(33,136)	33,525	(389)	-
Net position at end of year	$(1,732,011)	$ (583,177)	$ (373,220)	$(2,688,408)

[1] Certain 2013 amounts were restated as discussed in Notes 2 and 15.

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Cash Flows

	May 31, 2013			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating activities				
Cash received from customer tolls and deposits	$ 829,291	$ -	$ -	$ 829,291
Cash payments for goods and services	(252,275)	(886)	(18)	(253,179)
Cash payments to employees	(143,900)	(392)	-	(144,292)
Cash received from other operating activities	7,706	-	-	7,706
Net cash provided by (used for) operating activities	440,822	(1,278)	(18)	439,526
Investing activities				
Proceeds from sales and maturities of investments	1,371,376	233,566	26,871	1,631,813
Interest received on investments	20,639	3,932	661	25,232
Purchases of investments	(1,214,333)	(218,159)	(33,862)	(1,466,354)
Net cash provided by (used for) investing activities	177,682	19,339	(6,330)	190,691
Capital and related financing activities				
Capital grants received	7,240	-	-	7,240
Cash proceeds from motor license grant	-	-	28,000	28,000
Cash proceeds from oil company franchise tax	-	60,285	-	60,285
Construction and acquisition of capital assets	(484,489)	(23,161)	-	(507,650)
Proceeds from sale of capital assets	1,765	-	-	1,765
Payments for bond and swap expenses	(1,202)	-	(338)	(1,540)
Payments for debt refundings	(69,525)	-	-	(69,525)
Payments for debt maturities	(19,645)	(15,850)	(6,395)	(41,890)
Interest paid on debt	(122,848)	(39,514)	(20,249)	(182,611)
Interest subsidy from Build America Bonds	16,735	2,446	-	19,181
Proceeds from debt issuances	473,667	-	-	473,667
Net cash (used for) provided by capital and related financing activities	(198,302)	(15,794)	1,018	(213,078)
Noncapital financing activities				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(1,032)	-	-	(1,032)
Payments for debt maturities	(15,860)	-	-	(15,860)
Interest paid on debt	(160,512)	-	-	(160,512)
Proceeds from debt issuances	416,314	-	-	416,314
Net cash used for noncapital financing activities	(211,090)	-	-	(211,090)
Increase (Decrease) in cash and cash equivalents	209,112	2,267	(5,330)	206,049
Cash and cash equivalents at beginning of year	370,475	56,299	25,614	452,388
Cash and cash equivalents at end of year	$ 579,587	$ 58,566	$ 20,284	$ 658,437

Section Information (continued)

Schedule of Cash Flows (continued)

	Year Ended May 31, 2013			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 108,329	$ (894)	$ (18)	$ 107,417
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	311,735	-	-	311,735
Change in operating assets and liabilities:				
Accounts receivable	(2,370)	-	-	(2,370)
Inventories	2,705	-	-	2,705
Other assets	(28,061)	-	-	(28,061)
Accounts payable and accrued liabilities	42,194	(384)	-	41,810
Other noncurrent liabilities	6,290	-	-	6,290
Net cash provided by (used for) operating activities	$ 440,822	$ (1,278)	$ (18)	$ 439,526
Reconciliation of cash and cash equivalents to the statements of net position:				
Cash and cash equivalents	$ 130,010	$ -	$ -	$ 130,010
Restricted cash and cash equivalents	449,577	58,566	20,284	528,427
Total cash and cash equivalents	$ 579,587	$ 58,566	$ 20,284	$ 658,437

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Cash Flows (continued)

Noncash activities

The Commission recorded a net increase of $ 5.5 million in the fair value of its investments for the year ended May 31, 2013. Increases (decreases) by section were: Mainline, $8.0 million; Oil Franchise, $(2.1) million and Motor License, $(0.4) million.

The Commission recorded $8.2 million for the amortization of bond premium for the year ended May 31, 2013. Amortization by section was: Mainline, $6.4 million; Oil Franchise, $1.1 million and Motor License, $0.7 million.

The Commission recorded $21.2 million (as restated) for the amortization of deferred losses on refundings and amortization of prepaid bond insurance costs for the year ended May 31, 2013. Amortization by section was: Mainline, $19.7 million; Oil Franchise, $0.6 million and Motor License, $0.9 million.

The Commission recorded an interest expense reduction of $11.7 million in the Mainline section for the year ended May 31, 2013 related to GASB 53 entries.

The Commission recognized $3.4 million in revenues for the fiscal year ended May 31, 2013 for noncash capital contributions. This noncash capital contribution revenue is the result of agreements 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 and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission did not transfer any assets to PennDOT during the fiscal year ended May 31, 2013.

Section Information (continued)

Schedule of Cash Flows (continued)

Noncash activities (continued)

The Commission records intersection activity related to revenue, expense, asset and liability transfer between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2013 were: from Mainline, $33.1 million; to Oil Franchise, $33.5 million; and from Motor License, $0.4 million.

Other Supplementary 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, 2014

	Mainline Operating	**Mainline Capital**	**Total Mainline**	**Oil Franchise**	**Motor License**	**Total**
General & administrative	**$ 40,958**	**$ 88,718**	**$ 129,676**	**$ 730**	**$ 31**	**$ 130,437**
Traffic engineering and operations	**3,966**	**-**	**3,966**	**-**	**-**	**3,966**
Service centers	**22,448**	**-**	**22,448**	**-**	**-**	**22,448**
Employee benefits	**83,810**	**7,503**	**91,313**	**221**	**-**	**91,534**
Fare collection	**58,164**	**-**	**58,164**	**-**	**-**	**58,164**
Maintenance	**74,789**	**808**	**75,597**	**-**	**-**	**75,597**
Facilities and energy mgmt. operations	**9,850**	**7,112**	**16,962**	**-**	**-**	**16,962**
Turnpike patrol	**39,818**	**55**	**39,873**	**-**	**-**	**39,873**
Total cost of services	**$ 333,803**	**$ 104,196**	**$ 437,999**	**$ 951**	**$ 31**	**$ 438,981**

Fiscal Year Ended May 31, 2013

	Mainline Operating	**Mainline Capital**	**Total Mainline**	**Oil Franchise**	**Motor License**	**Total**
General & administrative	$ 42,542	$ 72,659	$ 115,201	$ 681	$ 18	$ 115,900
Traffic engineering and operations	4,455	-	4,455	-	-	4,455
Service centers	24,480	-	24,480	-	-	24,480
Employee benefits	80,670	6,634	87,304	213	-	87,517
Fare collection	59,952	-	59,952	-	-	59,952
Maintenance	65,924	988	66,912	-	-	66,912
Facilities and energy mgmt. operations	8,903	8,194	17,097	-	-	17,097
Turnpike patrol	36,171	-	36,171	-	-	36,171
Total cost of services	$ 323,097	$ 88,475	$ 411,572	$ 894	$ 18	$ 412,484

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

The following sets forth the definitions of certain terms used in the Senior Indenture and a summary of certain provisions of the Senior Indenture. Certain other provisions of the Senior Indenture relating to the 2015A Bonds are summarized in the Official Statement under the sections captioned "DESCRIPTION OF THE 2015A BONDS" and "SECURITY FOR THE 2015A BONDS". Reference should be made to the Senor Indenture for a complete statement of all of these provisions and other provisions which are not summarized in this Official Statement. A copy of the Senior Indenture may be obtained from the Trustee.

DEFINITIONS OF CERTAIN TERMS

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

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

“Alternate Construction Fund” -- a fund as described under "The Senior Indenture—Alternate Construction Fund" in this Appendix C.

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

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

"Annual Operating Budget" -- the budget adopted by the Commission pursuant to the provisions described under the heading "The Senior Indenture--Annual Operating Budget; Capital Budget" in this Appendix C.

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

"Approved Swap Agreement" -- shall have the meaning set forth below under the heading "The Senior Indenture--Approved and Parity Swap Obligations" in this Appendix C.

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

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

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

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

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

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

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

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

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

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

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

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

"Book-Entry-Only System" -- a system similar to the system described in the Senior Indenture and in the forepart of this Official Statement under "DESCRIPTION OF THE 2015A BONDS--Book-Entry Only System" pursuant to which Bonds are registered in book-entry form.

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

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

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

"Commonwealth" -- the Commonwealth of Pennsylvania.

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

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

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

"Cost" -- all or any part of: (a) the cost of construction, reconstruction, restoration, repair and rehabilitation of a Project or portion thereof (including, but not limited to, indemnity and surety bonds, permits, taxes or other municipal or governmental charges lawfully levied or assessed during construction); (b) the cost of acquisition of all real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for such Project or portion thereof; (c) the cost of demolishing or removing any structures on land so acquired, including the cost of acquiring any land to which the structures may be removed; (d) any cost of borings and other preliminary investigations necessary or incident to determining the feasibility or practicability of constructing such Project and any cost necessary or desirable to satisfy conditions associated with the issuance of any permit for the construction thereof (including the costs of environmental mitigation required in connection therewith); (e) the cost of all machinery and equipment, vehicles, materials and rolling stock; (f) Issuance Costs; (g) interest on Bonds and on any Reimbursement Obligation for the period prior to, during and for a period of up to one year after completion of construction as determined by the Commission, provisions for working capital, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations and improvements; (h) the cost of architectural, engineering, environmental feasibility, financial and legal services; (i) plans, specifications, estimates and administrative and other expenses which are necessary or incidental to the determination of the feasibility of constructing such Project or portion thereof or incidental to the obtaining of construction contracts or to the construction (including construction administration and inspection), acquisition or financing thereof and which constitute capital costs; (j) Current

Expenses, provided that, if applicable, the Trustee has received an opinion of Bond Counsel (which opinion may address either specific Current Expenses or categories of Current Expenses) to the effect that the treatment of such Current Expenses as a Cost will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (k) the repayment of any loan or advance for any of the foregoing; and (1) with respect to the use of Bond proceeds, such other costs and expenses as are permitted by the Enabling Acts at the time such Bonds are issued.

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

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

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

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

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

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

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

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

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

"DSRF Security" -- shall have the meaning set forth under "The Senior Indenture—Debt Service Reserve Fund" in this Appendix C.

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

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

"Event of Default" -- those events specified under "The Senior Indenture - Events of Default" in this Appendix C and such other events specified in any Supplemental Indenture.

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

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

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

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

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

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

"Historical Pro Forma Debt Service Coverage Ratio" -- for any period of time, the ratio determined by dividing Net Revenues for such period by the Maximum Annual Debt Service for all Applicable Long-Term Indebtedness then Outstanding and the Applicable Long-Term Indebtedness proposed to be issued pursuant to the Senior Indenture pursuant to the provisions described under the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS – Additional Bonds Test."

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

"Indebtedness" -- any obligation or debt incurred for money borrowed.

"Interest Payment Date" – for the 2015A Bonds is described in the forepart of this Official Statement. If the Interest Payment Date is not a Business Day then the Interest Payment Date shall be the Business Day next succeeding the date specified above.

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

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

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

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

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

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

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

"Original Senior Indenture" – the Indenture of Trust dated as of July 1, 1986 between the Commission and the Trustee.

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

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

"Parity Swap Agreement" -- shall have the meaning set forth under the heading "The Senior Indenture--Approved and Parity Swap Obligations" in this Appendix C.

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

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

"Permitted Investments" -- (to the extent permitted by law): (a) Government Obligations; (b) obligations issued or guaranteed as to full and timely payment of principal and interest by any agency or Person controlled or supervised by and acting as an instrumentality of the U.S., pursuant to authority granted by the U.S. Congress; (c) obligations of the Governmental National Mortgage Association, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Maritime Administration and Public Housing Authorities, provided that the full and timely payment of the principal and interest on such obligations shall be unconditionally guaranteed by the U.S.; (d) obligations of the Federal Intermediate Credit Corporation and of the Federal National Mortgage Association; (e) obligations of the Federal Banks for Cooperation; (f) obligations of Federal Land Banks; (g) obligations of Federal Home Loan Banks; provided that the obligations described in clauses (c) through (g) above shall constitute Permitted Investments only to the extent that the Rating Agency has assigned a rating to such obligations which is not lower than the highest rating assigned by such Rating Agency to any series of comparable Bonds then Outstanding; (h) certificates of deposit of any bank, savings and loan or trust company organized under the laws of the U.S. or any state thereof, including the Trustee or any holder of the Bonds, provided that such certificates of deposit shall be fully collateralized (with a prior perfected security interest), to the extent they are not insured by the Federal Deposit Insurance Corporation, by Permitted Investments described in (a), (b), (c), (d), (e), (f) or (g) above having a market value at all times equal to the uninsured amount of such deposit; (i) money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, including funds for which the Trustee, its parent, its affiliates or its subsidiaries provide investment advisory or other management services, and which are rated by S&P, Moody's and Fitch in one of their two highest rating categories; (j) investment agreements (which term, for purposes of this clause, shall not include repurchase agreements) with a Qualified Financial Institution; (k) repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York ("Repurchasers"), including but not limited to the Trustee and any of its affiliates, provided that each such repurchase agreement results in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified Permitted Investments described in (a), (b), (c), (d), (e), (f) or (g) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agent solely of, or in trust solely for the benefit of, the Trustee, provided that Government Obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such Government Obligations or the repurchase price thereof set forth in the applicable repurchase agreement; (1) bonds or notes issued by any state or municipality which are rated by S&P, Moody's and Fitch in one of their two highest rating categories; (m) commercial paper rated in the highest short-term, note or commercial paper Rating Category by S&P, Moody's and Fitch; (n) any auction rate certificates which are rated by S&P, Moody's and Fitch in one of their two highest rating categories; (o) corporate bonds and medium term notes rated at least "AA-" by Moody's and S&P; (p) asset-backed securities rated in the highest rating category by Moody's and S&P; and (q) any other investment approved by the Commission for which confirmation is received from the Rating Agency that such investment will not adversely affect such Rating Agency's rating on such Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

"Rating Category" -- each major rating classification established by the Rating Agency, determined without regard to gradations such as "l," "2" and "3" or "plus" and "minus."

"Rebate Fund" -- the fund created by the Senior Indenture and described under "The Senior Indenture—Rebate Fund" in this Appendix C.

"Rebate Regulations" -- the Treasury Regulations issued under Section 148(f) of the Code.

"Record Date" -- for the 2015A Bonds is described in the forepart of this Official Statement.

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

"Reimbursement Obligation" -- an obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility and to pay interest on such drawn amounts pursuant to such Reimbursement Agreement.

"Reserve Maintenance Fund" -- the fund created by the Senior Indenture and described under "The Senior Indenture—Reserve Maintenance Fund" in this Appendix C.

"Reserve Maintenance Fund Requirement" -- the amount to be deposited to the credit of the Reserve Maintenance Fund from the Revenues of the Commission pursuant to the provisions described under "The Senior Indenture - Reserve Maintenance Fund" in this Appendix C.

"Revenue Fund" -- the fund created by the Senior Indenture and described under "The Senior Indenture—Revenue Fund; Agreements with Other Turnpikes" in this Appendix C.

"Revenues" -- (a) all Tolls received by or on behalf of the Commission from the System, (b) any other sources of revenues or funds of the Commission which the Commission chooses to include in the Trust Estate pursuant to a Supplemental Indenture, and (c) the interest and income earned on any fund or account where said interest or income is required to be credited to the Revenue Fund pursuant to the Senior Indenture. As more fully provided by the provisions described below under "The Senior Indenture—Revenue Fund; Agreements with Other Turnpikes," in the event the Commission receives advances or prepayments or otherwise operates or participates in a system in which funds are collected prior to the actual usage of the System, such funds shall not be deemed to be Revenues until the usage occurs or the funds are earned pursuant to the agreement under which the Commission receives such funds.

"S&P" -- Standard & Poor's, a division of McGraw-Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Commission.

"Secured Owner" -- each Person who is a Bondholder of any Bonds, each Parity Swap Agreement Counterparty providing a Parity Swap Agreement, each Bank providing a Credit Facility and each Bond Insurer providing a bond insurance policy with respect to a Parity Obligation.

"Securities Depository" -- a Person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such Act for the purposes of Section 17A thereof.

"Series" -- one or more Bonds issued at the same time, or sharing some other common term or characteristic, and designated as a separate series of Bonds.

"Series Issue Date" means, with respect to the 2015A Bonds, the date of original issuance and delivery of the 2015A Bonds.

"Short-Term Indebtedness" -- all Indebtedness which matures in less than 365 days and is designated as Short-Term Indebtedness pursuant to the provisions described under "The Senior Indenture—Limitation on Issuance of Additional Bonds and Execution of Swap Agreements" in this Appendix C. In the event a Bank has extended a line of credit or the Commission has undertaken a commercial paper or similar program, only amounts actually borrowed under such line of credit or program and repayable in less than 365 days shall be considered Short-Term Indebtedness and the full amount of such commitment or program shall not be treated as Short-Term Indebtedness to the extent that such facility remains undrawn.

"Special Record Date" -- for the 2015A Bonds is described under “The Senior Indenture – Defaulted Interest” in this Appendix C.

"Subordinated Indebtedness" -- Indebtedness incurred pursuant to paragraph (c) of the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS – Additional Bonds Test".

"Supplemental Indenture" -- any Supplemental Indenture to (a) the Senior Indenture, now or hereafter duly authorized and entered into in accordance with the provisions of the Senior Indenture and (b) the Prior Senior Indenture, including any Supplemental Indenture pursuant to which (and only for so long as) Bonds are outstanding thereunder.

"Swap Agreement" -- shall have the meaning set forth under the heading "The Senior Indenture--Approved and Parity Swap Obligations" in this Appendix C.

"System" – is described in the forepart of this Official Statement under "PENNSYLVANIA TURNPIKE SYSTEM."

"Tender Indebtedness" -- any Indebtedness or portion thereof: (a) the terms of which include (i) an option or an obligation on the part of the Secured Owner to tender all or a portion of such Indebtedness to the Commission, the Trustee, the Paying Agent or another fiduciary or agent for payment or purchase and (ii) a requirement on the part of the Commission to purchase or cause to be purchased such Indebtedness or portion thereof if properly presented; and (b) which is rated in either (i) one of the two highest long-term Rating Categories by the Rating Agency or (ii) the highest short-term, note or commercial paper Rating Category by the Rating Agency.

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

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

"Trustee" -- the Trustee at the time in question, whether the initial Trustee or a successor.
"U.S." -- United States of America.

"Variable Rate Indebtedness" -- any Indebtedness the interest rate on which fluctuates from time to time subsequent to the time of incurrence. Variable Rate Indebtedness may include, without limitation, (a) "auction rate" Indebtedness, (b) Tender Indebtedness, (c) commercial paper Indebtedness which is intended to be reissued and refinanced periodically, or (d) other forms of Indebtedness on which the interest fluctuates or is subject to being set or reset from time to time.

THE SENIOR INDENTURE

LIMITED OBLIGATIONS

The Bonds shall be limited obligations of the Commission, payable solely from the Trust Estate. The Bonds shall constitute a valid claim of the respective owners thereof against the Trust Estate, which is pledged to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds, and which shall be utilized for no other purpose, except as expressly authorized in the Senior Indenture. The Bonds shall not constitute general obligations of the Commission and under no circumstances shall the Bonds be payable from, nor shall the holders thereof have any rightful claim to, any income, revenues, funds or assets of the Commission other than those pledged under the Senior Indenture as security for the payment of the Bonds.

ADDITIONAL BONDS

The Commission agrees in the Senior Indenture that it will not issue or incur any other Indebtedness having a parity lien on the Trust Estate except for Additional Bonds issued pursuant to the provisions described below and other Parity Obligations. Additional Bonds may be issued and the Trustee shall authenticate and deliver such Additional Bonds when there have been filed with the Trustee the following:

(a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing (1) the execution and delivery of a Supplemental Indenture providing for, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates and redemption provisions of such Additional Bonds, and (2) the issuance, sale, execution and delivery of the Additional Bonds;

(b) An original executed counterpart of the Supplemental Indenture;

(c) An opinion or opinions of Bond Counsel, addressed to the Commission and the Trustee, to the effect that (1) issuance of the Additional Bonds is permitted under the Senior Indenture, (2) each of the Supplemental Indenture and the Additional Bonds has been duly authorized, executed and delivered and is a valid, binding and enforceable obligation of the Commission, subject to bankruptcy, equitable principles and other standard legal opinion exceptions and (3) subject to the paragraph below, interest on the Additional Bonds is not included in gross income for federal income tax purposes under the Code;

(d) A request and authorization of the Commission, signed by a Commission Official, to the Trustee to authenticate and deliver the Additional Bonds to such Person or persons named therein after confirmation of payment to the Trustee for the account of the Commission of a specified sum (which may include directions as to the disposition of such sum);

(e) A certificate of the Commission, signed by a Commission Official, that the Commission is not in default under the Senior Indenture and evidence satisfactory to the Trustee that, upon issuance of the Additional Bonds, amounts will be deposited in the Funds under the Senior Indenture adequate for the necessary balances therein after issuance of the Additional

Bonds (including an amount sufficient to satisfy the Debt Service Reserve Requirement if the Additional Bonds constitute Debt Service Reserve Fund Bonds);

(f) A certificate of the Commission, signed by a Commission Official, identifying the Additional Bonds as Short-Term Indebtedness, Long-Term Indebtedness or Subordinated Indebtedness and demonstrating with reasonable detail that the applicable Senior Indenture provisions described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS — Additional Bonds Test" have been met for the issuance of such Additional Bonds; and

(g) Such further documents, moneys and securities as are required by the provisions of the Supplemental Indenture.

Anything in the Senior Indenture to the contrary notwithstanding, Additional Bonds may bear interest which is included in gross income for federal income tax purposes under the Code, in which event provisions in the Senior Indenture requiring or referencing the exclusion of interest on Bonds of gross income for federal income tax purposes may be ignored or modified, as appropriate, as set forth in an opinion of Bond Counsel.

DEFAULTED INTEREST

Defaulted Interest (as defined in the forepart of this Official Statement) with respect to any 2015A Bond shall cease to be payable to the Owner of such 2015A Bond on the relevant Record Date and shall be payable to the Owner in whose name such 2015A Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner: the Commission shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2015A 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 2015A Bonds entitled to such Defaulted Interest. Following receipt of such notice 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 2015A 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.

APPROVED AND PARITY SWAP OBLIGATIONS

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

(a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing the execution and delivery of the Swap Agreement (no Supplemental Indenture being required unless the Commission determines it to be necessary or appropriate);

(b) An original executed counterpart of the Swap Agreement;

(c) An opinion of Bond Counsel addressed to the Commission and to the Trustee, to the effect that execution of the Swap Agreement is permitted under the laws of the Commonwealth and will not adversely affect the exclusion from gross income from interest on any Bonds for federal income tax purposes; provided that if the Swap Agreement relates to Bonds being issued and the Swap Agreement is entered into prior to the issuance of such Bonds, the portion of the opinion of Bond Counsel referring to tax-exempt status of the Bonds need not be delivered until such Bonds are issued;

(d) A certificate of the Commission, signed by a Commission Official, that the Commission is not under default under the Senior Indenture;

(e) Evidence that the execution of the Swap Agreement will not result in a reduction or withdrawal of the rating then assigned to any Bonds by the Rating Agency;

(f) Evidence that the provisions with respect to Approved Swap Agreements described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS — Additional Bonds Test" have been met; and

(g) Such further documents as are required by the Swap Agreement or Bond Counsel.

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

Swap Agreement, amounts deposited in the Interest Account. Net amounts received by the Commission or the Trustee from the counterparty pursuant to a Parity Swap Agreement shall be deposited to the credit of the Interest Account or to such other account as designated by a Commission Official.

Amounts paid by or to the Commission pursuant to Approved Swap Agreements which do not constitute Parity Swap Agreements shall not be required to be made through the Trustee as described in the preceding paragraph (but shall be taken into account in calculation of Annual Debt Service as provided in the definition of such term).

CONVERSIONS OF VARIABLE RATE INDEBTEDNESS TO FIXED RATE INDEBTEDNESS

The Senior Indenture provides that the Commission may convert Variable Rate Indebtedness to a fixed rate if permitted pursuant to the terms thereof and if the Commission was in compliance with the Rate Covenant for the most recently completed Fiscal Year. If the Commission did not meet the Rate Covenant for such Fiscal Year, the Commission must treat the proposed conversion as if it constituted the issuance of Additional Bonds by meeting the requirements set forth in the forepart of this Official Statement captioned “SECURITY FOR THE 2015A BONDS – Additional Bonds Test” (computing the Annual Debt Service with respect to such Variable Rate Indebtedness proposed to be converted as bearing interest at the Bond Buyer Index or such other rate as identified by a Financial Consultant as being more appropriate under the circumstances).

REDEMPTION OF BONDS

The Bonds of any Series issued under the provisions of the Senior Indenture shall be subject to redemption, in whole or in part, and at such times and prices as may be provided in the Supplemental Indenture pursuant to which such Bonds are issued. The provisions for redemption of the 2015A Bonds are described in the forepart of this Official Statement under "DESCRIPTION OF THE 2015A BONDS -- Redemption of 2015A Bonds."

At the option of the Commission, to be exercised by delivery of a certificate of a Commission Official to the Trustee on or before the 45th day next preceding any scheduled mandatory redemption date, it may (1) deliver to the Trustee for cancellation 2015A-1 Bonds subject to scheduled mandatory redemption on that date or portions thereof in authorized denominations or (2) specify a principal amount of 2015A-1 Bonds or portions thereof in authorized denominations which prior to said date have been purchased or redeemed (otherwise than pursuant to this paragraph) and canceled by the Trustee at the request of the Commission and not theretofore applied as a credit against any scheduled mandatory redemption payment. Each 2015A-1 Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at the principal amount thereof against the obligation of the Commission to redeem 2015A-1 Bonds on the scheduled mandatory redemption date or maturity date or dates designated in writing to the Trustee by the Commission Official occurring at least forty-five (45) days after delivery of such designation to the Trustee, provided that if no such designation is made, such credit shall not be credited against such obligation.

In the event a portion, but not all, of the 2015A-1 Bonds maturing on a particular date and bearing interest at the same rate are purchased or redeemed pursuant to optional redemption, then the principal amount of any remaining mandatory sinking fund redemptions and principal maturity applicable to such 2015A-1 Bonds shall be proportionately reduced (subject to the Trustee making such adjustments as it deems necessary to be able to effect future redemptions of the 2015A-1 Bonds in authorized denominations) unless the Commission has designated an alternate reduction of remaining mandatory sinking fund redemptions as described above.

NOTICE OF REDEMPTION

The provisions for notice of redemption for the 2015A Bonds are further described in the forepart of this Official Statement under "DESCRIPTION OF THE 2015A BONDS -- Redemption of 2015A Bonds."

On or before the date fixed for redemption, subject to the provisions described above, moneys shall be deposited with the Trustee to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Bonds called for redemption. Upon the deposit of such moneys, unless the Commission has given notice of rescission as described herein, the Bonds shall cease to bear interest on the redemption date and shall no longer be entitled to the benefits of the Senior Indenture (other than for payment and transfer and exchange) and shall no longer be considered Outstanding.

CONSTRUCTION FUND

The Senior Indenture creates a special fund known as the "Construction Fund", which shall be held in trust by the Trustee. Money shall be deposited to the Construction Fund pursuant to the provisions of the Senior Indenture and from any other sources identified by the Commission. Payment of the costs of the construction portion of any Project shall be made from the Construction Fund. A special account shall be created and identified for each such construction project, although funds, at the written direction of the Commission, may be transferred from one such account in the Construction Fund to another account in such Fund. Moneys in the Construction Fund may be disbursed by the Trustee to the Commission upon the filing by the Commission of a requisition, signed by the Chief Engineer (or his designee) and a Commission Official meeting the requirements of the Senior Indenture.

If at any time a Commission Official shall file with the Trustee a certificate stating that the cost of a Project has been finally determined and that the funds remaining in the account established for such Project exceed the remaining costs of the Project, then an amount equal to such excess shall be transferred to such fund or account as directed in the certificate, provided the same is accompanied by an opinion of Bond Counsel to the effect that such transfer and/or application will not adversely affect the tax-exempt status of the interest of the applicable Bonds.

RATE COVENANT

The Senior Indenture contains the Rate Covenant which is described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS—Rate Covenant."

COVENANTS AS TO TOLLS

The Commission covenants with respect to Tolls as described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS—Rate Covenant."

COVENANTS OF THE COMMISSION

In addition to the Rate Covenant and covenants as to Tolls described above, in the Senior Indenture the Commission also makes various other covenants, including the following covenants:

Payment of Principal, Interest and Premium. The Commission covenants in the Senior Indenture that it will promptly pay the principal of, premium, if any, and the interest on every Bond issued under the provisions of the Senior Indenture at the places, on the dates and in the manner provided in the Senior Indenture and in said Bonds. Except as otherwise provided in the Senior Indenture, the principal, interest and premium are payable solely from Revenues, which Revenues are pledged pursuant to the Senior Indenture to the payment thereof in the manner and to the extent provided in the Senior Indenture. Neither the general credit of the Commission nor the general credit nor the taxing power of the Commonwealth or any political subdivision, agency or instrumentality thereof is pledged for the payment of the Bonds.

Annual Operating Budget; Capital Budget. The Commission covenants in the Senior Indenture that on or before the 31st day of May (or such other date as is consistent with the Commission's policies then in effect) in each Fiscal Year it will adopt a budget for the ensuing Fiscal Year (the "Annual Operating Budget"). Copies of each Annual Operating Budget shall be provided to the Trustee. Prior to adopting the Operating Budget, the Commission shall provide a draft of such budget to the Consulting Engineer sufficiently in advance of the adoption of such Annual Operating Budget in order for the Consulting Engineer to provide comments before such adoption. The Commission further covenants in the Senior Indenture that it will prepare each such Annual Operating Budget on the basis of monthly requirements, so that it will be possible to determine the Current Expenses for each month during the Fiscal Year.

If for any reason the Commission shall not have adopted the Annual Operating Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year, shall, until the adoption of the Annual Operating Budget, be deemed to be in force and shall be treated as the Annual Operating Budget.

The Commission may adopt an amended or supplemental Annual Operating Budget at any time for the remainder of the then current Fiscal Year. Copies of any such amended or supplemental Annual Operating Budget shall be provided to the Trustee.

The Commission further covenants in the Senior Indenture that it will adopt a capital budget (the "Annual Capital Budget") on or before May 31st of each Fiscal Year. The Annual Capital Budget will detail the Commission's planned capital expenditures over a period of up to 10 years and the portion of capital expenditures expected to be funded from the Reserve Maintenance Fund. The Annual Capital Budget shall include the expected beginning balance in the Reserve Maintenance Fund, the amounts to be transferred by the Trustee to the Reserve Maintenance Fund from the General Reserve Fund, the amount of bond proceeds expected to become available during the Fiscal Year, the amounts expected to be transferred monthly by the Trustee from the Revenue Fund, and the desired year-end balance in the Reserve Maintenance Fund. Prior to adopting the Annual Capital Budget, the Commission shall provide a draft of the capital budget to the Consulting Engineer a sufficient time in advance of the Commission's adoption of the Annual Capital Budget in order for the Consulting Engineer to provide comments before the date of such adoption. The Commission may adopt amendments or supplements to the Annual Capital Budget at any time. Copies of the Annual Capital Budget shall be made available to the Trustee.

Limitations on Issuance of Additional Bonds and Execution of Approved Swaps. The Commission has covenanted in the Senior Indenture with respect to issuance of Additional Bonds and execution of Approved Swap Agreements as described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS—Additional Bonds Test."

Use and Operation of System. The Commission covenants in the Senior Indenture that it will: (a) maintain and operate the System in an efficient and economical manner, (b) maintain the System in good repair and will make all necessary repairs, renewals and replacements, to the extent funds are available therefor under the Senior Indenture, and (c) comply with laws and all rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to such System, subject to the right of the Commission to contest the same in good faith and by appropriate legal proceedings.

Inspection of the System. The Commission shall make arrangements for the System to be inspected at least once every three years by engaging one or more Consultants to conduct the actual inspections and to prepare a report. Such report shall state (a) whether the System has been maintained in good repair, working order and condition since the last inspection report pursuant to this Section and (b) any recommendations which such Consultants may have as to revisions or additions to the Commission's Annual Capital Budget. Copies of such reports shall be filed with the Trustee.

Construction of Projects. The Commission covenants in the Senior Indenture that it will proceed with diligence to construct any Projects in conformity with law and all requirements of all governmental authorities having jurisdiction thereover. Before entering into any construction contract it will secure the approval of the plans and specifications for such contract by a certified engineer or architect, who may be an employee of the Commission, and that it will require each Person, firm or corporation with whom it may contract in connection with the construction of any Project to furnish (1) a performance bond for 100% of the contract amount, and (2) a payment bond for 100% of the contract amount. Each of such bonds shall be executed by one or more responsible surety companies authorized to do business in the Commonwealth. Any proceeds received from such bonds first shall be applied toward the completion of the applicable Project and second shall be deposited in the General Reserve Fund. Construction contracts for labor and/or materials also shall provide that payments thereunder shall not be made by the Commission in excess of 95% of current estimates except that (i) once the work is at least 50% complete, (ii) where waiver of retainage is necessary in the opinion of the Chief Engineer, based on the advice of the Chief Counsel, to comply with or facilitate compliance with state or federal law in order to receive state or federal funds, such retainage may be reduced by the Chief Engineer or another Commission Official to the extent such officer deems such reduction to be necessary or appropriate.

The Commission shall involve the Consulting Engineer or another Consultant to assist in quality assurance matters in connection with design and/or construction of any Project or portion thereof to the extent the Commission determines necessary or appropriate. For purposes of this subsection, "quality assurance" shall be defined to mean those activities, from inception to completion of a Project, which are necessary to ensure that the processes are in place to produce a quality product.

Employment of Consulting Engineers. The Commission covenants in the Senior Indenture to employ an independent engineer or engineering firm or corporation having a national reputation for skill and experience in such work to perform any functions of the Consulting Engineer under the Senior Indenture.

Insurance. The Commission covenants in the Senior Indenture that it will keep the System and its use and operation thereof insured (including through self-insurance) at all times in such amounts, subject to such exceptions and deductibles and against such risks, as are customary for similar organizations. All insurance policies shall be carried with a responsible insurance company or companies authorized to do business in the Commonwealth or shall be provided under a self-insurance program; any self-insurance program shall be actuarially sound in the written opinion of an accredited actuary, which opinion shall be filed with the Trustee at least annually. At any time and from time to time, the Commission may elect to terminate self-insurance of a given type. Upon making such election, the Commission shall, to the extent then deemed necessary by a Consultant, obtain and maintain comparable commercial insurance.

On July 1, 2003 and every three years thereafter (except with respect to self-insurance, which shall be annually), the Commission shall cause a Consultant to certify to the Trustee that (a) it has reviewed the adequacy of the Commission's insurance, listing the types and amounts of insurance, and (b) it finds such coverage to be reasonable and customary for similar organizations. If the Consultant concludes that coverage other than that which is currently carried by the Commission should be carried, the Commission shall obtain such insurance coverage unless it determines in good faith that it is unreasonable or uneconomical to obtain such coverage and certifies the same in writing to the Trustee.

All insurance policies maintained by the Commission shall be available at reasonable times for inspection by the Trustee, its agents and representatives.

The Commission covenants that it will take such actions as it deems necessary to demand, collect and sue for any proceeds that may become due and payable to it under any policy

Damage or Destruction. Immediately after any damage to or destruction of any part of the System which materially adversely affects the Revenues of the Commission, the Commission will promptly take action to repair, reconstruct or replace the damaged or destroyed property or to otherwise ameliorate the adverse impact on Revenues.

Annual Audit. The Commission covenants in the Senior Indenture that it will cause an annual audit to be made of its books and accounts of each Fiscal Year by an independent certified public accountant. A copy of such audit shall be filed with the Trustee promptly after the receipt by the Commission for such purpose.

Encumbrance of Revenues; Sale, Lease or Other Disposition of Property. The Commission covenants in the Senior Indenture that so long as any Bonds are Outstanding under the Senior Indenture:

(a) (1) It will not create or suffer to be created any lien or charge upon any Revenues, except the lien and charge of the Bonds secured by the Senior Indenture and any Subordinated Indebtedness permitted pursuant to the provisions of the Senior Indenture; and (2) from such Revenues or other funds available under the Senior Indenture, it will pay or cause to be discharged, or will make adequate provision to pay or discharge, within ninety (90) days after the same shall accrue, all lawful claims and demands for labor, materials or supplies which, if unpaid, might by law become a lien upon any Revenues; provided, however, that the Commission shall not be required to pay or discharge, or make provision for such payment or discharge of, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

(b) The Commission will not sell or otherwise dispose of any real estate or personal property comprising a portion of the System unless the Commission determines (1) such property (i) has become obsolete or worn out or is reasonably expected to become so within one year after the date of such disposition, (ii) is no longer used or useful in the operation of the System or in the generation of Revenues or (iii) is to be or has been replaced by other property; or (2) by resolution that such action will not materially adversely affect the Net Revenues of the Commission.

The Commission shall have the discretion to deposit the proceeds of such sale or disposition in a fund or account held under the Senior Indenture or a Commission account held outside the Senior Indenture, as it deems appropriate. In the event the Commission did not meet the Rate Covenant during the preceding Fiscal Year, however, the Commission shall notify the Trustee of the sale or disposition of any property which generated Net Revenues in excess of one percent of the Commission's Net Revenues during the prior Fiscal Year and all proceeds from such sale or disposition shall be deposited in the Revenue Fund.

(c) The Commission will not lease any real estate or personal property comprising a portion of the System unless the Commission determines by resolution that such action will not materially adversely affect the Net Revenues of the Commission. The rental and other proceeds from any lease shall not be required to be deposited in the Revenue Fund unless the effect of such lease is to reduce Tolls.

Without intending to limit the foregoing, the Commission also may enter into contracts or other forms of agreement for the use of any real estate comprising a portion of the System including, but not limited to, rights of way for telephone, telegraph, optic fiber and other forms of communication, electric, gas transmission and other lines or facilities for utilities, and other uses which do not materially adversely affect the operation of the System and the payments received in connection with the same shall be deposited in such accounts (which may be outside the Senior Indenture) as the Commission shall determine.

CREATION OF FUNDS

In addition to the Construction Fund and the Alternate Construction Fund, and any other funds created by Supplemental Indentures, the Senior Indenture creates the following funds: Operating Account; Revenue Fund; Debt Service Fund; Debt Service Reserve Fund; Reserve Maintenance Fund; General Reserve Fund; and Rebate Fund. Amounts deposited therein shall be held in trust by the Trustee until applied as directed in the Senior Indenture.

REVENUE FUND; AGREEMENTS WITH OTHER TURNPIKES

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

The Senior Indenture provides that, to the extent authorized by law, the Commission may enter into agreements with any commission, authority or other similar legal body operating a turnpike, whether or not connected to the System, (1) with respect to the establishment of combined schedules of Tolls and/or (2) for the collection and application of Tolls charged for trips over all or a portion of both turnpikes combined, which on the basis of the Revenues to be received by any such agreement will result in the receipt by the Commission of its allocable portion of such Tolls (less fees and expenses associated with such arrangement). To the extent now or hereafter authorized by law, the Commission also may enter into agreements with other Persons with respect to the collection of Tolls or advances or prepayment of Tolls charged for trips over all or a portion of the System, which on the basis of the Revenues to be received by any such agreement will result in the receipt by the Commission of the appropriate Tolls for such trips. Unless approved by a Consultant, no agreement establishing a combined schedule of Tolls shall restrict the ability of the Commission to implement an increase in its Tolls at least annually.

Amounts received by the Commission from such other commission, authority or other similar legal body or Person, in accordance with such agreements, shall be deposited in the Revenue Fund when they constitute Revenues. Such amounts may be held with a Depository or Depositories until they constitute Revenues. Amounts received by the Commission and deposited in the Revenue Fund which are payable by the Commission to such other commission, authority or other similar legal body or Person, in accordance with any such agreements, shall be withdrawn by the Trustee from the Revenue Fund upon delivery to the Trustee of a certificate of a Commission Official that such withdrawal is required pursuant to the terms of an agreement entered into pursuant to this Section and shall be paid by the Trustee in accordance with directions contained in such certificate.

Except as otherwise provided in the provisions described above, transfers from the Revenue Fund shall be made to the following funds and in the following order of priority: (1) Rebate Fund; (2) Operating Account; (3) Debt Service Fund; (4) Reserve Maintenance Fund; (5) Debt Service Reserve Fund; and (6) General Reserve Fund (after retaining such funds in the Revenue Fund as are identified in the certificate described below under "General Reserve Fund").

OPERATING ACCOUNT

The Senior Indenture provides that the Commission shall establish an account known as the "Operating Account" which is described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS--Operating Account."

DEBT SERVICE FUND

The Senior Indenture creates two separate accounts in the Debt Service Fund to be known as the "Interest Account" and the "Principal Account."

The Trustee and the Commission may create such additional accounts in the Debt Service Fund pursuant to a Supplemental Indenture as they deem necessary or appropriate, including, but not limited to, (a) an account into which drawings on a Credit Facility are to be deposited and from which principal (including redemption price) and Purchase Price of and interest on the Series of Bonds secured by such Credit Facility are to be paid (and upon such payment, amounts on deposit in the Principal and Interest Accounts for such Bonds shall be used to repay the provider of the Credit Facility for such payments), and (b) an account into which payments to the Commission to any Parity Swap Counterparty are to be deposited and from which payments to such Parity Swap Counterparty are to be paid.

The Trustee shall make deposits into the Debt Service Fund as described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS--Debt Service Fund."

The moneys in the Interest and Principal Accounts shall be held by the Trustee in trust for the benefit of the Bonds, to the extent the foregoing are payable from such accounts, and, to said extent and pending application, shall be subject to a lien and charge in favor of the Owners of the

Bonds until paid out or transferred as provided in the Senior Indenture. There shall be withdrawn from the Interest Account (and any available capitalized interest) and the Principal Account from time to time and set aside or deposited with the Trustee sufficient money for paying the interest on and the principal of and premium on the Bonds as the same shall become due, except to the extent such interest, principal or other amounts are payable from a fund or account other than the Debt Service Fund as provided in any Supplemental Indenture.

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

With respect to any Bonds for which Subsidy Payments are scheduled to be received by the Commission, the Commission shall deposit or cause to be deposited all such Subsidy Payments, as and when received, into a separate account of the Debt Service Fund held for each such Series of Bonds, and such Subsidy Payments shall be applied to pay debt service on the corresponding Series of Bonds with respect to which such Subsidy Payments are received.

RESERVE MAINTENANCE FUND

In each Fiscal Year, after first having made the deposits to the Revenue Fund, Operating Account and Debt Service Fund provided by the provisions described above, the Trustee shall transfer from the Revenue Fund on or before the last Business Day of each month to the credit of the Reserve Maintenance Fund the amount shown in the Annual Capital Budget for the ensuing month. The provisions regarding the Reserve Maintenance Fund are further described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS—Reserve Maintenance Fund."

DEBT SERVICE RESERVE FUND

The Senior Indenture establishes a Debt Service Reserve Fund and provides that a special account within the Debt Service Reserve Fund may be created with respect to each series of Debt Service Reserve Fund Bonds issued under the Senior Indenture and any Supplemental Indenture.

In each Fiscal Year, after first having made the deposits to the Operating Account, Debt Service Fund and Reserve Maintenance Fund described above, the Trustee shall transfer from the Revenue Fund on or before the last day of each month to the credit of the Debt Service Reserve Fund (a) the amount, if any, required to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Requirement which restoration, as implied by the Rate Covenant, is intended to occur within eighteen (18) months; and (b) the amount set forth in a Supplemental Indenture if an amount different from the Debt Service Reserve Requirement is required.

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

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

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

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

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

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

GENERAL RESERVE FUND

After first having made the deposits to the Operating Account, Debt Service Fund, Reserve Maintenance Fund and Debt Service Reserve Fund described above, the Trustee shall transfer from the Revenue Fund on or before the last Business Day of each year (or more frequently if requested by a Commission Official) to the credit of the General Reserve Fund any funds which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Debt Service Fund. The provisions regarding the General Reserve Fund are further described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2015A BONDS—General Reserve Fund."

REBATE FUND

The Senior Indenture authorizes the creation of a Rebate Fund. The Commission covenants in the Senior Indenture to calculate and to pay directly to the government of the United States of America all amounts due for payment of "arbitrage rebate" under Section 148(f) of the Code with respect to any Bonds. Nevertheless, the Commission in the future may deposit with the Trustee or direct the Trustee to deposit in the Rebate Fund amounts held in any Fund under the Senior Indenture for any or all Series of Bonds (which direction shall specify the procedures for collection and payment of amounts due in respect of arbitrage rebate) if (a) required under any amendments to Section 148(f) of the Code or (b) the Commission otherwise determines that the funding of the Rebate Fund is necessary or appropriate. The Rebate Fund is a trust fund but the amounts therein do not constitute part of the Trust Estate. Amounts on deposit in the Rebate Fund may be used solely to make payments to the United States of America under Section 148 of the Code and to pay costs related to the calculation of the amounts due. Upon satisfaction of the Commission's covenants described above, any amounts remaining in the Rebate Fund shall be deposited in the General Reserve Fund.

ALTERNATE CONSTRUCTION FUND

In connection with any Supplemental Indenture executed on or after December 18, 2014 for capital projects where the Commission expects to receive monies from the federal government for reimbursement of costs associated with such capital projects, the Commission shall create a separate Alternate Construction Fund for such Additional Bonds for deposit and disbursement of certain funds which shall not include proceeds of Bonds issued or outstanding under the Senior Indenture. Monies to be deposited in the Alternate Construction Fund shall consist of monies received and identified for deposit thereto by the Commission from the federal government for reimbursement of costs associated with the various capital expenditures to be financed by such Additional Bonds. Monies in an Alternate Construction Fund may only be requisitioned after all the proceeds of such Additional Bonds have been requisitioned from the applicable Account of the Construction Fund.

If at any time a Commission Official shall file with the Trustee a certificate stating that the cost of the applicable capital expenditure has been finally determined and that the funds remaining in the Alternate Construction Fund exceed the remaining costs thereof, then an amount equal to such excess shall be transferred to a fund described in such certificate, provided the same is accompanied by an opinion of Bond Counsel to the effect that such transfer and/or application will not adversely affect the tax-exempt status of the interest of such Additional Bonds.

Such an Alternate Construction Fund has been created in connection with the issuance of the 2015A Bonds.

ADDITIONAL SECURITY; PARITY WITH OTHER PARITY OBLIGATIONS

Except as otherwise provided or permitted in the Senior Indenture, the Trust Estate securing all Bonds issued under the terms of the Senior Indenture shall be shared on a parity with other Parity Obligations on an equal and ratable basis. The Commission may, however, in its discretion, provide additional security or credit enhancement for specified Parity Obligations with no obligation to provide such additional security or credit enhancement to other Parity Obligations, except that no additional security or credit enhancement shall be provided unless there shall have been first delivered to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on any Bonds for federal income tax purposes will not be adversely affected thereby. Moreover, the Commission may provide in a Supplemental Indenture that Bonds issued thereunder are not secured, or are secured only in part or only under certain circumstances, by the Trust Estate.

DEPOSITARIES; INVESTMENT OF MONEYS

Except as otherwise provided in the Senior Indenture, all moneys received by the Commission under the provisions of the Senior Indenture shall be deposited with the Trustee or with one or more Depositaries. All moneys deposited under the provisions of the Senior Indenture with the Trustee or any other Depositary shall be held in trust, credited to the particular fund or account to which such moneys belong and applied only in accordance with the provisions of the Senior Indenture. No moneys shall be deposited with any Depositary, other than the Trustee, in an amount exceeding fifty per centum (50%) of the amount which an officer of such Depositary shall certify to the Commission as the combined capital and surplus of such Depositary. All moneys deposited with the Trustee or any other Depositary under the Senior Indenture shall, to the extent not insured, be secured in the manner required or permitted by applicable law.

Moneys held in any of the funds or accounts under the Senior Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided above or may be invested in Permitted Investments. All investments made pursuant to the Senior Indenture shall be subject to withdrawal or shall mature or be subject to repurchase or redemption by the holder, not later than the earlier of (a) the date or dates set forth for similar investments in the applicable Supplemental Indenture or (b) the date on which the moneys may reasonably be expected to be needed for the purpose of the Senior Indenture.

Investments acquired with the moneys in any fund or account shall be a part of such fund or account and, for the purposes of determining the amount in such fund or account, shall be valued at their then fair market value. The interest or income received on an investment shall remain in the fund or account to which the investment is credited except to the extent otherwise provided in the applicable Supplemental Indenture.

The Trustee shall withdraw, redeem or sell all or a portion of any investment upon receipt of the written direction from the Commission or upon a determination by the Trustee that moneys in such fund or account are to be applied or paid by the Trustee pursuant to the provisions of the Senior Indenture, and the proceeds thereof shall be deposited by the Trustee in the appropriate fund or account. Neither the Trustee nor the Commission shall be liable or responsible for any depreciation in the value of the Permitted Investments or for any losses incurred upon any unauthorized disposition thereof.

Each fund held under the Senior Indenture shall be valued by the Trustee at least once annually within thirty days after the end of each Fiscal Year.

EVENTS OF DEFAULT

Each of the following is an "Event of Default" under the Senior Indenture:

(a) Default in the payment of any installment of principal, redemption premium, if any, interest or other amount due on any Bond when the same becomes due and payable;

(b) Default in the payment by the Commission of any other Parity Obligation;

(c) Subject to the provisions relating to notice and opportunity to cure certain defaults, default in the performance or breach of any covenant, warranty or representation of the Commission contained in the Senior Indenture (other than a default under (a) and (b) above);

(d) The occurrence of any Event of Default under any Supplemental Indenture; or

(e) (1) The occurrence of an Event of Bankruptcy of the Commission; (2) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Commission or of any substantial portion of its property, which appointment shall not have been rescinded or stayed within ninety (90) days after taking effect; or (3) the ordering of the winding up or liquidation of the affairs of the Commission.

No default under paragraph (c) above under "Events of Default" shall constitute an Event of Default until written notice of such default shall have been given to the Commission by the Trustee or by the holders of at least 25% in aggregate principal amount of the Bonds Outstanding, and the Commission shall have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default is such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Commission within such period and diligently pursued (as determined by the Trustee) until the default is corrected.

REMEDIES UPON DEFAULT

If an Event of Default occurs and is continuing, the Trustee may, and upon the written request to the Trustee by the holder or holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall, subject to the requirement that the Trustee be provided with indemnity satisfactory to it, by written notice to the Commission, declare the principal and interest on of the Bonds to the date of acceleration to be immediately due and payable.

At any time after such a declaration of acceleration has been made and before the entry of a judgment or decree for payment of the money due, the Trustee may, or the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, may by written notice to the Commission and the Trustee, and subject to the provision to the Trustee of satisfactory indemnity, direct the Trustee to rescind and annul such declaration and its consequences if: (1) there has been paid to or deposited with the Trustee by or for the account of the Commission, or provision satisfactory to the Trustee has been made for the payment of a sum sufficient to pay: (i) all overdue installments of interest on the Bonds; (ii) the principal of and redemption premium, if any, on any Bonds which have become due other than by such declaration of acceleration and interest thereon; (iii) all amounts due on other Parity Obligations; (iv) to the extent lawful, interest upon overdue installments of interest and redemption premium, if any; and (v) all sums paid or advanced by the Trustee under the Senior Indenture, together with the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel prior to the date of notice of rescission; and (2) all Events of Default, other than those described in paragraphs (a) and (b) above under "Events of Default", if any, which have occasioned such acceleration, have been cured or waived.

No such rescission and annulment shall affect any subsequent default or impair any consequent right.

ADDITIONAL REMEDIES

The Trustee, upon the occurrence of an Event of Default may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding and subject to the requirement that the Trustee be provided with satisfactory indemnity, shall proceed to protect and enforce its rights and the rights of the holders of the Bonds under the Senior Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Senior Indenture or in aid of the execution of any power in the Senior Indenture granted, or for the enforcement of any other appropriate legal or equitable remedy, and the Trustee in reliance upon the advice of counsel may deem most effective to protect and enforce any of the rights or interests of the Bondholders under the Bonds or the Senior Indenture.

TRUSTEE MAY FILE PROOFS OF CLAIM

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding under the Bankruptcy Law relating to the Commission, any other obligor upon the Bonds or any property of the Commission, the Trustee (whether or not the principal of the Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Commission for the payment of overdue principal, redemption premium, if any, and interest) shall be entitled and empowered, by intervention in such proceeding or other means: (1) to file and prove a claim for the whole amount of the principal, redemption premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding or for breach of the Senior Indenture and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the holders allowed in such proceeding; and (2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is authorized pursuant to the Senior Indenture by each holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under the Senior Indenture. No provision of the Senior Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholders any plan of reorganization, arrangement, adjustment or composition affecting any of the Bonds or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any holder in any proceeding described in the preceding sentence.

PRIORITY OF PAYMENT FOLLOWING EVENT OF DEFAULT

Any portion of the Trust Estate held or received by the Trustee, by any receiver or by any Bond Owner pursuant to any right given or action taken under the provisions of the Senior Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and liabilities incurred by the Trustee and the transfer to Secured Owners (other than Owners of the Bonds) of amounts to which they are entitled by virtue of their parity position, shall be deposited and applied as follows:

(a) If the principal of all the Bonds then Outstanding and the interest accrued thereon has been declared to be due and payable immediately pursuant to the acceleration provisions described above (or, but for any legal prohibition on such declaration of acceleration, such principal and interest would have been declared to be due and payable immediately pursuant to such Section or the provisions of any applicable Reimbursement Agreement) and such declaration has not been rescinded and annulled, there shall be deposited into the Debt Service Fund moneys sufficient to pay the amounts described in clauses (i), (ii) and (iii) below, and all such moneys shall be applied, as promptly as practicable (but subject to the provisions of the last paragraph of this Section), proportionately to: (i) the payment to the persons entitled thereto of all payments of interest then due on the Bonds with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment; (ii) the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (or which but for any legal prohibition on such declaration of acceleration would have become due) with interest on such Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; and (iii) the payment of any other amounts then owing under the Senior Indenture; and, after said deposit into the Debt Service Fund, there shall be paid the Subordinated Indebtedness issued or incurred by the Commission pursuant to the Senior Indenture.

(b) If the principal of and interest on all Bonds then Outstanding has not been declared to be due and payable immediately pursuant to the acceleration provisions described above (or deemed to be due and payable as contemplated in paragraph (a) above) or if such a declaration has been rescinded and annulled, then there shall be deposited into the Debt Service Fund moneys sufficient to pay the amounts described in clauses (i), (ii) and (iii) below, and all such moneys shall be applied, as promptly as practicable (but subject to the provisions of the last paragraph of this Section), (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment; (ii) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due with interest on such Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; and (iii) third, to the payment of any other amounts then owing under the Senior Indenture, and, after said deposit into the Debt Service Fund, there shall be paid the Subordinated Indebtedness issued or incurred by the Commission pursuant to the Senior Indenture.

Whenever moneys are to be applied pursuant to the above provisions, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by mail to all Owners of Bonds with respect to which the Event of Default occurred and shall not be required to make payment to any Bond Owner until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

BONDHOLDERS MAY DIRECT PROCEEDINGS

The owners of a majority in aggregate principal amount of the Bonds Outstanding shall, subject to the requirement that the Trustee be provided with satisfactory indemnity, have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Senior Indenture, provided that such direction shall not be in conflict with any rule of law or the Senior

Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unduly prejudicial to the rights of Bondholders not parties to such direction or would subject the Trustee to personal liability or expense. Notwithstanding the foregoing, the Trustee shall have the right to select and retain counsel of its choosing to represent it in any such proceedings. The Trustee may take any other action which is not inconsistent with any direction under this provision.

LIMITATIONS ON RIGHTS OF BONDHOLDERS

No Bondholder shall have any right to pursue any other remedy under the Senior Indenture or the Bonds unless: (1) an Event of Default shall have occurred and is continuing; (2) the owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names; (3) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within sixty (60) days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Bonds Outstanding.

The provisions of the preceding paragraph are conditions precedent to the exercise by any Bondholder of any remedy under the Senior Indenture. The exercise of such rights is further subject to the provisions described under "Bondholders May Direct Proceedings" and "Delay or Omission Not Waiver" and certain other provisions of the Senior Indenture. No one or more Bondholders shall have any right in any manner whatever to enforce any right under the Senior Indenture, except in the manner provided in the Senior Indenture. All proceedings at law or in equity with respect to an Event of Default shall be instituted and maintained in the manner provided in the Senior Indenture for the equal and ratable benefit of the Bondholders of all Bonds Outstanding.

RIGHTS AND REMEDIES CUMULATIVE

No right or remedy in the Senior Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other right or remedy, but each such right or remedy shall, to the extent permitted by law, be cumulative of and in addition to every other right or remedy given under the Senior Indenture or now or hereafter existing at law, in equity or otherwise. The assertion or employment of any right or remedy under the Senior Indenture shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

DELAY OR OMISSION NOT WAIVER

No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of such Event of Default. Every right and remedy given by the Senior Indenture or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or the Bondholders, as the case may be.

WAIVER OF DEFAULTS

The holders of a majority in aggregate principal amount of the Outstanding Bonds may, by written notice to the Trustee and subject to the requirement that the Trustee be provided with satisfactory indemnity, waive any existing default or Event of Default and its consequences, except an Event of Default under paragraph (a) or (b) under "Events of Default." Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes. No waiver of any default or Event of Default shall extend to or effect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

Notwithstanding any provision of the Senior Indenture, in no event shall any Person, other than all of the affected Bondholders, have the ability to waive any Event of Default under the Senior Indenture if such event results or may result, in the opinion of Bond Counsel, in interest on any of the Bonds becoming includable in gross income for federal income tax purposes if the interest on such Bonds was not includable in gross income for federal income tax purposes prior to such event.

NOTICE OF EVENTS OF DEFAULT

If an Event of Default occurs of which the Trustee has or is deemed to have notice under the Senior Indenture, the Trustee shall give Immediate Notice thereof to the Commission. Within 90 days thereafter (unless such Event of Default has been cured or waived), the Trustee shall give notice of such Event of Default to each Bondholder then Outstanding, provided, however, that except in the instance of an Event of Default described in paragraph (a) or (b) above under "Events of Default," the Trustee may withhold such notice if and so long as the Trustee in good faith determines that the withholding of such notice does not materially adversely affect the interests of Bondholders, and provided, further, that notice to Bondholders of any Event of Default under paragraph (c) under "Events of Default" shall be subject to the provisions described above relating to cure of such defaults and shall not be given until the grace period has expired.

THE TRUSTEE; QUALIFICATIONS OF TRUSTEE

The Senior Indenture contains provisions relating to the appointment and duties of the Trustee. The Trustee under the Senior Indenture shall be a corporation or banking association organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, which has a combined capital and surplus of at least $50,000,000, or is an affiliate of, or has a contractual relationship with, a corporation or banking association meeting such capital and surplus requirement which guarantees the obligations and liabilities of the proposed trustee, and which is subject to supervision or examination by federal or state banking authority. If at any time the Trustee shall cease to be eligible in accordance with the provision described above, it shall resign promptly in the manner and with the effect specified in the Senior Indenture.

RESIGNATION OR REMOVAL OF TRUSTEE; APPOINTMENT OF SUCCESSOR TRUSTEE

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Senior Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Senior Indenture.

The Trustee may resign at any time by giving written notice to the Commission. Upon receiving such notice of resignation, the Commission shall promptly appoint a successor Trustee by an instrument in writing. If an instrument of acceptance has not been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee or any Bondholder may petition a court of competent jurisdiction for the appointment of a successor Trustee.

Prior to the occurrence and continuance of an Event of Default under the Senior Indenture, or after the curing or waiver of any such Event of Default, the Commission or the holders of a majority in aggregate principal amount of the Outstanding Bonds, may remove the Trustee and shall appoint a successor Trustee. In the event there shall have occurred and be continuing an Event of Default under the Senior Indenture, the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In each instance, such removal and appointment shall be accomplished by an instrument or concurrent instruments in writing signed by the Commission or such holders, as the case may be, and delivered to the Trustee, the Commission, the holders of the Outstanding Bonds and the Successor Trustee.

If at any time: (1) the Trustee shall cease to be eligible and qualified under the Senior Indenture and shall fail or refuse to resign after written request to do so by the Commission or the holder of any Bond, or (2) the Trustee shall become incapable of acting or shall be adjudged insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take charge or control of the Trustee, its property or affairs for the purpose of rehabilitation, conservation or liquidation, then in either such case (i) the Commission may remove the Trustee and appoint a successor Trustee in accordance with the provisions of the immediately preceding paragraph; or (ii) any holder of a Bond then Outstanding may, on behalf of the holders of all Outstanding Bonds, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee.

The Commission shall give written notice of each resignation or removal of the Trustee and each appointment of a successor Trustee to each holder of Bonds then Outstanding as listed in the Bond Register. Each such notice shall include the name and address of the applicable corporate trust office of the successor Trustee.

SUPPLEMENTAL INDENTURES WITHOUT BONDHOLDERS' CONSENT

The Senior Indenture provides that the Commission and the Trustee may from time to time and at any time enter into Supplemental Indentures, without the consent of or notice to any Bondholder, to effect any one or more of the following: (a) cure any ambiguity, defect or omission or correct or supplement any provision in the Senior Indenture or in any Supplemental Indenture; (b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee which are not contrary to or inconsistent with the Senior Indenture as then in effect or to subject to the pledge and lien of the Senior Indenture additional revenues, properties or collateral including Defeasance Obligations; (c) add to the covenants and agreements of the Commission in the Senior Indenture other covenants and agreements thereafter to be observed by the Commission or to surrender any right or power in the Senior Indenture reserved to or conferred upon the Commission which are not contrary to or inconsistent with the Senior Indenture as then in effect; (d) permit the appointment of a co-trustee under the Senior Indenture; (e) modify, alter, supplement or amend the Senior Indenture in such manner as shall permit the qualification of the Senior Indenture, if required, under the Trust Indenture Act of 1939, the Securities Act of 1933 or any similar federal statute hereafter in effect; (f) make any other change in the Senior Indenture that is determined by the Trustee not to be materially adverse to the interests of the Bondholders; (g) implement the issuance of Additional Bonds permitted under the Senior Indenture; or (h) if all Bonds in a series are Book Entry Bonds, amend, modify, alter or replace any Letter of Representations or other provisions relating to Book Entry Bonds. The Trustee shall not be obligated to enter into any such Supplemental Indenture which adversely affects the Trustee's own rights, duties or immunities under the Senior Indenture.

SUPPLEMENTAL INDENTURES REQUIRING BONDHOLDERS' CONSENT

The Commission and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Senior Indenture, but only with the written consent, given as provided in the Senior Indenture, of the holders of at least a majority in aggregate principal amount of the Bonds Outstanding at the time such consent is given, and in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the holders of at least a majority in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under these provisions. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (a) a change in the terms of stated maturity or redemption of any Bond or of any installment of interest thereon; (b) a reduction in the principal amount of or redemption premium on any Bond or in the rate of interest thereon or a change in the coin or currency in which such Bond is payable; (c) the creation of a lien on or a pledge of any part of the Trust Estate which has priority over or parity with (to the extent not permitted under the Senior Indenture) the lien or pledge granted to the Bondholders under the Senior Indenture (but this provision shall not apply to the release of any part of the Trust Estate as opposed to the creation of a prior or parity lien or pledge); (d) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds, except to the extent permitted in the Senior Indenture; (e) a reduction in the aggregate principal amount of Bonds of which the consent of the Bondholders is required to effect any such modification or amendment; or (f) a change in the provisions of the Senior Indenture provisions relating to amendments and supplements. Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available under the Senior Indenture for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full. Notice of any Supplemental Indenture executed pursuant to the provisions described above shall be given to the Bondholders promptly following the execution thereof.

CONSENTS OF BONDHOLDERS AND OPINIONS

Each Supplemental Indenture executed and delivered pursuant to the provisions described under "Supplemental Indentures Requiring Bondholders' Consent" shall take effect only when and as provided below. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be sent by the Trustee to Bondholders, at the expense of the Commission, by first class mail, postage prepaid, provided that a failure to mail such request shall not affect the validity of the Supplemental Indenture when consented to as provided in the Senior Indenture. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Bondholders of the percentage of Bonds specified above under "Supplemental Indentures Requiring Bondholders' Consent" given as provided in the Senior Indenture, and (b) an opinion of counsel acceptable to the Trustee stating that (1) the execution of such Supplemental Indenture is authorized or permitted by the Senior Indenture and (2) all conditions precedent to the execution and delivery of such Supplemental Indenture have been complied with, and an opinion of Bond Counsel that the execution and performance of such Supplemental Indenture shall not, in and of itself, adversely affect the federal income tax status of any Bonds, the interest on which is not included in gross income for federal income tax purposes. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor or in lieu thereof (whether or not such subsequent Bondholder has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent holder of such Bonds by filing such revocation with the Trustee prior to the date the Trustee receives the material required in clauses (a) and (b) above.

Notwithstanding anything else in the Senior Indenture, if a Supplemental Indenture is to become effective on the same date as the date of issuance of Additional Bonds, the consents of the underwriters or purchasers of such Additional Bonds shall be counted for purposes of the Senior Indenture.

The Senior Indenture provides that Bonds which are to be disregarded under the last sentence of the definition of "Outstanding" shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article. At the time of any consent or other action taken under this Article or elsewhere in the Senior Indenture, the Commission shall furnish the Trustee a certificate of a Commission Official, upon which the Trustee may rely, describing all Bonds so to be excluded.

DISCHARGE OF BONDS

If (a) the principal of any Bonds and the interest due or to become due thereon, together with any redemption premium required by redemption of any of the Bonds prior to maturity, shall be paid, or is caused to be paid, or is provided for as described below under "Defeasance," at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the outstanding Bonds shall have been paid and discharged in accordance with the Senior Indenture, and (b) all of the covenants, agreements, obligations, terms and conditions of the Commission under the Senior Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions of the Senior Indenture, then the right, title and interest of the Trustee in the Trust Estate shall thereupon cease and the Trustee, on request of the Commission and at the expense of the Commission, shall release the Senior Indenture and the Trust Estate and shall execute such documents to evidence such release as may be reasonably required by the Commission and shall turn over to the Commission, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds under the Senior Indenture except for amounts required to pay such Bonds or held unclaimed in respect of Bonds which have matured or been redeemed pursuant to the Senior Indenture.

If payment or provision therefor is made with respect to less than all of the 2015A Bonds of a maturity within a particular series, the particular 2015A Bonds within such maturity for which provision for payment shall have been made shall be selected as provided for a partial redemption.

DEFEASANCE

Provision for the payment of 2015A Bonds shall be deemed to have been made when the Trustee holds in the Debt Service Fund (1) cash in an amount sufficient to make all payments (including principal, premium, if any, and interest) specified above with respect to such 2015A Bonds, or (2) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated "AAA" by S&P or "Aaa" by Moody's (or any combination of the foregoing), or (3) any combination of cash and obligations described in clause (2) above the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient (together with any earnings thereon) to make all such payments; *provided, however,* that with respect to any 2015A-2 Bonds for any periods for which the Adjusted SIFMA Rate has not yet been determined, interest shall be provided for at the Maximum Rate.

Neither the moneys nor the obligations deposited with the Trustee as provided above shall be withdrawn or used for any purpose other than, and such obligations and moneys shall be segregated and held in trust for, the payment of the principal or redemption price of, premium, if any, on and interest on, the 2015A Bonds (or portions thereof) to be no longer entitled to the lien of the Senior Indenture; *provided* that such moneys, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the Interest Payment Date next succeeding the date of investment or reinvestment.

Whenever moneys or obligations shall be deposited with the Trustee for the payment or redemption of 2015A Bonds more than 60 days prior to the date that such 2015A Bonds are to mature or be redeemed, the Trustee shall mail a notice to the Owners of 2015A Bonds for the payment of which such moneys or obligations are being held at their registered addresses stating that such moneys or obligations have been deposited. Such notice shall also be sent by the Trustee to each Rating Agency then rating the 2015A Bonds at the request of the Commission. Notwithstanding the foregoing, no provision for payment shall be deemed to have been made with respect to any 2015A Bonds which are to be redeemed prior to their stated maturity until such 2015A Bonds shall have been irrevocably called or designated for redemption on a date thereafter on which such 2015A Bonds may be redeemed and proper notice of such redemption shall have been given or the Commission shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to give proper notice of such redemption.

In the event of a deposit of moneys or obligations for the payment or redemption of the 2015A Bonds described above, the Commission shall cause to be delivered a verification report of an independent, nationally recognized certified public accountant confirming that the above-described requirements have been satisfied. If a forward supply contract is employed in connection with the advance refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

At such times as a 2015A Bond shall be deemed to be paid under the Senior Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Senior Indenture, except for the purposes of any such payment from such money or obligations.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

BELOW IS THE PROPOSED FORM OF
OPINION OF CO-BOND COUNSEL EXPECTED TO
BE DELIVERED IN CONNECTION WITH THE
ISSUANCE OF THE 2015A BONDS

June 1, 2015

RE: Pennsylvania Turnpike Commission
$385,095,000 Turnpike Revenue Bonds, Series A-1 of 2015
$115,635,000 Variable Rate Turnpike Revenue Bonds, Series A-2 of 2015

To the Purchasers of the Bonds:

We have acted as Co-Bond Counsel to the Pennsylvania Turnpike Commission (the "Commission") in connection with the issuance by the Commission of its $385,095,000 Turnpike Revenue Bonds, Series A-1 of 2015 (the "2015A-1 Bonds") and $115,635,000 Variable Rate Turnpike Revenue Bonds, Series A-2 of 2015 (the "2015A-2 Bonds", and together with the 2015A-1 Bonds, collectively, the "Bonds") on the date hereof. The Bonds are issued under and pursuant to an Act of the General Assembly of Pennsylvania (the "General Assembly") approved July 18, 2007, P.L. 169, No. 44 ("Act 44"), as amended and supplemented by an Act of the General Assembly approved November 25, 2013, P.L. 974, No. 89 ("Act 89"); various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P. L. 774; the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240 to the extent not repealed by Act 44 (collectively with Act 44 and Act 89, the "Enabling Acts"), a resolution of the Commission adopted on January 28, 2015 (the "Resolution"), and pursuant to and under an Amended and Restated Trust Indenture dated as of March 1, 2001, between the Commission and U.S. Bank National Association (successor trustee to First Union National Bank), as trustee, as amended and supplemented (as previously amended and supplemented, the "Restated Indenture"), including by Supplemental Trust Indenture No. 38 dated as of June 1, 2015 (the "Supplemental Indenture," and together with the Restated Indenture, the "Indenture"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The 2015A-1 Bonds are fixed rate bonds and the 2015A-2 Bonds are variable rate bonds dated their date of issuance and will bear interest from such date at the fixed and variable rates, respectively, and mature in the amounts and on the dates, set forth in the Official Statement of the Commission related to the Bonds. The Bonds will be issued only as fully registered bonds in denominations of $5,000 and integral multiples of $5,000 in excess thereof. The Bonds are subject to mandatory and optional redemption prior to maturity as more fully described in the Indenture.

The proceeds of the 2015A-1 Bonds will be used to finance the costs of: (i) the advance refunding of all of the Commission's outstanding Turnpike Fixed Rate Revenue Bonds, Series A of 2006; (ii) various capital expenditures set forth in the Commission's current ten year capital plan or any prior capital plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges; (iii) a required deposit to the Debt Service Reserve Fund; (iv) capitalized interest on the 2015A-1 Bonds; and (v) issuing the 2015A-1 Bonds.

The proceeds of the 2015A-2 Bonds will be used to finance the costs of: (i) the current refunding of all the Commission's outstanding Variable Rate Turnpike Revenue Bonds, Series B of 2013 maturing December 1, 2015; (ii) the refunding at maturity of its Variable Rate Turnpike Revenue Bonds, Series B-1 of 2014 maturing June 1, 2015 and Variable Rate Turnpike Revenue Bonds, Series B-2 of 2014 maturing June 1, 2015; and (iii) issuing the 2015A-2 Bonds.

We have examined the proceedings relating to the authorization and issuance of the Bonds, including, among other things: (a) the Enabling Acts; (b) a certified copy of the Resolution; (c) executed copies of the Restated Indenture, the Supplemental Indenture and the Escrow Deposit Agreement (as defined in the Supplemental Indenture); (d) the forms of the Bonds; (e) various certificates executed by the Commission and/or the Trustee including certificates as to the authentication and delivery of the Bonds and a certificate with regard to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"); (f) the opinion of Doreen A. McCall, Esquire, Chief Counsel to the Commission, on which we have relied; (g) the Form 8038-G of the Commission with respect to the Bonds; and (h) such constitutional and statutory provisions and such other resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to matters set forth herein.

In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the authenticity of certificates of public officials. As to any facts material to our opinion, we have assumed the validity of and have not undertaken to verify the factual matters set forth in such agreements, certificates and other documents by independent investigation, and we have relied on the covenants, warranties and representations made by the Commission and the Trustee in such certificates and in the Indenture. 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 such other parties.

Based upon and subject to the foregoing and the additional assumptions, qualifications and limitations set forth below, we are of the opinion that:

1. The Commission is a body corporate and politic, is validly existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and has the corporate power to execute and deliver the Supplemental Indenture and to issue and deliver the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Commission, are valid and binding limited obligations of the Commission, payable as to principal, interest and all other obligations thereunder solely from and enforceable only against the revenues and receipts derived from the Trust Estate and any other properties and rights assigned or pledged under the Indenture as security for the debt evidenced by the Bonds, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in accordance with general principles of equity.

3. The Supplemental Indenture has been duly authorized, executed and delivered by the Commission and is enforceable against the Commission in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, moratorium and other laws affecting creditors' rights, by equitable principles,

whether considered at law or in equity, and by the exercise of judicial discretion in accordance with general principles of equity.

4. Under existing laws of the Commonwealth, the interest on the Bonds is free from Pennsylvania personal income taxation and Pennsylvania corporate net income taxation, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

5. Interest on the Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the Commission complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. The Commission has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, we call to your attention that under the Code, to the extent that interest on the Bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax. We express no opinion regarding any other federal tax consequences relating to the Bonds or the receipt of interest thereon.

We express no opinion herein as to any matter not set forth in the numbered sections above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the Preliminary Official Statement or Official Statement prepared in connection with the Bonds, including the appendices thereto, and make no representation that we have independently verified the contents thereof. We express no opinion as to the availability of specific performance or other equitable relief.

We call to your attention that the Bonds do not pledge the general credit or taxing power of the Commonwealth or any political subdivision, agency or instrumentality of the Commonwealth, nor shall the Commonwealth or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the Bonds (other than the Commission, to the limited extent described in the Indenture).

This opinion is rendered on the basis of federal law and the laws of the Commonwealth as enacted and construed on the date hereof.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is given as of the date hereof and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We assume no obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any changes in facts, circumstances or law which may hereafter occur. This opinion is rendered solely for your benefit, may be relied upon by you solely in connection with the transactions contemplated hereby, and may not be relied upon by you for any other purpose or by any other person for any purpose.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

DEBT SERVICE REQUIREMENTS OF THE TURNPIKE SENIOR, SUBORDINATE AND SPECIAL REVENUE BONDS

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

DEBT SERVICE REQUIREMENTS OF THE TURNPIKE SENIOR, SUBORDINATE AND SPECIAL REVENUE BONDS

Fiscal Year	Existing Debt Service - Senior Revenue Bonds[1,2,3,4,5,7]	2015A Bonds			Total Debt Service - Senior Revenue Bonds[1,2,3,4,5,7]	Total Debt Service - Subordinate Revenue Bonds[1,4,5,6,7]	Total Debt Service - Subordinate Special Revenue Bonds[5,6]	Aggregate Debt Service[1,2,3,4,5,6,7]
		Principal[1,4,5]	Interest[1,4,5,7]	Total[1,5,7]				
2015	$187,286,981	--	--	--	$187,286,981	$205,626,965	$36,026,573	$428,940,519
2016	211,319,286	15,635,000	11,743,134	27,378,134	238,697,420	222,135,436	36,524,913	497,357,769
2017	346,445,764	--	22,301,706	22,301,706	368,747,470	243,197,273	45,194,388	657,139,130
2018	340,434,505	25,000,000	22,742,722	47,742,722	388,177,227	246,711,685	45,760,088	680,648,999
2019	335,796,550	25,000,000	22,074,173	47,074,173	382,870,723	276,825,984	46,337,988	706,034,694
2020	327,707,290	25,000,000	21,384,100	46,384,100	374,091,390	280,408,206	48,348,388	702,847,983
2021	381,735,289	490,000	20,209,100	20,699,100	402,434,389	296,859,887	53,750,375	753,044,650
2022	321,928,564	26,020,000	20,184,600	46,204,600	368,133,164	298,986,373	54,423,825	721,543,361
2023	162,563,564	21,660,000	18,908,600	40,568,600	203,132,164	299,929,189	62,030,565	565,091,918
2024	162,231,551	25,005,000	17,825,600	42,830,600	205,062,151	299,958,295	62,692,365	567,712,811
2025	162,219,242	26,775,000	16,575,350	43,350,350	205,569,592	300,662,717	63,723,703	569,956,012
2026	162,217,719	28,650,000	15,236,600	43,886,600	206,104,319	300,857,596	63,980,515	570,942,430
2027	131,640,694	30,635,000	13,804,100	44,439,100	176,079,794	313,913,120	81,863,159	571,856,073
2028	111,243,069	5,240,000	12,272,350	17,512,350	128,755,419	317,960,700	83,387,371	530,103,490
2029	112,735,894	6,145,000	12,010,350	18,155,350	130,891,244	325,845,266	85,012,771	541,749,281
2030	138,894,194	7,115,000	11,703,100	18,818,100	157,712,294	323,364,289	82,926,603	564,003,185
2031	140,494,431	8,165,000	11,347,350	19,512,350	160,006,781	323,064,828	84,429,328	567,500,937
2032	170,158,206	9,285,000	10,939,100	20,224,100	190,382,306	324,854,788	86,286,503	601,523,596
2033	171,636,331	10,475,000	10,474,850	20,949,850	192,586,181	324,834,523	88,882,828	606,303,531
2034	173,335,156	11,545,000	9,951,100	21,496,100	194,831,256	326,196,885	91,142,578	612,170,719
2035	175,099,131	12,885,000	9,373,850	22,258,850	197,357,981	326,887,594	93,522,840	617,768,415
2036	173,952,156	14,180,000	8,858,450	23,038,450	196,990,606	327,602,228	98,899,140	623,491,974
2037	169,357,207	15,560,000	8,291,250	23,851,250	193,208,457	327,480,846	101,188,496	621,877,799
2038	157,427,982	17,175,000	7,513,250	24,688,250	182,116,232	328,406,370	103,561,626	614,084,228
2039	159,340,636	18,895,000	6,654,500	25,549,500	184,890,136	319,148,700	88,293,334	592,332,170
2040	143,077,079	20,735,000	5,709,750	26,444,750	169,521,829	242,426,628	63,109,455	475,057,911
2041	156,462,894	22,695,000	4,673,000	27,368,000	183,830,894	286,457,829	64,057,366	534,346,089
2042	158,634,878	--	3,538,250	3,538,250	162,173,128	285,604,810	56,361,900	504,139,838
2043	160,878,413	-- -	3,538,250	3,538,250	164,416,663	108,100,623	40,098,483	312,615,768
2044	150,058,672	23,735,000	3,538,250	27,273,250	177,331,922	79,960,608	25,398,093	282,690,622
2045	100,461,645	29,040,000	2,351,500	31,391,500	131,853,145	20,159,918	5,176,815	157,189,877
2046	72,540,826	17,990,000	899,500	18,889,500	91,430,326	8,804,740	--	100,235,066
2047	72,589,849	--	--	--	72,589,849	--	--	72,589,849
2048	72,633,704	--	--	--	72,633,704	--	--	72,633,704
2049	72,673,699	--	--	--	72,673,699	--	--	72,673,699
2050	72,721,942	--	--	--	72,721,942	--	--	72,721,942
TOTAL	**$6,319,934,993**	**$500,730,000**	**$366,627,784**	**$867,357,784**	**$7,187,292,778**	**$8,513,234,895**	**$2,042,392,369**	**$17,742,920,041**

(1) All variable rate debt, unless subject to an interest rate swap agreement, is shown at an assumed rate of 4.0% plus a fixed spread. All variable rate debt which is swapped to a fixed rate is shown at the fixed swap rate. As only a portion of principal on the 2012B, 2013B and 2014B Turnpike Revenue Bonds (SIFMA Index Notes) is swapped, the interest rate is calculated as a weighted average between (a) an assumed rate of 4.0% plus the fixed spread and (b) the swap rate plus the fixed spread, based on the outstanding principal amounts of unhedged and hedged bonds.

(2) Interest reflects anticipated receipt of federal subsidy with respect to Build America Bonds, subject to applying an assumed 7.3% reduction in subsidy from federal fiscal year 2015 through federal fiscal year 2024. For information regarding the effects of sequestration on federal subsidy payable with respect to the Commission's outstanding Build America Bonds, see "CERTAIN RISK FACTORS – Reductions in subsidy payable to the Commission for its outstanding Build America Bonds due to sequestration" in this Official Statement.

(3) Reflects the issuance of the 2015A Bonds and the refunding of the 2006 Refunded Bonds and the Refunded FRN Bonds. Does not reflect any future refunding of 2012B, 2013A, 2013B and 2014B Turnpike Revenue Bonds (SIFMA Index Notes) prior to their respective maturity dates. The Commission expects that it will refund such bonds prior to maturity subject to market conditions at the time. See APPENDIX A — "THE PENNSYLVANIA TURNPIKE COMMISSION — CERTAIN FINANCIAL INFORMATION – Future Financing Considerations."

(4) Interest net of capitalized interest; does not reflect any expected earnings credited against debt service.

(5) Totals may not add due to rounding.

(6) Interest amounts are inclusive of compounded interest on the Convertible Capital Appreciation Bonds and Capital Appreciation Bonds.

(7) All fixed rate debt, unless subject to an interest rate swap agreement, is shown at the actual interest rate. All fixed rate debt which is swapped to a floating rate is shown at an assumed rate of 4.0% plus the fixed spread.

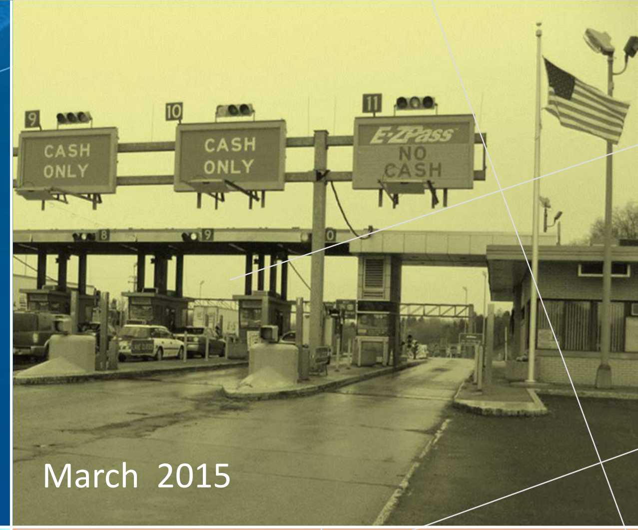
[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

TRAFFIC AND REVENUE STUDY

[THIS PAGE INTENTIONALLY LEFT BLANK]

Pennsylvania Turnpike 2015 Traffic and Revenue Forecast Study



March 2015

PENNA TURN PIKE

Pennsylvania Turnpike Commission

CDM Smith

Table of Contents

Appendices

Tables

Figures (Follows Page)

Chapter 1

Introduction

This report summarizes the analyses conducted by CDM Smith in developing updated traffic and toll revenue estimates for the various toll facilities operated by the Pennsylvania Turnpike Commission (PTC). CDM Smith forecasts have been used by PTC for more than 20 years in support of the issuance of bond financing and for internal financial planning. In light of the current economic climate, it is more important than ever to have up-to-date traffic and revenue forecasts based on the most current information available.

CDM Smith last developed a detailed investment grade traffic and toll revenue study in March 2012. Since that time additional “bring down” letters have also been developed to update forecasts developed in the 2012 Study. Bring down letters were developed in March 2013 and February 2014. The purpose of a bring down letter is to update actual traffic and revenue experience since the last study and to adjust short term (2 to 5 year) forecasts based on recent trends. Detailed economic analyses are not conducted as part of a bring down letter and therefore longer term forecasts are not adjusted from those originally developed as part of the latest investment grade study.

This current study included a comprehensive evaluation of the most currently available long term socioeconomic forecasts, and is, therefore, meant to be an update of the March 2012 investment grade study. This forecast includes updated long term traffic and revenue forecasts through FY 2043-44. PTC’s most recent assumptions regarding future toll rate increases, discount levels for the Commercial Volume Discount Program, and future committed capital improvements have been incorporated into this study. CDM Smith also developed and incorporated estimates of future year E-ZPass penetration for cars and trucks on the PTC’s toll facilities.

PTC has been studying the possible implementation of all electronic tolling (AET) on its facilities. CDM Smith has been a member of the study team analyzing both the potential traffic and toll revenue impacts as well as the potential capital and maintenance and operating (M&O) cost impacts AET may have on the Turnpike System. Although it appears likely that AET will be implemented on the Turnpike System, this conversion would not occur for several years. It is possible that some of the barrier systems may be converted as early as 2016 as a pilot program. AET is not assumed in the forecast presented in this report. It should be noted, however, that PTC has emphasized that a key requirement of AET is that it be net revenue positive and enhance the overall financial strength of the Turnpike. Absent this, among other criteria, AET would not be implemented on the Turnpike System.

1.1 Report Structure

This report is comprised of four chapters, including the following:

Chapter 1: Introduction
Chapter 2: Turnpike Characteristics
Chapter 3: Socioeconomic Trends and Forecasts
Chapter 4: Transaction and Toll Revenue Forecasts

The following is a brief description of each chapter following this introduction.

Chapter 2 (Turnpike Characteristics) provides a review of monthly and annual transaction and toll revenue trends. Data are provided for passenger cars and commercial vehicles separately. Information is provided for the entire Turnpike System as well as for each of the individual toll facilities (Ticket System, Turnpike 43, etc.) that make up the Turnpike System. E-ZPass market share trends, historical toll rate adjustments, and changes to the Commercial Volume Discount Program are also summarized in Chapter 2.

Chapter 3 (Socioeconomic Trends and Forecasts) summarizes trends and forecasts in key socioeconomic variables, including population, employment, retail sales, and gross regional product. This data is broken down (at a county level) to reflect the actual market share for the various interchanges on the Turnpike System. Pennsylvania statewide data, as well as data for surrounding states and the United States, are also provided for each of these variables. Trends and forecasts in motor fuel prices are also covered in this chapter. The methodology used to estimate future traffic growth is described in detail. The ultimate product of Chapter 3 is a table showing the assumed normal growth rates used to develop traffic and toll revenue estimates for passenger cars and commercial vehicles for each Turnpike toll facility.

Chapter 4 (Transaction and Toll Revenue Forecasts) begins with a review of the assumed roadway improvement program for the Pennsylvania Turnpike. Planned toll rate adjustments throughout the 30 year forecast period are identified. Because of the toll differential that now exists between cash and E-ZPass, assumptions regarding future E-ZPass market share are important. All assumptions regarding E-ZPass market share throughout the forecast period are discussed in this chapter. Finally, estimates of traffic and gross toll revenue are provided through FY 2043-44. Forecasts are provided for passenger cars and commercial vehicles, for both the Ticket System and the total Barrier System, as well as for the total Turnpike System.

Chapter 2

Turnpike Characteristics

This chapter presents historical transaction and gross toll revenue trends on the Turnpike facilities. It also presents actual trends in the E-ZPass market share and historical toll increases. A comparison is presented between the current Turnpike per-mile toll rate on I-76/I-276 and other toll road facilities. Lastly, recent changes to the PTC's Commercial Volume Discount Program are described.

2.1 The Pennsylvania Turnpike Facilities

Figure 2-1 provides an overview of the Turnpike System, identifying each of its six toll facilities:

- Mainline I-76/I-276 (359 miles)
- Northeast Extension I-476 (110 miles)
- Turnpike 43 – Mon/Fayette Expressway (48 miles)
- Turnpike 66 – Amos K. Hutchinson Bypass (13 miles)
- Turnpike I-376 – Beaver Valley Expressway (16 miles)
- Turnpike I-576 - Southern Beltway – Findlay Connector Section (6 miles)

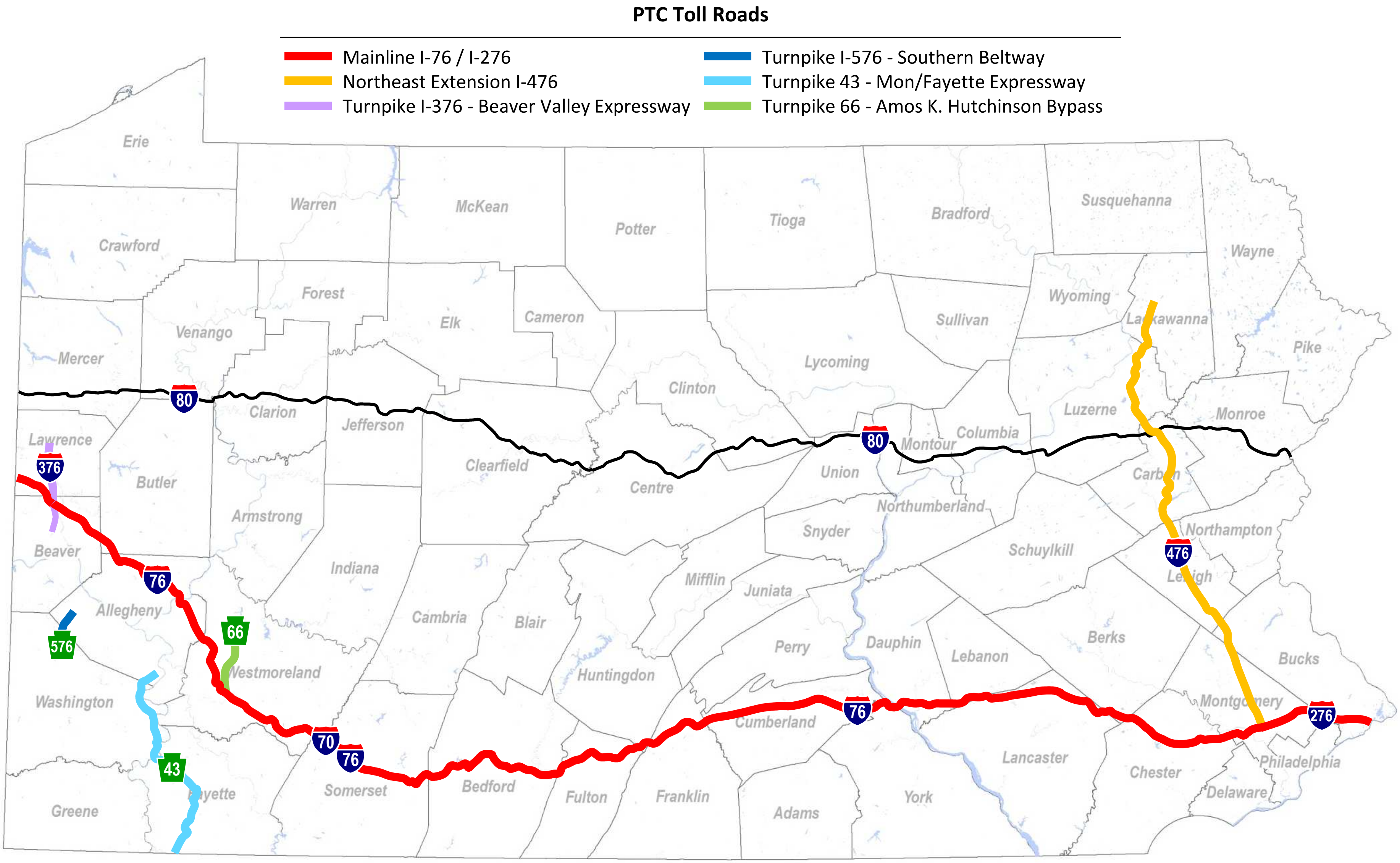
There are two toll collection systems on the Turnpike System; a ticket system, and a Barrier System. The Ticket System is comprised of the majority of Mainline I-76 / I-276 (from Interchange 30 in western Pennsylvania to Interchange 359 near the New Jersey border) and the majority of the Northeast Extension (from Interchange 20 to Interchange 131).

The Barrier System is comprised of Turnpikes I-376 (Beaver Valley Expressway), Turnpike 66 (Amos K. Hutchinson Bypass), Turnpike 43 (Mon/Fayette Expressway), and Turnpike I-576 (Southern Beltway). In addition, one barrier toll plaza exists on Mainline I-76/I-276 consisting of the Gateway Mainline Toll Plaza. This toll plaza was converted from a ticket-system plaza to a barrier-system plaza in 2003. For continuity, ticket system traffic and toll revenue trends include the Gateway Barrier Plaza in this report. Two barrier toll plazas, Clarks Summit and Keyser Avenue, are located at the northern end of the Northeast Extension.

The Ticket System is by far the largest component of the Turnpike System. As seen in Figure 2-2, the Ticket System accounted for 93.8 percent of the Turnpike System's total gross toll revenue, and 80.5 percent of the total transactions in calendar year 2014. Fixed barrier locations accounted for only 6.2 percent of gross toll revenue and 19.5 percent of transactions.

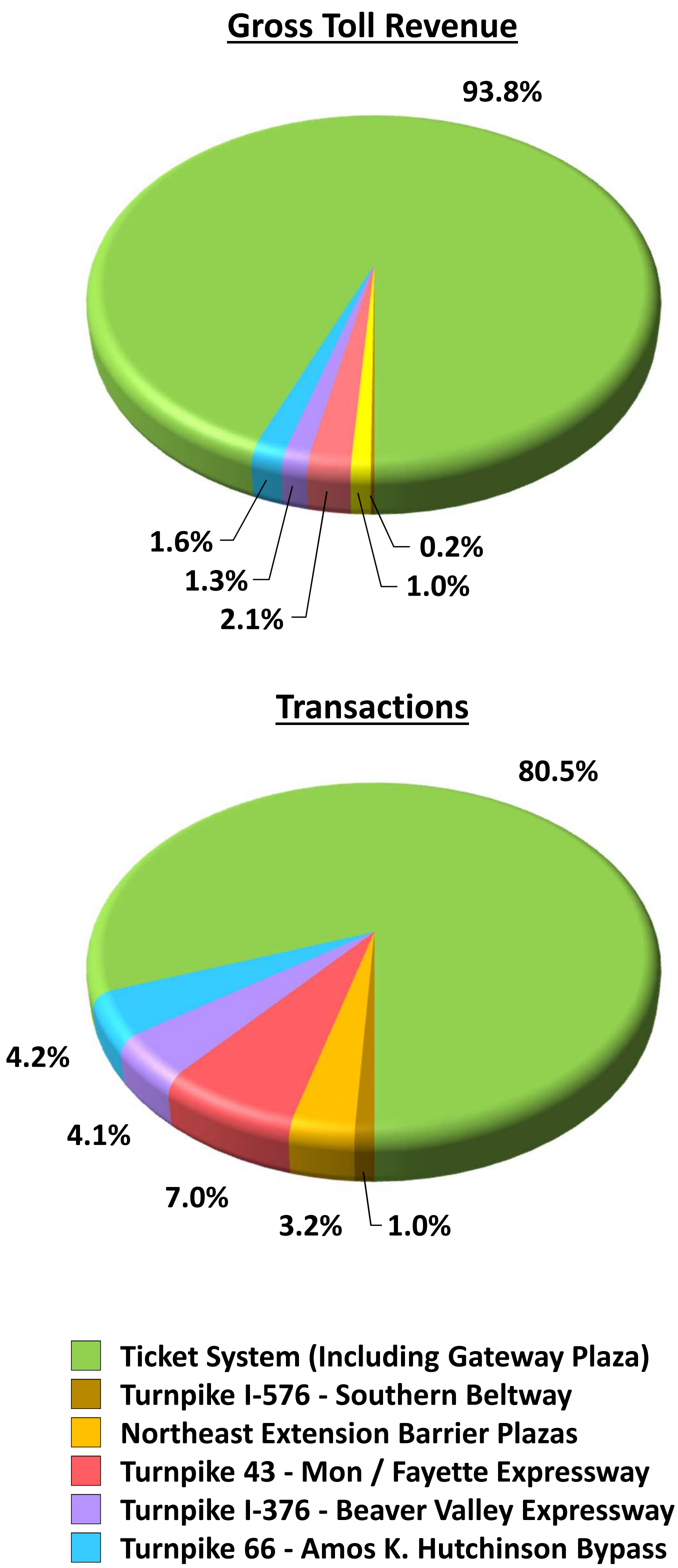
2.2 Toll Rates and Commercial Volume Discount Program

The PTC has implemented a series of toll rate increases through the years. The annual percent increases are summarized in Table 2-1 from 1987 through 2015. Since 2009, toll increases have occurred on an annual basis. Until 2011, there wasn't a difference between cash and E-ZPass toll rates. In 2011, a toll rate differential favorable to Turnpike E-ZPass customers was implemented for the first



PENNSYLVANIA TURNPIKE COMMISSION (PTC) TOLL ROAD FACILITIES

FIGURE 2-1



PERCENT OF CALENDAR YEAR 2014 TRANSACTIONS AND GROSS TOLL REVENUE BY FACILITY

FIGURE 2-2

time. The toll differential was increased in each subsequent year through 2014. A uniform toll increase of 5.0 percent was implemented for both E-ZPass and cash customers in January 2015. In 2015 there is an approximately 40 percent difference between the E-ZPass and cash toll rates, in favor of the E-ZPass customer. It costs a passenger car using cash about $0.12 per mile for a through trip on I-76/I-276 compared to about $0.086 per mile for the same trip using E-ZPass. The toll rate differential between E-ZPass and cash incentivizes E-ZPass participation.

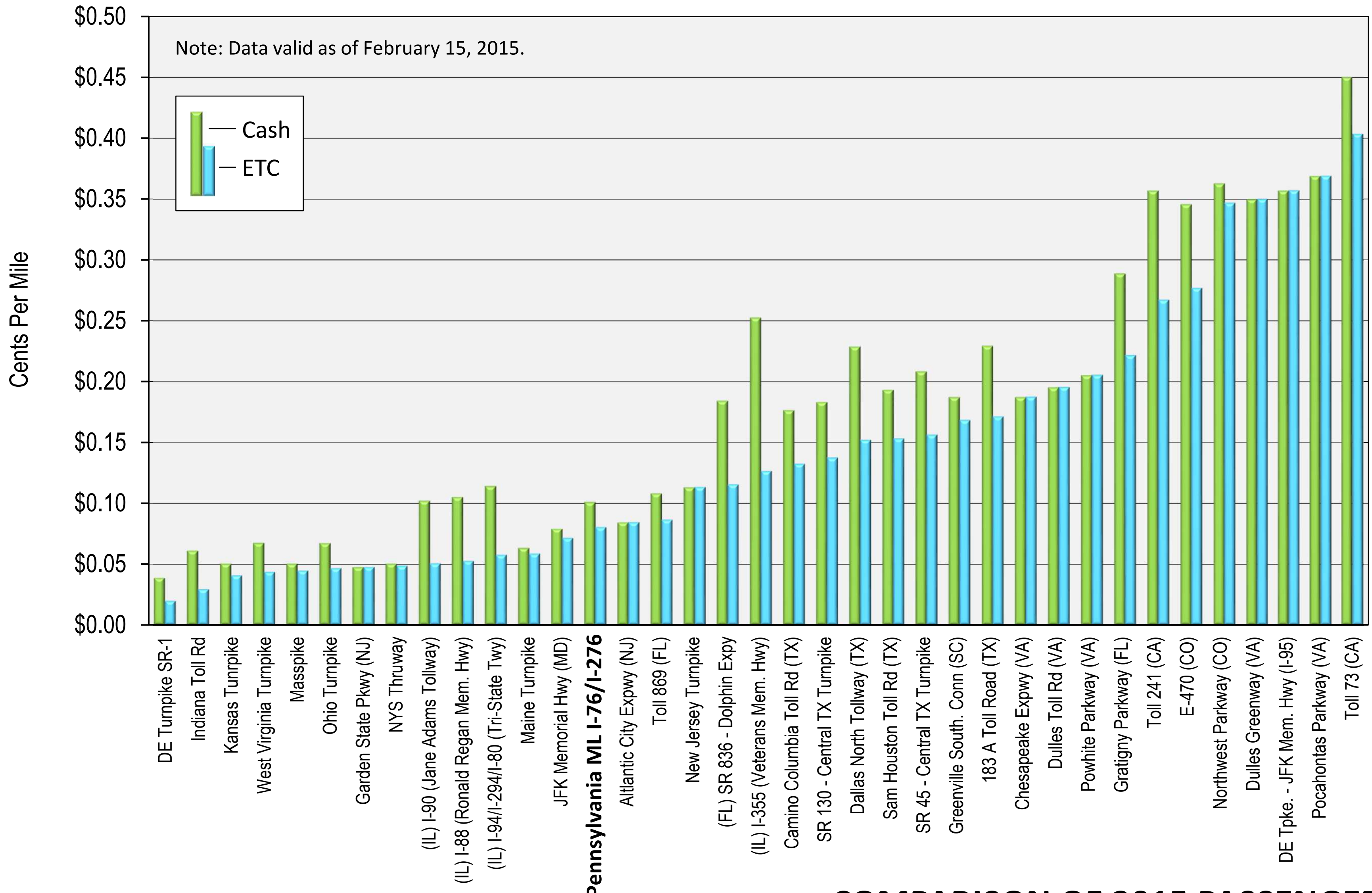
Table 2-1
Historical Toll Rate Increases
Pennsylvania Turnpike

	Percent Increase		
Date	Cash	E-ZPass	**Comment**
1/2/1987	40.0	NA	E-ZPass was not yet implemented on the Turnpike
6/1/1991	32.0	NA	E-ZPass was not yet implemented on the Turnpike
8/1/2004	42.5	42.5	
1/4/2009	25.0	25.0	No increase on Turnpike I-576 or Turnpike 43 between Uniontown and Brownsville
1/3/2010	3.0	3.0	No increase on Turnpike I-576
1/2/2011	10.0	3.0	No increase on Turnpike I-576
1/1/2012	10.0	0.0	No increase on Turnpike I-576
1/6/2013	10.0	2.0	
1/5/2014	12.0	2.0	No increase on Turnpike I-576
1/4/2015	5.0	5.0	No increase on Turnpike I-576

Figure 2-3 illustrates a comparison of 2015 passenger car per-mile toll rates for a through trip on thirty-seven U.S. toll facilities. The cost of trips was valid as of early February 2015. The Pennsylvania Turnpike is represented by a through trip on the Mainline I-76/I-276 from Delaware River Bridge through the Gateway barrier plaza, which is shown in bold text. The per-mile rates are provided for ETC and cash payments. The data is sorted from low to high by the ETC per-mile toll rates. A through trip on the Pennsylvania Mainline I-76/I-276 by a passenger car paying by ETC costs $0.086 per mile compared to $0.114 per mile on the New Jersey Turnpike, or compared to the median per-mile rate ($0.184) for the facilities presented.

Figure 2-4 presents a similar comparison of five-axle commercial-vehicle per-mile toll rates for through trips on the same thirty-seven U.S. toll facilities. A trip on the Pennsylvania Mainline I-76/I-276 costs $0.328 per mile compared to $0.373 on the New Jersey Turnpike in 2015. The median per mile toll rate is $0.400 for the thirty-seven facilities.

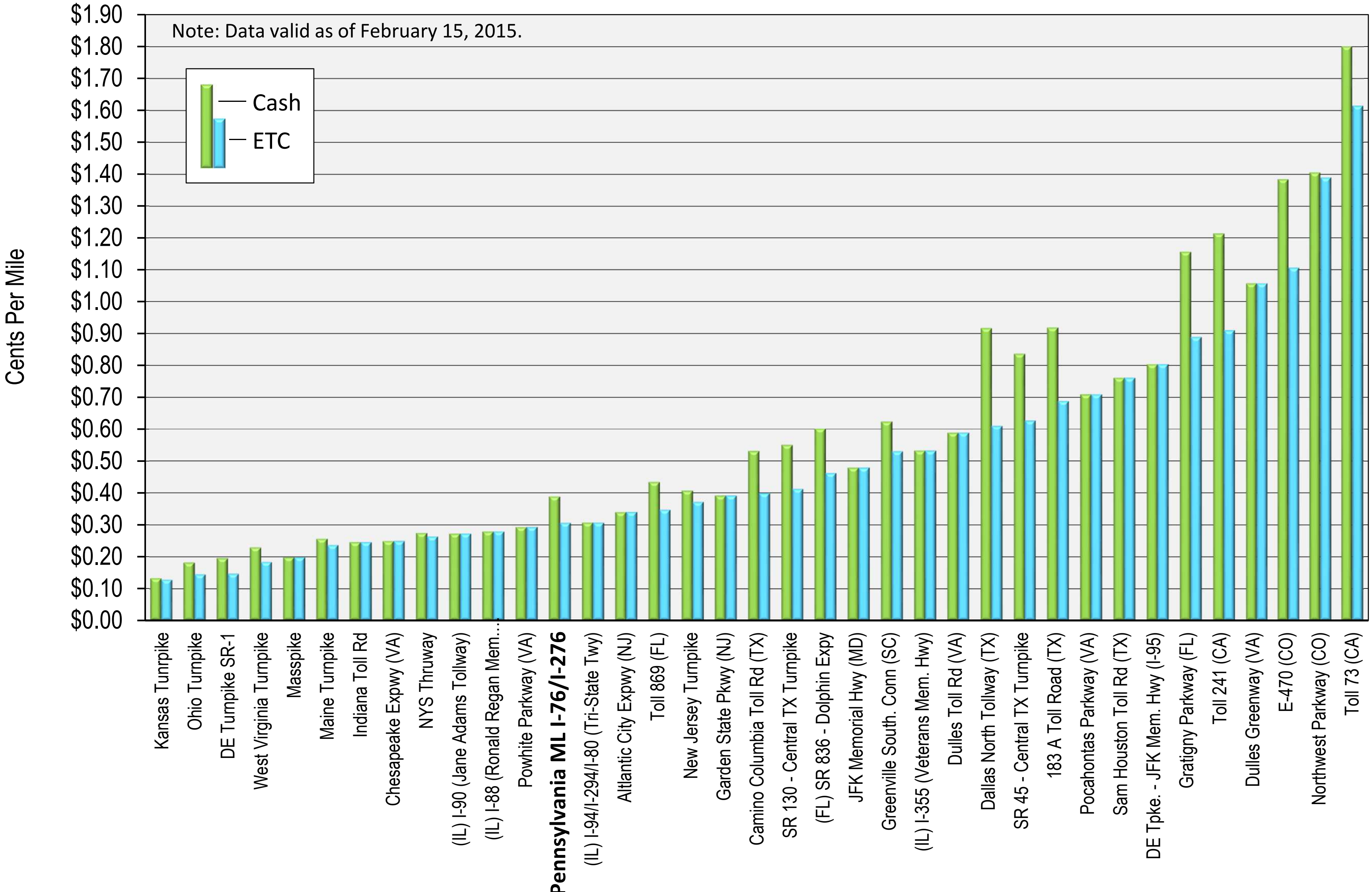
The PTC operates a Commercial Volume Discount Program. Prior to the implementation of system wide toll rates favorable to E-ZPass customers, a post-paid, commercial volume-discount program was established for high-volume, commercial E-ZPass accounts. Post-paid commercial E-ZPass customers could receive the varying levels of discounts based on the amount of their monthly tolls. With the implementation of E-ZPass and the large toll savings offered to E-ZPass customers, the Commercial Volume Discount Program was modified over the years. Currently, in 2015, commercial accounts that accrue greater than $20,000.00 per month on tolls receive a three percent discount.



COMPARISON OF 2015 PASSENGER CAR PER-MILE THROUGH TRIP TOLL RATES (DATA SORTED BY ETC TOLL RATES)

CDM Smith

FIGURE 2-3



COMPARISON OF 2015 FIVE AXLE COMMERCIAL VEHICLE PER-MILE THROUGH TRIP TOLL RATES (DATA SORTED BY ETC TOLL RATES)

FIGURE 2-4

2.3 Annual Transaction Trends by Plaza

This section presents long-term annual transaction trends on the ticket and Barrier Systems by toll plaza. Data is provided from 1993 through 2014 for Ticket System toll plazas, and from 1997 through 2014 for the Barrier System toll plazas.

2.3.1 Ticket System Transaction Trends

Average annual daily transactions at the Ticket System's exiting toll plazas are shown in Tables 2-2 through 2-4 for passenger cars, commercial vehicles and total vehicles, respectively. The transactions include both revenue and non-revenue vehicles. The Gateway barrier toll plaza (Interchange 2) traffic trends (Interchange 2) are included in this table.

From 1993 through 2002, the Gateway mainline toll plaza at milepost 2, and the toll plazas at interchanges 10 (New Castle), 13 (Beaver Valley), and 28 (Cranberry) were part of the Ticket System. The Gateway mainline toll plaza was the western terminus of the I-76 Ticket System. In 2003, the western terminus of the I-76 Ticket System was moved eastward to a new mainline toll plaza, Warrendale, at milepost 30, between Interchanges 28 and 39. As part of this change, the Gateway mainline toll plaza was converted to a barrier plaza with two-way toll collection and a fixed toll rate based on a vehicle's number of axles. The traffic volumes at Gateway are not comparable between 2002 and 2003 due to the conversion. Toll collection was discontinued at Interchanges 10, 13, and 28 in 2003 when the Warrendale mainline toll plaza became operational.

In 2006 the two-way toll collection at Gateway was replaced by one-way toll collection in the westbound direction. In Tables 2-2 through 2-4 the westbound Gateway traffic volumes are doubled from 2006 forward to simulate two-way traffic volumes that are comparable to historical trend data.

Passenger-car trends are shown in Table 2-2. Average annual percent changes are shown for various time periods. Relatively strong growth was experienced during the first period (1993-2004) where total passenger-car transactions grew at an annual rate of 4.6 percent. Growth in passenger-car transactions turned to a negative 0.1 percent per year in the decade from 2004 -2014. This decreased growth rate was primarily due to the economic recession that began in late 2007. In the five year period from 2009 to 2014, annual transaction growth averaged 0.3 percent per year. The slow growth was largely due to the slow recovery from the recession. Growth was also negatively impacted by abnormally severe winter in 2014.

A secondary reason for reduced growth rates in transactions since 2004 are the multiple toll increases that took place in 2004 (42.5 percent), 2009 (25 percent), 2010 (3 percent), 2011 (3 percent E-ZPass and 10 percent cash), 2012 (10 percent cash), 2013 (2 percent E-ZPass and 10 percent cash), and 2014 (2 percent E-ZPass and 12 percent cash). As will be discussed in Chapter 3 and Chapter 4, it is believed the recession has had more impact on the low growth in transactions than the toll rate increases. Overall, passenger-car transactions increased by 2.2 percent per year from 1993 through 2014.

Table 2-3 shows historical commercial-vehicle transaction trends on the Ticket System. As with passenger cars, the strongest period of growth for commercial vehicles was between 1993 and 2004. Commercial traffic increased at a 5.8 percent annual rate over that period. Over the most recent ten-year period (2004-2014) commercial traffic increased at an annual rate of 0.1 percent. This low growth was heavily influenced by the negative annual growth rates between in 2008 and 2009 when

Table 2-2
Passenger Cars - Average Daily Transactions on the Pennsylvania Tunrpike Ticket System At Exiting Toll Plazas
Includes Revenue and Non-Revenue Vehicles

Interchange	Calendar Year																						Average Annual Percent Change			
(Milepost)(1)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004(2)	2005	2006	2007	2008	2009(3)	2010(4)	2011(5)	2012(6)	2013(7)	2014(8)	1993-04	2004-14	2009-14	1993-14
2 (9)	6,999	7,064	7,288	7,292	7,496	7,815	7,850	7,333	8,056	9,082	13,828	16,379	15,873	16,388	16,365	16,192	16,882	17,432	17,486	17,639	17,934	17,884	8.9	0.9	1.2	4.8
10 (10)		1,556	1,691	1,836	1,911	2,010	2,064	2,164	2,302	2,344													-	-	-	-
13 (10)	1,581	1,507	1,488	1,516	1,604	1,743	1,759	1,771	1,824	1,860													-	-	-	-
28 (10)	7,519	7,574	7,819	8,232	8,569	9,211	9,369	9,399	9,940	10,183													-	-	-	-
30 (10)											7,374	11,585	11,269	11,419	11,940	12,056	12,232	12,118	12,023	11,939	12,413	12,339	-	0.6	0.2	-
39	4,029	4,035	4,053	4,279	4,483	4,827	5,003	4,939	5,180	5,186	5,448	5,417	5,154	5,181	5,613	5,627	5,495	5,527	5,333	5,416	5,832	5,855	3.0	0.8	1.3	1.9
48	7,235	7,257	7,045	7,602	8,084	7,962	8,686	9,251	8,998	9,366	9,505	9,377	9,101	9,129	9,406	9,226	9,087	8,879	8,576	8,734	9,171	9,147	2.6	(0.2)	0.1	1.2
57	15,714	15,763	15,887	16,101	16,700	17,291	17,626	17,782	18,337	18,436	18,770	18,598	18,087	18,290	18,198	18,305	18,083	17,452	17,172	17,130	17,399	17,336	1.7	(0.7)	(0.8)	0.5
67	8,113	8,236	8,226	8,398	8,586	9,082	9,481	9,533	9,593	9,789	10,303	10,054	9,437	9,582	9,614	9,068	8,674	8,776	8,718	8,955	8,870	8,783	2.2	(1.3)	0.3	0.4
75	7,519	7,391	7,651	8,046	8,331	8,706	9,684	8,594	8,868	9,366	9,394	9,191	8,880	8,779	8,806	8,522	8,433	8,550	8,246	8,539	8,556	8,701	2.0	(0.5)	0.6	0.7
91	2,185	2,216	2,311	2,212	2,253	2,352	2,381	2,142	2,236	2,204	2,253	2,239	2,257	2,237	2,478	2,395	2,351	2,371	2,279	2,352	2,393	2,344	0.2	0.5	(0.1)	0.4
110	1,966	1,978	2,024	2,025	2,030	2,059	1,916	1,848	1,911	2,031	2,061	1,948	1,892	1,927	2,067	2,119	2,104	2,136	2,159	2,156	2,048	2,027	(0.1)	0.4	(0.7)	0.2
146	1,922	1,912	2,038	2,135	2,222	2,479	2,728	2,760	2,960	3,225	3,290	3,370	3,163	3,037	3,059	2,994	2,972	2,945	2,848	2,779	2,715	2,773	5.8	(1.9)	(1.4)	1.8
161	5,057	4,893	5,109	5,214	5,438	5,697	5,838	5,828	6,331	6,599	6,820	6,713	6,517	6,356	6,216	6,005	6,356	6,262	6,064	6,023	6,057	6,000	2.9	(1.1)	(1.1)	0.9
180	566	564	569	586	617	643	673	630	661	700	715	761	691	676	711	675	655	658	645	610	593	586	3.0	(2.6)	(2.2)	0.2
189	368	373	381	407	428	462	480	453	436	477	488	483	448	443	440	426	409	418	409	391	378	385	2.8	(2.2)	(1.2)	0.2
201	451	462	477	500	521	549	567	574	591	661	670	679	649	658	662	614	603	642	634	628	625	594	4.2	(1.3)	(0.3)	1.4
226	4,346	4,354	4,675	4,665	4,281	4,626	4,886	4,792	5,304	5,180	5,365	5,262	4,939	4,959	4,973	4,736	4,628	4,899	4,705	4,541	4,637	4,667	1.9	(1.2)	0.2	0.4
236	2,797	2,862	3,499	3,665	3,495	3,641	3,889	4,039	4,172	4,580	4,804	4,796	4,567	4,562	4,661	4,507	4,470	5,074	4,883	4,689	4,762	4,846	5.5	0.1	1.6	2.8
242	3,858	3,802	4,186	4,146	4,080	4,295	4,699	5,103	5,081	5,400	5,781	5,734	5,352	5,196	5,265	6,068	5,894	5,476	5,371	5,159	5,295	5,530	4.0	(0.4)	(1.3)	1.8
247	7,241	7,282	7,608	7,989	7,991	8,409	8,818	9,004	9,125	9,739	10,217	10,256	9,917	9,553	9,902	10,073	9,952	10,478	10,155	9,948	10,074	10,175	3.5	(0.1)	0.4	1.7
266	2,282	2,319	2,363	2,500	2,643	2,867	2,987	3,037	3,214	3,381	3,663	3,695	3,643	3,602	3,740	3,577	3,484	3,571	3,442	3,519	3,621	3,640	4.9	(0.1)	0.9	2.4
286	5,056	5,220	5,453	5,490	5,729	6,041	6,096	6,242	6,472	6,655	6,954	7,207	6,969	7,185	7,397	7,060	6,910	6,937	6,766	6,736	6,886	7,026	3.6	(0.3)	0.3	1.7
298	4,092	4,139	4,224	4,330	4,844	5,253	5,513	5,661	6,187	6,682	7,201	7,359	7,335	7,457	7,446	7,448	7,176	7,018	6,789	6,588	6,737	7,022	6.0	(0.5)	(0.4)	2.7
312	6,775	6,950	7,070	6,723	7,311	7,838	8,361	8,824	9,437	10,008	10,421	10,455	10,291	10,558	11,011	10,635	10,234	10,353	10,315	10,347	10,444	10,692	4.4	0.2	0.9	2.3
320																				113	3,539	4,667	-	-	-	-
326	21,009	20,122	20,707	21,092	21,337	22,360	21,643	21,531	24,784	25,264	26,928	28,231	28,201	28,173	27,069	26,975	27,783	29,284	28,965	28,780	28,066	28,423	3.0	0.1	0.5	1.5
333	9,592	8,553	8,975	9,296	9,912	10,337	10,665	10,585	11,335	11,901	12,297	12,586	11,861	11,455	11,312	11,848	11,904	12,166	12,093	11,860	11,811	11,598	2.8	(0.8)	(0.5)	1.0
20		22,910	25,569	26,959	28,430	29,605	29,628	30,770	31,945	33,406	34,130	35,753	35,452	36,060	36,659	35,518	34,961	35,236	35,478	36,231	36,441	36,305	-	0.2	0.8	-
339	16,186	17,125	18,179	18,335	18,812	20,185	20,031	19,967	21,056	21,380	22,140	22,015	21,709	21,561	21,203	20,312	20,989	22,973	23,265	23,582	23,852	23,849	3.1	0.8	2.6	2.0
340										998	1,318	1,541	1,570	1,581	1,537	1,521	1,370	1,422	1,447	1,409	1,484	1,627	-	0.5	3.5	-
343	19,100	19,926	21,963	22,370	22,902	23,207	22,397	23,085	23,753	24,197	24,850	25,716	25,152	24,609	26,054	25,277	25,165	26,569	26,178	25,858	25,323	24,896	3.0	(0.3)	(0.2)	1.3
351	22,458	22,876	24,361	24,750	25,685	26,256	26,089	26,665	27,653	28,556	29,503	30,084	29,563	29,433	29,917	29,315	29,196	29,690	28,170	27,512	27,316	26,689	3.0	(1.2)	(1.8)	0.9
352																		158	1,805	2,146	2,384	2,676	-	-	-	-
358	5,065	5,068	5,024	5,215	5,291	5,422	5,476	5,373	5,317	5,478	5,755	6,011	5,856	5,854	5,917	5,964	5,767	5,716	5,538	5,386	5,090	4,950	1.7	(1.9)	(3.0)	(0.1)
359	14,019	13,979	14,248	14,595	14,829	15,312	15,450	15,565	16,349	16,765	17,532	18,086	17,844	17,635	17,727	17,274	16,943	17,255	16,846	16,164	16,333	16,608	2.6	(0.8)	(0.4)	0.9
31	6,826	7,830	8,256	8,760	9,980	10,594	11,187	11,381	11,430	12,411	12,939	13,166	12,941	13,034	13,304	13,389	13,431	13,432	12,950	12,742	12,669	12,472	6.8	(0.5)	(1.5)	3.1
44	4,615	4,877	5,087	5,344	5,595	6,250	6,526	6,690	6,693	6,981	7,378	7,926	7,950	8,149	8,235	8,313	8,399	8,478	8,157	8,040	8,021	7,953	5.6	0.0	(1.1)	2.8
56	8,811	9,387	9,907	10,534	11,218	11,290	11,843	12,558	13,363	13,805	14,528	15,392	15,064	15,318	15,581	14,950	15,339	16,008	15,365	15,028	15,012	14,785	5.7	(0.4)	(0.7)	2.6
74	2,809	2,949	3,059	3,261	3,452	3,709	3,885	3,897	4,137	4,323	4,442	4,691	4,562	4,657	4,796	4,811	4,723	4,722	4,580	4,490	4,459	4,385	5.3	(0.7)	(1.5)	2.3
95	3,211	3,313	3,397	3,603	3,832	4,003	4,150	4,144	4,151	4,413	4,599	5,020	4,722	4,750	4,761	4,709	5,021	5,200	4,859	4,640	4,639	4,633	4.6	(0.8)	(1.6)	1.8
105	2,152	2,250	2,305	2,329	2,442	4,003	2,593	2,611	2,716	2,859	2,946	3,243	3,033	3,060	3,188	3,062	3,232	3,337	3,234	3,152	3,099	3,102	4.2	(0.4)	(0.8)	1.8
112	2,606	2,965	3,170	3,232	3,401	3,548	3,587	3,592	3,697	4,042	4,013	4,256	4,051	4,047	4,043	4,128	4,289	4,067	3,948	3,856	3,890	3,861	5.0	(1.0)	(2.1)	2.0
Total	246,130	273,839	287,342	295,564	306,765	321,939	326,504	330,117	345,595	359,914	370,623	385,275	375,967	376,550	381,271	375,695	375,594	383,685	377,896	375,808	380,872	381,831	4.6	(0.1)	0.3	2.2
Percent Change Over Prior Year		11.3	4.9	2.9	3.8	4.9	1.4	1.1	4.7	4.1	3.0	4.0	(2.4)	0.2	1.3	(1.5)	(0.0)	2.2	(1.5)	(0.6)	1.3	0.3				

(1) Interchanges 2 through 259 reflect those for the Mainline 1-76/I-276. Interchanges 31 through 115 correspond to those on the Northeast Extension I-476.
(2) A toll increase of 42.5% was implemented on August 1, 2004.
(3) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Turnpike I-576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010. Turnpike I-576 was exempted from this toll increase.
(5) An ETC toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Turnpike I-576 was exempted from this toll increase.
(6) A cash toll increase of 10% was implemented on January 1, 2012. Turnpike I-576 was exempted from this toll increase.
(7) An ETC toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013.
(8) An ETC toll increase of 2% and a cash toll increase of 12% was implemented on January 1, 2014.
(9) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(10) Once Gateway was converted to a barrier plaza, Interchange 30, Warrendale, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.

Table 2-3
Commercial Vehicles - Average Daily Transactions on the Pennsylvania Tunrpike Ticket System At Exiting Toll Plazas
Includes Revenue and Non-Revenue Vehicles

Interchange	Calendar Year																						Average Annual Percent Change			
(Milepost)(1)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004(2)	2005	2006	2007	2008	2009(3)	2010(4)	2011(5)	2012(6)	2013(7)	2014(8)	1993-04	2004-14	2009-14	1993-14
2 (9)	2,355	2,348	2,404	2,374	2,446	2,605	2,848	2,649	2,709	2,937	4,259	5,447	5,760	5,288	5,403	5,243	4,517	4,864	5,030	4,913	5,078	5,300	8.7	(0.3)	3.2	4.1
10 (10)		225	241	281	302	314	363	384	394	402													-	-	-	-
13 (10)	322	304	274	285	303	295	324	324	315	303													-	-	-	-
28 (10)	1,346	1,334	1,392	1,433	1,502	1,576	1,690	1,708	1,693	1,670													-	-	-	-
30 (10)											1,865	3,196	3,340	3,371	3,505	3,412	2,994	3,060	3,116	3,192	3,276	3,428	-	0.7	2.7	-
39	390	391	412	413	437	472	519	526	521	523	513	536	552	527	575	571	544	565	552	560	596	579	3.2	0.8	1.3	2.0
48	848	839	820	860	849	983	1,042	1,057	1,032	1,027	1,048	1,075	1,072	1,081	1,177	1,185	1,104	1,153	1,058	1,073	1,092	1,132	2.4	0.5	0.5	1.5
57	1,216	1,344	1,381	1,419	1,471	1,534	1,635	1,662	1,663	1,604	1,591	1,653	1,680	1,706	1,735	1,636	1,498	1,590	1,606	1,623	1,652	1,694	3.1	0.2	2.5	1.7
67	665	665	655	665	706	745	810	809	809	826	837	849	857	853	894	895	869	847	816	857	866	883	2.5	0.4	0.3	1.4
75	3,206	3,164	3,300	3,400	3,548	3,789	4,059	4,138	4,066	4,161	4,255	4,345	4,348	4,389	4,478	4,389	3,902	3,854	3,828	3,830	3,857	3,977	3.1	(0.9)	0.4	1.1
91	202	201	199	195	202	211	238	228	226	253	267	318	262	286	306	287	314	334	323	313	311	326	4.6	0.3	0.8	2.4
110	624	608	651	674	691	725	808	750	712	734	729	729	710	715	743	738	652	669	690	690	701	723	1.6	(0.1)	2.1	0.7
146	651	657	694	695	721	825	1,062	1,145	1,198	1,312	1,375	1,454	1,350	1,332	1,327	1,151	1,009	1,077	1,056	1,035	1,024	1,030	8.4	(3.4)	0.4	2.3
161	1,939	1,955	2,041	2,115	2,208	2,390	2,711	2,729	2,672	2,753	2,840	2,888	2,902	2,835	2,910	2,616	2,261	2,440	2,431	2,381	2,338	2,361	4.1	(2.0)	0.9	1.0
180	119	123	120	124	130	138	157	151	148	160	173	198	205	218	230	203	169	207	215	210	216	225	5.2	1.3	5.9	3.2
189	88	83	81	89	90	95	102	104	98	100	108	106	106	107	108	96	85	100	101	109	105	103	1.9	(0.2)	3.9	0.8
201	110	109	113	109	113	117	124	135	143	151	161	186	215	214	229	219	193	212	265	291	286	251	5.4	3.0	5.4	4.2
226	2,269	2,247	2,560	2,619	2,454	2,799	3,030	3,072	3,121	3,196	3,359	3,471	3,430	3,483	3,548	3,350	2,893	2,886	2,889	2,826	2,871	2,990	4.3	(1.5)	0.7	1.4
236	399	417	517	478	479	470	516	536	544	569	619	632	668	723	774	690	646	751	774	756	792	811	4.7	2.5	4.7	3.6
242	546	555	638	629	656	695	771	802	813	856	995	1,070	1,119	1,154	1,194	1,243	1,146	1,105	1,100	1,003	1,114	1,170	7.0	0.9	0.4	3.9
247	1,208	1,231	1,293	1,273	1,378	1,479	1,574	1,556	1,517	1,567	1,718	1,812	1,895	1,854	1,863	1,817	1,653	1,749	1,743	1,706	1,792	1,885	4.1	0.4	2.7	2.2
266	265	261	268	282	316	358	400	399	418	452	499	501	518	538	549	523	469	486	482	481	494	534	6.6	0.6	2.6	3.6
286	959	978	978	913	1,059	1,035	1,123	1,305	1,325	1,338	1,437	1,492	1,461	1,507	1,572	1,491	1,325	1,354	1,364	1,350	1,415	1,496	4.5	0.0	2.5	2.2
298	610	645	679	690	829	881	966	997	985	1,034	1,146	1,194	1,160	1,187	1,188	1,084	936	963	995	1,005	1,023	1,137	6.9	(0.5)	4.0	3.2
312	700	684	679	616	670	740	798	839	844	901	935	971	967	996	1,058	908	806	904	929	948	990	1,068	3.3	1.0	5.8	2.1
320																				6	286	334	-	-	-	-
326	2,085	2,182	2,269	2,375	2,495	2,670	2,708	2,727	2,868	2,894	3,137	3,360	3,408	3,486	3,446	3,190	2,902	3,118	3,105	2,993	2,984	3,069	4.9	(0.9)	1.1	2.0
333	499	378	415	427	452	473	514	532	504	572	598	618	626	611	636	663	597	644	629	630	633	660	2.2	0.7	2.0	1.4
20		2,435	2,619	2,830	3,052	3,258	3,408	3,573	3,470	3,707	3,839	4,124	4,187	4,320	4,433	4,114	3,751	3,883	3,961	4,037	4,150	4,309	-	0.4	2.8	-
339	960	992	1,005	1,035	1,062	1,152	1,200	1,198	1,227	1,323	1,373	1,408	1,453	1,424	1,403	1,343	1,260	1,329	1,417	1,437	1,518	1,564	3.9	1.1	4.4	2.5
340										4	11	13	16	19	20	19	18	20	24	24	30	48	-	14.0	22.2	-
343	1,323	1,347	1,404	1,471	1,541	1,628	1,627	1,680	1,623	1,749	1,877	2,040	2,102	2,119	2,210	2,109	1,999	2,109	2,116	2,102	2,130	2,205	4.4	0.8	2.0	2.6
351	2,328	2,308	2,355	2,371	2,569	2,691	2,814	2,881	2,880	3,071	3,204	3,268	3,338	3,374	3,397	3,384	3,111	3,178	3,151	3,105	3,146	3,174	3.4	(0.3)	0.4	1.6
352																		4	54	68	84	117	-	-	-	-
358	1,051	1,073	1,112	1,162	1,199	1,242	1,383	1,552	1,332	1,420	1,624	1,737	1,807	1,810	1,812	1,529	1,410	1,654	1,571	1,442	1,458	1,514	5.2	(1.4)	1.4	1.8
359	2,206	2,099	2,125	2,179	2,240	2,364	2,510	2,716	2,722	2,971	3,296	3,613	3,754	3,790	3,949	4,137	3,768	3,474	3,389	3,231	3,330	3,491	5.1	(0.3)	(1.5)	2.3
31	800	880	924	1,005	1,097	1,143	1,216	1,242	1,202	1,249	1,319	1,387	1,409	1,429	1,505	1,495	1,453	1,498	1,450	1,431	1,436	1,562	5.7	1.2	1.5	3.4
44	438	459	480	495	541	615	646	678	633	689	842	869	897	951	990	958	929	965	943	958	998	1,048	7.1	1.9	2.4	4.5
56	1,409	1,493	1,582	1,713	1,911	2,081	2,250	2,380	2,336	2,443	2,592	2,833	2,909	3,051	3,139	3,118	3,039	3,147	3,114	3,136	3,211	3,309	7.2	1.6	1.7	4.4
74	268	278	311	342	357	396	406	429	418	461	465	496	526	546	596	484	480	527	536	523	530	547	6.4	1.0	2.6	3.6
95	566	618	674	775	837	899	1,039	1,113	1,076	1,139	1,169	1,235	1,227	1,292	1,336	1,264	1,226	1,337	1,329	1,336	1,385	1,424	8.1	1.4	3.0	4.7
105	104	108	107	114	122	899	131	141	142	165	176	205	209	210	218	400	396	200	209	205	207	209	7.0	0.2	(12.0)	3.6
112	739	863	901	944	1,038	1,113	1,160	1,162	1,140	1,241	1,250	1,336	1,340	1,329	1,358	1,204	1,167	1,268	1,266	1,258	1,287	1,300	6.1	(0.3)	2.2	2.9
Total	35,813	38,881	40,673	41,869	44,073	47,895	50,682	52,009	51,539	53,925	57,500	62,662	63,786	64,125	65,816	63,156	57,489	59,525	59,627	59,071	60,693	62,986	5.8	0.1	1.8	2.9
Percent Change Over Prior Year		8.6	4.6	2.9	5.3	8.7	5.8	2.6	(0.9)	4.6	6.6	9.0	1.8	0.5	2.6	(4.0)	(9.0)	3.5	0.2	(0.9)	2.7	3.8				

(1) Interchanges 2 through 259 reflect those for the Mainline 1-76/I-276. Interchanges 31 through 115 correspond to those on the Northeast Extension I-476.
(2) A toll increase of 42.5% was implemented on August 1, 2004.
(3) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Turnpike I-576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010. Turnpike I-576 was exempted from this toll increase.
(5) An ETC toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Turnpike I-576 was exempted from this toll increase.
(6) A cash toll increase of 10% was implemented on January 1, 2012. Turnpike I-576 was exempted from this toll increase.
(7) An ETC toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013.
(8) An ETC toll increase of 2% and a cash toll increase of 12% was implemented on January 1, 2014.
(9) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(10) Once Gateway was converted to a barrier plaza, Interchange 30, Warrendale, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.

Table 2-4
Total Vehicles - Average Daily Transactions on the Pennsylvania Tunrpike Ticket System At Exiting Toll Plazas
Includes Revenue and Non-Revenue Vehicles

Interchange (Milepost)(1)	Calendar Year 1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004(2)	2005	2006	2007	2008	2009(3)	2010(4)	2011(5)	2012(6)	2013(7)	2014(8)	Average Annual Percent Change 1993-04	2004-14	2009-14	1993-14
2 (9)	9,354	9,412	9,692	9,666	9,942	10,420	10,698	9,982	10,765	12,019	18,087	21,826	21,633	21,676	21,768	21,434	21,400	22,296	22,516	22,552	23,012	23,184	8.8	0.6	1.6	4.6
10 (10)		1,781	1,932	2,117	2,213	2,324	2,427	2,548	2,696	2,746													-	-	-	-
13 (10)	1,903	1,811	1,762	1,801	1,907	2,038	2,083	2,095	2,139	2,163													-	-	-	-
28 (10)	8,865	8,908	9,211	9,665	10,071	10,787	11,059	11,107	11,633	11,853													-	-	-	-
30 (10)											9,239	14,781	14,609	14,791	15,445	15,468	15,226	15,178	15,140	15,131	15,689	15,767	-	0.6	0.7	-
39	4,419	4,426	4,465	4,692	4,920	5,299	5,522	5,465	5,701	5,709	5,961	5,953	5,706	5,709	6,188	6,198	6,039	6,092	5,885	5,976	6,428	6,434	3.0	0.8	1.3	1.9
48	8,083	8,096	7,865	8,462	8,933	8,945	9,728	10,308	10,030	10,393	10,553	10,452	10,173	10,210	10,583	10,411	10,191	10,032	9,634	9,806	10,263	10,278	2.6	(0.2)	0.2	1.2
57	16,930	17,107	17,268	17,520	18,171	18,825	19,261	19,444	20,000	20,040	20,361	20,251	19,767	19,996	19,933	19,941	19,581	19,042	18,778	18,753	19,051	19,030	1.8	(0.6)	(0.6)	0.6
67	8,778	8,901	8,881	9,063	9,292	9,827	10,291	10,342	10,402	10,615	11,140	10,902	10,294	10,435	10,507	9,963	9,543	9,623	9,534	9,813	9,737	9,667	2.2	(1.2)	0.3	0.5
75	10,725	10,555	10,951	11,446	11,879	12,495	13,743	12,732	12,934	13,527	13,650	13,537	13,228	13,168	13,284	12,912	12,334	12,404	12,074	12,369	12,413	12,678	2.4	(0.7)	0.6	0.8
91	2,387	2,417	2,510	2,407	2,455	2,563	2,619	2,370	2,462	2,457	2,520	2,556	2,520	2,523	2,784	2,681	2,665	2,705	2,602	2,665	2,705	2,670	0.7	0.4	0.0	0.6
110	2,590	2,586	2,675	2,699	2,721	2,784	2,724	2,598	2,623	2,766	2,789	2,676	2,602	2,642	2,810	2,857	2,755	2,805	2,849	2,847	2,750	2,750	0.3	0.3	(0.0)	0.3
146	2,573	2,569	2,732	2,830	2,943	3,304	3,790	3,905	4,158	4,536	4,665	4,824	4,514	4,369	4,386	4,146	3,981	4,022	3,904	3,814	3,739	3,802	6.5	(2.4)	(0.9)	2.0
161	6,996	6,848	7,150	7,329	7,646	8,087	8,549	8,557	9,003	9,352	9,661	9,601	9,419	9,191	9,126	8,621	8,617	8,702	8,495	8,404	8,396	8,361	3.2	(1.4)	(0.6)	0.9
180	685	687	689	710	747	781	830	781	809	860	888	959	896	894	941	878	824	865	860	820	809	811	3.4	(1.7)	(0.3)	0.8
189	456	456	462	496	518	557	582	557	534	577	596	589	555	550	548	522	494	518	510	500	484	488	2.6	(1.9)	(0.2)	0.3
201	561	571	590	609	634	666	691	709	734	812	831	865	863	872	891	832	796	854	899	919	911	844	4.4	(0.2)	1.2	2.1
226	6,615	6,601	7,235	7,284	6,735	7,425	7,916	7,864	8,425	8,376	8,724	8,733	8,369	8,442	8,521	8,085	7,521	7,785	7,594	7,367	7,508	7,656	2.8	(1.3)	0.4	0.7
236	3,196	3,279	4,016	4,143	3,974	4,111	4,405	4,575	4,716	5,149	5,422	5,428	5,235	5,285	5,435	5,197	5,116	5,825	5,657	5,445	5,554	5,657	5.4	0.4	2.0	2.9
242	4,404	4,357	4,824	4,775	4,736	4,990	5,470	5,905	5,894	6,256	6,777	6,803	6,471	6,350	6,459	7,311	7,040	6,581	6,471	6,162	6,409	6,700	4.4	(0.2)	(1.0)	2.1
247	8,449	8,513	8,901	9,262	9,369	9,888	10,392	10,560	10,642	11,306	11,936	12,068	11,812	11,407	11,765	11,890	11,604	12,227	11,898	11,654	11,866	12,060	3.6	(0.0)	0.8	1.8
266	2,547	2,580	2,631	2,782	2,959	3,225	3,387	3,436	3,632	3,833	4,163	4,196	4,161	4,140	4,289	4,100	3,954	4,057	3,924	4,000	4,116	4,173	5.1	(0.1)	1.1	2.5
286	6,015	6,198	6,431	6,403	6,788	7,076	7,219	7,547	7,797	7,992	8,391	8,699	8,430	8,691	8,969	8,551	8,235	8,291	8,130	8,086	8,301	8,522	3.8	(0.2)	0.7	1.8
298	4,702	4,784	4,903	5,020	5,673	6,134	6,479	6,658	7,172	7,715	8,347	8,552	8,495	8,644	8,634	8,532	8,112	7,981	7,784	7,593	7,760	8,159	6.2	(0.5)	0.1	2.8
312	7,475	7,634	7,749	7,339	7,981	8,578	9,159	9,663	10,281	10,909	11,355	11,426	11,259	11,554	12,069	11,543	11,039	11,257	11,244	11,295	11,434	11,760	4.3	0.3	1.3	2.3
320																				120	3,826	5,001	-	-	-	-
326	23,094	22,304	22,976	23,467	23,832	25,030	24,351	24,258	27,652	28,158	30,064	31,591	31,609	31,659	30,515	30,165	30,685	32,402	32,070	31,773	31,050	31,492	3.2	(0.0)	0.5	1.6
333	10,091	8,931	9,390	9,723	10,364	10,810	11,179	11,117	11,839	12,473	12,895	13,204	12,487	12,066	11,948	12,511	12,501	12,810	12,722	12,490	12,445	12,258	2.7	(0.7)	(0.4)	1.0
20		25,345	28,188	29,789	31,482	32,863	33,036	34,343	35,415	37,113	37,969	39,877	39,640	40,381	41,091	39,631	38,712	39,119	39,439	40,268	40,590	40,614	-	0.2	1.0	-
339	17,146	18,117	19,184	19,370	19,874	21,337	21,231	21,165	22,283	22,703	23,513	23,422	23,162	22,984	22,606	21,655	22,249	24,302	24,683	25,019	25,371	25,413	3.2	0.8	2.7	2.0
340										1,002	1,329	1,554	1,587	1,599	1,558	1,540	1,388	1,442	1,471	1,433	1,513	1,676	-	0.8	3.8	-
343	20,423	21,273	23,367	23,841	24,443	24,835	24,024	24,765	25,376	25,945	26,727	27,756	27,254	26,728	28,264	27,385	27,163	28,678	28,294	27,960	27,453	27,102	3.1	(0.2)	(0.0)	1.4
351	24,786	25,184	26,716	27,121	28,254	28,947	28,903	29,546	30,533	31,627	32,707	33,352	32,900	32,807	33,315	32,700	32,307	32,868	31,321	30,616	30,462	29,863	3.0	(1.1)	(1.6)	0.9
352																		162	1,859	2,214	2,467	2,792	-	-	-	-
358	6,116	6,141	6,136	6,377	6,490	6,664	6,859	6,925	6,649	6,898	7,380	7,748	7,663	7,664	7,728	7,494	7,177	7,370	7,109	6,828	6,548	6,464	2.4	(1.8)	(2.1)	0.3
359	16,225	16,078	16,373	16,774	17,069	17,676	17,960	18,281	19,071	19,736	20,828	21,699	21,598	21,425	21,676	21,411	20,712	20,729	20,235	19,395	19,662	20,100	2.9	(0.8)	(0.6)	1.1
31	7,626	8,710	9,180	9,765	11,077	11,737	12,403	12,623	12,632	13,660	14,258	14,553	14,350	14,463	14,809	14,885	14,884	14,930	14,400	14,172	14,105	14,034	6.7	(0.4)	(1.2)	3.1
44	5,053	5,336	5,567	5,839	6,136	6,865	7,172	7,368	7,326	7,669	8,220	8,796	8,848	9,099	9,225	9,271	9,328	9,443	9,100	8,998	9,019	9,001	5.7	0.2	(0.7)	2.9
56	10,220	10,880	11,489	12,247	13,129	13,371	14,093	14,938	15,699	16,247	17,120	18,225	17,973	18,369	18,720	18,068	18,378	19,155	18,480	18,164	18,224	18,094	6.0	(0.1)	(0.3)	2.9
74	3,077	3,227	3,370	3,603	3,809	4,105	4,291	4,326	4,555	4,784	4,907	5,188	5,088	5,204	5,393	5,295	5,204	5,249	5,116	5,014	4,989	4,932	5.4	(0.5)	(1.1)	2.4
95	3,777	3,931	4,071	4,378	4,669	4,902	5,189	5,257	5,227	5,552	5,768	6,255	5,949	6,042	6,097	5,973	6,247	6,537	6,188	5,976	6,025	6,057	5.2	(0.3)	(0.6)	2.4
105	2,256	2,358	2,412	2,443	2,564	4,902	2,724	2,752	2,858	3,024	3,122	3,448	3,242	3,269	3,406	3,463	3,627	3,537	3,443	3,357	3,306	3,311	4.3	(0.4)	(1.8)	1.9
112	3,345	3,828	4,071	4,176	4,439	4,661	4,747	4,754	4,837	5,283	5,263	5,592	5,391	5,377	5,401	5,332	5,456	5,335	5,214	5,114	5,178	5,161	5.3	(0.8)	(1.1)	2.2
Total	281,943	312,720	328,015	337,433	350,838	369,834	377,186	382,126	397,134	413,839	428,123	447,937	439,753	440,674	447,087	438,851	433,083	443,210	437,524	434,880	441,566	444,817	4.7	(0.1)	0.5	2.3
Percent Change Over Prior Year		10.9	4.9	2.9	4.0	5.4	2.0	1.3	3.9	4.2	3.5	4.6	(1.8)	0.2	1.5	(1.8)	(1.3)	2.3	(1.3)	(0.6)	1.5	0.7				

(1) Interchanges 2 through 259 reflect those for the Mainline 1-76/I-276. Interchanges 31 through 115 correspond to those on the Northeast Extension I-476.
(2) A toll increase of 42.5% was implemented on August 1, 2004.
(3) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Turnpike I-576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010. Turnpike I-576 was exempted from this toll increase.
(5) An ETC toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Turnpike I-576 was exempted from this toll increase.
(6) A cash toll increase of 10% was implemented on January 1, 2012. Turnpike I-576 was exempted from this toll increase.
(7) An ETC toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013.
(8) An ETC toll increase of 2% and a cash toll increase of 12% was implemented on January 1, 2014.
(9) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(10) Once Gateway was converted to a barrier plaza, Interchange 30, Warrendale, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.

commercial activity was particularly impacted by the economic recession. Still, over the entire period from 1993 to 2014, commercial transactions increased at an average annual rate of 2.9 percent.

Total-vehicle transaction trends are shown in Table 2-4. Because passenger cars make up about 86 percent of total Ticket System toll transactions, the trends and growth rates for total vehicles closely mirror those for passenger cars.

New access to the Ticket System is also shown in Tables 2-2 through 2-4. Since 2004 three new interchanges have opened on the Ticket System; Virginia Drive (Milepost 340) in 2002, Street Road (Milepost 352) in 2010, and SR 29 (Milepost 320) in 2012. These were all opened as all-electronic interchanges.

2.3.2 Barrier System Transaction Trends

Average annual daily traffic trends at the Barrier System's toll plazas are shown in Tables 2-5 through 2-7 for passenger cars, commercial vehicles and total vehicles, respectively. Transactions on the total Barrier System have been increasing at a faster rate than on the Ticket System. Passenger-car transactions increased by an average 3.3 percent per year from 1997 to 2004, and by 3.8 percent per year from 2004 to 2014. Growth in passenger-car transactions averaged 1.9 percent per year from 2009 through 2014. For the combined Barrier System, 2009 was the only year when passenger-car transactions decreased over the prior year, by negative 0.7 percent. A contributor to the decreased passenger-car transactions in 2009 compared to 2008 was the 25 percent toll increase that went into effect on January 4 of that year. No toll increase occurred in 2009 on the recently opened I-576 or on the Turnpike 43 section from Unionville to Brownsville.

In general, higher rates in passenger-car transactions compared to the Ticket System are attributable to several items, including 1) these tend to be younger facilities that have historically been adding additional lane miles and sometimes additional interchanges and toll plazas. These facilities also tend to be on the fringe of urban areas and are benefiting from the increasing spread of development into their corridors. Lastly, Turnpike I-576 was exempt from scheduled toll increases in 2009, 2010, 2011, 2012, and 2014.

Commercial vehicle average daily transaction trends are shown in Table 2-5. They also show stronger annual growth compared to the Ticket System. Commercial-vehicle transactions increased by 7.5 percent per year from 2004 to 2014, and by 9.2 percent per year from 2009 through 2014. Total vehicle transactions increased by 4.2 percent per year from 2004 to 2014, and by 2.7 percent per year from 2009 through 2014.

2.4 Monthly Transactions and Gross Toll Revenue Trends

This section discusses monthly transactions and toll revenue trends by fiscal year (FY) from FY 2011-12 through FY 2014-15 for the Ticket System and the total Turnpike System. The last actual data point is January 2015. Trend data is provided separately for passenger cars and commercial vehicles. The transaction data includes only toll transactions at exiting toll plazas; non-revenue transactions are not included. The purpose of these tables is to review recent patterns of growth, and identify any short-term impacts to the Turnpike System that may not be apparent in annual trends.

2.4.1 Ticket System Monthly Trends

Monthly transaction and toll revenue trends for the Ticket System are presented in Table 2-8 from FY 2011-12 through January 2015 of FY 2014-15. Passenger-car transactions decreased by 1.1 percent in

Table 2-5
Passenger Cars - Average Daily Transactions on the Pennsylvania Turnpike Barrier System
Includes Revenue and Non-Revenue Vehicles

Toll Location	1997	1998	1999	2000	2001	2002 (1)	2003	2004 (2)	2005	2006	2007	2008	2009 (3)	2010 (4)	2011 (7)	2012 (9)	2013 (10)	2014 (11)	1997-04	2004-14	2009-14	1997-14
	Calendar Year																		Average Annual Percent Change			
Northeast Extension Barrier Plazas																						
Keyser Ave.	6,941	6,461	5,686	5,527	5,622	5,948	6,274	6,719	6,489	6,573	6,736	6,782	7,012	6,935	6,970	6,960	7,156	7,017	(0.5)	0.4	0.0	0.1
Clarks Summit	7,281	6,769	5,844	5,642	5,847	6,169	6,492	6,747	6,519	6,545	6,740	6,790	6,850	6,670	6,673	6,702	7,270	7,135	(1.1)	0.6	0.8	(0.1)
Subtotal	14,222	13,230	11,530	11,169	11,469	12,117	12,766	13,466	13,008	13,117	13,476	13,572	13,862	13,605	13,643	13,662	14,426	14,152	(0.8)	0.5	0.4	(0.0)
Turnpike I-376 - Beaver Valley Expressway (5)																						
East Toll 376	8,407	8,724	8,798	9,008	9,390	9,586	9,782	9,821	9,896	9,854	10,334	10,288	9,897	9,884	9,940	9,685	9,235	8,971	2.2	(0.9)	(1.9)	0.4
Beaver Falls Rte. 551	336	359	370	382	399						434	458	430	455	430	437	425	387	(100.0)	-	(2.1)	0.8
Moravia Rte. 168	579	613	610	619	682						756	808	706	674	778	775	728	712	(100.0)	-	0.2	1.2
West Toll 376	4,964	5,192	5,298	5,481	5,866	6,021	6,176	6,385	6,812	7,047	7,524	7,633	7,617	7,738	7,632	7,430	7,178	7,292	3.7	1.3	(0.9)	2.3
Mt. Jackson Rte. 108	1,211	1,313	1,385	1,454	1,606						1,277	1,557	1,390	1,236	1,173	1,094	1,019	953	(100.0)	-	(7.3)	(1.4)
Subtotal	15,497	16,201	16,461	16,944	17,943	15,607	15,958	16,206	16,708	16,901	20,326	20,744	20,040	19,987	19,953	19,419	18,587	18,315	0.6	1.2	(1.8)	1.0
Turnpike 66 - Amos K. Hutchinson Bypass (6)																						
Rte. 136	413	437	469	478	518					217	597	806	727	742	731	738	708	749	(100.0)	-	0.6	3.6
AKH Mainline	8,081	8,911	8,850	9,283	9,613	10,044	10,476	10,858	11,123	12,053	12,308	12,327	12,114	12,276	11,947	11,843	11,721	11,728	4.3	0.8	(0.6)	2.2
Route 30	2,471	3,020	3,105	3,390	3,751					861	2,889	4,617	4,645	4,921	4,809	4,686	4,625	4,625	(100.0)	-	(0.1)	3.8
Route 130	1,190	1,123	966	893	1,001					226	1,260	1,370	1,370	1,397	1,459	1,336	1,326	1,377	(100.0)	-	0.1	0.9
Route 66	523	527	458	455	516					117	580	762	738	752	774	754	753	834	(100.0)	-	2.5	2.8
Subtotal	12,678	14,018	13,848	14,499	15,399	10,044	10,476	10,858	11,123	13,473	17,633	19,883	19,594	20,088	19,719	19,356	19,133	19,313	(2.2)	5.9	(0.3)	2.5
Turnpike 43 - Mon/Fayette Expressway (8)																						
Ramp M4					29	29	30	29	26	32	39	32	22	22	147	299	315	308	-	26.5	69.3	-
M5					1,659	1,726	1,794	1,884	1,973	2,060	2,151	2,257	2,301	2,477	3,467	4,933	5,224	5,663	-	11.6	19.7	-
Ramp M15														13	109	86	81	77	-	-	-	-
Ramp M18														114	228	281	290	284	-	-	-	-
M19														275	3,543	4,537	4,896	5,079	-	-	-	-
M35 California	7,314	6,643	7,312	8,274	8,437	5,582	2,728	9,365	9,366	9,754	10,224	10,530	10,318	10,515	10,407	10,605	10,587	10,649	3.6	1.3	0.6	2.2
Ramp M39					954	1,360	1,766	906	868	963	1,030	1,052	1,050	1,067	1,073	1,056	1,046	1,006	-	1.1	(0.8)	-
Ramp M44								736	720	758	745	749	703	692	665	651	641	647	-	(1.3)	(1.7)	-
Ramp M48								2,543	2,790	2,936	3,213	3,301	3,356	3,471	3,478	3,537	3,511	3,579	-	3.5	1.3	-
M52							5,689	6,326	6,746	7,099	7,179	7,351	7,181	7,161	7,149	7,464	7,233	7,033	-	1.1	(0.4)	-
Subtotal	7,314	6,643	7,312	8,274	11,079	8,698	12,006	21,789	22,489	23,602	24,581	25,273	24,931	25,807	30,266	33,450	33,825	34,326	16.9	4.6	6.6	9.5
I-576 - Southern Beltway																						
SB Rte. 30										80	166	223	262	298	364	555	303	311	-	-	3.5	-
SB Westport Rd.										59	125	130	153	160	163	190	191	249	-	-	10.2	-
Rte. 22										533	2,914	3,320	3,727	3,897	4,135	4,209	4,005	4,154	-	-	2.2	-
Subtotal										671	3,204	3,673	4,142	4,355	4,662	4,954	4,498	4,714	-	-	2.6	-
All Barrier Facilities																						
Total	49,711	50,092	49,151	50,886	55,890	46,467	51,205	62,320	63,328	67,765	79,221	83,146	82,569	83,842	88,244	90,841	90,468	90,820	3.3	3.8	1.9	3.6
Percent Change Over Prior Year	8.4	0.8	(1.9)	3.5	9.8	(16.9)	10.2	21.7	1.6	7.0	16.9	5.0	(0.7)	1.5	5.2	2.9	(0.4)	0.4				

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Turnpike I-576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(6) Toll 66 ramp counts were not available from 2002 to 2005.
(7) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike I-576, where coin machine fares will not change.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was opened.
(9) A cash toll increase of 10% was implemented on January 1, 2012. Exceptions include Turnpike I-576, where coin machine fares will not change.
(10) An E-ZPass toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013. Findlay Connector will increase E-ZPass toll rates by 25% and cash toll rates by 50%.
(11) An E-ZPass toll increase of 2% and a cash toll increase of 12% was implemented on January 5, 2014. Exceptions include Turnpike I-576 - Southern Beltway.

Table 2-6
Commercial Vehicles - Average Daily Transactions on the Pennsylvania Turnpike Barrier System
Includes Revenue and Non-Revenue Vehicles

Toll Location	Calendar Year 1997	1998	1999	2000	2001	2002 (1)	2003	2004 (2)	2005	2006	2007	2008	2009 (3)	2010 (4)	2011 (7)	2012 (9)	2013 (10)	2014 (11)	Average Annual Percent Change 1997-04	2004-14	2009-14	1997-14
Northeast Extension Barrier Plazas																						
Keyser Ave.	1,163	1,038	936	919	892	905	918	938	1,092	1,227	1,408	1,363	1,306	1,365	1,492	1,532	1,606	1,643	(3.0)	5.8	4.7	2.1
Clarks Summit	1,349	1,255	1,125	1,118	1,142	1,049	957	931	1,038	1,112	1,162	1,096	1,047	1,082	1,149	1,228	1,369	1,436	(5.2)	4.4	6.5	0.4
Subtotal	2,512	2,293	2,061	2,037	2,034	1,954	1,875	1,869	2,130	2,339	2,570	2,459	2,353	2,447	2,641	2,759	2,975	3,079	(4.1)	5.1	5.5	1.2
Turnpike I-376 - Beaver Valley Expressway (5)																						
East Toll 376	1,110	1,147	1,263	1,301	1,359	1,332	1,304	1,328	1,353	1,311	1,490	1,548	1,342	1,506	1,621	1,693	1,729	1,830	2.6	3.3	6.4	3.0
Beaver Falls Rte. 551	44	45	52	51	65						36	39	31	48	59	59	50	48	(100.0)	-	9.5	0.5
Moravia Rte. 168	93	91	85	93	144						96	145	60	73	92	86	73	97	(100.0)	-	10.2	0.2
West Toll 376	681	725	793	863	874	872	870	911	915	998	1,133	1,170	1,034	1,196	1,211	1,226	1,202	1,279	4.3	3.4	4.3	3.8
Mt. Jackson Rte. 108	101	109	118	138	141						98	108	113	98	133	164	135	148	(100.0)	-	5.5	2.3
Subtotal	2,029	2,117	2,311	2,446	2,583	2,204	2,174	2,239	2,268	2,309	2,854	3,010	2,580	2,921	3,116	3,228	3,190	3,402	1.4	4.3	5.7	3.1
Turnpike 66 - Amos K. Hutchinson Bypass (6)																						
Rte. 136	222	196	230	241	232					126	211	183	146	165	183	178	177	749	(100.0)	-	38.7	7.4
AKH Mainline	1,457	1,518	1,552	1,729	1,673	1,743	1,813	1,818	1,872	1,935	2,070	2,146	2,010	2,261	2,333	2,348	2,372	2,603	3.2	3.7	5.3	3.5
Route 30	225	256	268	296	345					142	290	282	265	300	292	315	313	306	(100.0)	-	2.9	1.8
Route 130	35	38	50	67	75					17	38	29	30	26	26	26	28	32	(100.0)	-	0.9	(0.5)
Route 66	35	32	29	27	28					5	15	16	17	18	19	22	19	21	(100.0)	-	4.4	(3.0)
Subtotal	1,974	2,040	2,129	2,360	2,353	1,743	1,813	1,818	1,872	2,226	2,623	2,656	2,468	2,770	2,853	2,890	2,908	3,710	(1.2)	7.4	8.5	3.8
Turnpike 43 - Mon/Fayette Expressway (8)																						
Ramp M4					2	2	1	1	1	1	1	2	1	1	4	7	8	8	-	23.8	44.3	-
M5					119	135	151	135	136	150	140	196	240	275	366	529	665	819	-	19.7	27.8	-
Ramp M15														0	6	7	9	13	-	-	-	-
Ramp M18														6	16	19	20	17	-	-	-	-
M19														182	302	437	605	679	-	-	-	-
M35 California	305	277	305	345	352	218	84	314	303	321	384	478	532	573	574	694	827	1,002	0.4	12.3	13.5	7.2
Ramp M39					30	41	52	23	23	26	32	34	35	40	45	44	55	61	-	10.2	11.8	-
Ramp M44								37	34	42	46	68	33	29	53	47	53	56	-	4.2	11.3	-
Ramp M48								107	82	59	65	66	60	73	85	97	102	128	-	1.8	16.3	-
M52							92	107	118	108	111	127	125	143	156	173	183	197	-	6.3	9.5	-
Subtotal	305	277	305	345	503	396	382	724	697	707	779	971	1,025	1,322	1,607	2,053	2,526	2,980	13.1	15.2	23.8	14.3
I-576 - Southern Beltway																						
SB Rte. 30										2	18	27	31	36	29	38	26	31	-	-	(0.2)	-
SB Westport Rd.										1	6	14	56	58	33	37	45	84	-	-	8.3	-
Rte. 22										24	210	249	287	311	312	322	356	391	-	-	6.4	-
Subtotal										28	234	290	375	405	375	397	427	506	-	-	6.2	-
All Barrier Facilities																						
Total	6,820	6,727	6,806	7,188	7,473	6,297	6,244	6,650	6,967	7,608	9,060	9,385	8,801	9,865	10,592	11,328	12,026	13,676	(0.4)	7.5	9.2	4.2
Percent Change Over Prior Year	12.2	(1.4)	1.2	5.6	4.0	(15.7)	(0.9)	6.5	4.8	9.2	19.1	3.6	(6.2)	12.1	7.4	6.9	6.2	13.7				

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(6) Toll 66 ramp counts were not available from 2002 to 2005.
(7) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike 576, where coin machine fares will not change.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was opened.
(9) A cash toll increase of 10% was implemented on January 1, 2012. Exceptions include Turnpike 576, where coin machine fares will not change.
(10) An E-ZPass toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013. Findlay Connector will increase E-Zpass toll rates by 25% and cash toll rates by 50%.
(11) An E-ZPass toll increase of 2% and a cash toll increase of 12% was implemented on January 5, 2014. Exceptions include Findlay Connector.

Table 2-7
Total Vehicles - Average Daily Transactions on the Pennsylvania Turnpike Barrier System
Includes Revenue and Non-Revenue Vehicles

	Calendar Year																		Average Annual Percent Change			
Toll Location	1997	1998	1999	2000	2001	2002 (1)	2003	2004 (2)	2005	2006	2007	2008	2009 (3)	2010 (4)	2011 (7)	2012 (9)	2013 (10)	2014 (11)	1997-04	2004-14	2009-14	1997-14
Northeast Extension Barrier Plazas																						
Keyser Ave.	8,104	7,499	6,622	6,446	6,514	6,853	7,192	7,657	7,581	7,800	8,144	8,144	8,318	8,300	8,462	8,492	8,761	8,660	(0.8)	1.2	0.8	0.4
Clarks Summit	8,630	8,024	6,969	6,760	6,989	7,219	7,449	7,678	7,557	7,656	7,903	7,887	7,897	7,752	7,822	7,930	8,639	8,571	(1.7)	1.1	1.7	(0.0)
Subtotal	16,734	15,523	13,591	13,206	13,503	14,072	14,641	15,335	15,138	15,456	16,047	16,031	16,215	16,052	16,284	16,422	17,401	17,231	(1.2)	1.2	1.2	0.2
Turnpike I-376 - Beaver Valley Expressway (5)																						
East Toll 376	9,517	9,871	10,061	10,309	10,749	10,917	11,086	11,149	11,249	11,165	11,824	11,836	11,239	11,390	11,561	11,377	10,965	10,801	2.3	(0.3)	(0.8)	0.7
Beaver Falls Rte. 551	380	404	422	433	464						471	497	461	503	490	496	476	435	(100.0)	-	(1.1)	0.8
Moravia Rte. 168	672	704	695	712	826						853	953	766	747	869	861	801	809	(100.0)	-	1.1	1.1
West Toll 376	5,645	5,917	6,091	6,344	6,740	6,893	7,046	7,296	7,727	8,044	8,658	8,803	8,651	8,934	8,844	8,655	8,381	8,572	3.7	1.6	(0.2)	2.5
Mt. Jackson Rte. 108	1,312	1,422	1,503	1,592	1,747						1,375	1,665	1,503	1,334	1,306	1,258	1,154	1,101	(100.0)	-	(6.0)	(1.0)
Subtotal	17,526	18,318	18,772	19,390	20,526	17,811	18,132	18,445	18,976	19,210	23,180	23,754	22,620	22,908	23,070	22,648	21,776	21,717	0.7	1.6	(0.8)	1.3
Turnpike 66 - Amos K. Hutchinson Bypass (6)																						
Rte. 136	635	633	699	719	750					343	808	989	873	907	914	916	885	1,497	(100.0)	-	11.4	5.2
AKH Mainline	9,538	10,429	10,402	11,012	11,286	11,787	12,288	12,676	12,995	13,988	14,378	14,473	14,124	14,537	14,280	14,191	14,093	14,331	4.1	1.2	0.3	2.4
Route 30	2,696	3,276	3,373	3,686	4,096					1,003	3,178	4,899	4,910	5,221	5,101	5,001	4,938	4,930	(100.0)	-	0.1	3.6
Route 130	1,225	1,161	1,016	960	1,076					243	1,298	1,399	1,400	1,423	1,485	1,362	1,354	1,409	(100.0)	-	0.1	0.8
Route 66	558	559	487	482	544					122	595	778	754	770	793	776	771	855	(100.0)	-	2.5	2.5
Subtotal	14,652	16,058	15,977	16,859	17,752	11,787	12,288	12,676	12,995	15,699	20,256	22,539	22,062	22,858	22,572	22,245	22,041	23,022	(2.0)	6.1	0.9	2.7
Turnpike 43 - Mon/Fayette Expressway (8)																						
Ramp M4					31	31	31	30	28	33	40	34	23	23	151	306	323	316	-	26.5	68.3	-
M5					1,778	1,862	1,945	2,020	2,110	2,210	2,292	2,453	2,541	2,752	3,833	5,462	5,889	6,482	-	12.4	20.6	-
Ramp M15														13	115	93	90	91	-	-	-	-
Ramp M18														120	244	300	310	301	-	-	-	-
M19														457	3,845	4,974	5,501	5,758	-	-	-	-
M35 California	7,619	6,920	7,617	8,619	8,789	5,800	2,812	9,679	9,669	10,075	10,608	11,008	10,849	11,088	10,981	11,298	11,414	11,651	3.5	1.9	1.4	2.5
Ramp M39					984	1,401	1,819	929	891	989	1,062	1,087	1,085	1,107	1,118	1,101	1,101	1,067	-	1.4	(0.3)	-
Ramp M44								773	753	799	792	817	736	721	718	698	694	703	-	(1.0)	(0.9)	-
Ramp M48								2,649	2,872	2,995	3,277	3,368	3,416	3,544	3,563	3,634	3,613	3,707	-	3.4	1.6	-
M52							5,781	6,433	6,863	7,208	7,289	7,478	7,306	7,304	7,305	7,637	7,415	7,230	-	1.2	(0.2)	-
Subtotal	7,619	6,920	7,617	8,619	11,582	9,094	12,387	22,513	23,186	24,309	25,360	26,245	25,956	27,129	31,873	35,503	36,351	37,306	16.7	5.2	7.5	9.8
I-576 - Southern Beltway																						
SB Rte. 30										82	184	250	293	334	394	593	328	342	-	-	3.1	-
SB Westport Rd.										60	131	144	209	218	196	227	236	333	-	-	9.7	-
Rte. 22										557	3,124	3,569	4,014	4,208	4,447	4,531	4,361	4,546	-	-	2.5	-
Subtotal										699	3,438	3,963	4,517	4,760	5,037	5,351	4,925	5,220	-	-	2.9	-
All Barrier Facilities																						
Total	56,531	56,819	55,957	58,074	63,363	52,764	57,448	68,970	70,295	75,373	88,281	92,531	91,371	93,707	98,836	102,169	102,494	104,496	2.9	4.2	2.7	3.7
Percent Change Over Prior Year	8.9	0.5	(1.5)	3.8	9.1	(16.7)	8.9	20.1	1.9	7.2	17.1	4.8	(1.3)	2.6	5.5	3.4	0.3	2.0				

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(6) Toll 66 ramp counts were not available from 2002 to 2005.
(7) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike 576, where coin machine fares will not change.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was opened.
(9) A cash toll increase of 10% was implemented on January 1, 2012. Exceptions include Turnpike 576, where coin machine fares will not change.
(10) An E-ZPass toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013. Findlay Connector will increase E-Zpass toll rates by 25% and cash toll rates by 50%.
(11) An E-ZPass toll increase of 2% and a cash toll increase of 12% was implemented on January 5, 2014. Exceptions include Findlay Connector.

Table 2-8

Ticket System (Including Gateway Barrier Plaza) - Monthly Transaction and Revenue Trends

Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

Month	Passenger Cars 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	11,681	(0.5)	11,622	(0.7)	11,540	1.6	11,720
July	12,005	(2.0)	11,765	1.7	11,959	1.4	12,128
August	11,887	2.5	12,181	1.3	12,343	(0.5)	12,285
September	11,119	(2.9)	10,800	2.8	11,105	0.2	11,123
October	11,457	(4.0)	10,998	6.7	11,738	1.2	11,876
November	11,005	(1.6)	10,832	(0.2)	10,812	(0.5)	10,760
December	10,822	(3.5)	10,446	0.4	10,484	4.0	10,902
January	9,866	0.6	9,925	(4.5)	9,478	1.5	9,619
February	9,693	(5.2)	9,189	(6.6)	8,585		
March	10,806	(0.4)	10,761	(1.0)	10,649		
April	10,784	1.0	10,890	1.9	11,096		
May	11,555	1.7	11,756	0.5	11,809		
Total Year	132,680	(1.1)	131,165	0.3	131,595		90,413
June-Jan	89,842	(1.4)	88,569	1.0	89,457	1.1	90,413

Month	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	1,815	(3.4)	1,754	(0.5)	1,744	6.2	1,852
July	1,708	0.5	1,717	5.7	1,816	5.2	1,910
August	1,837	0.1	1,839	0.7	1,852	0.5	1,862
September	1,749	(7.4)	1,619	6.2	1,719	6.9	1,838
October	1,751	(0.1)	1,749	7.1	1,873	4.6	1,960
November	1,644	2.5	1,685	(4.0)	1,617	1.9	1,648
December	1,565	(4.6)	1,493	3.9	1,552	9.5	1,700
January	1,505	5.7	1,591	(1.9)	1,560	2.9	1,606
February	1,487	(2.6)	1,448	(0.7)	1,439		
March	1,674	(4.2)	1,605	3.8	1,666		
April	1,639	6.9	1,752	2.1	1,789		
May	1,797	4.3	1,874	(0.0)	1,874		
Total Year	20,171	(0.2)	20,125	1.9	20,501		14,376
June-Jan	13,574	(0.9)	13,446	2.1	13,734	4.7	14,376

Month	Total Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	13,496	(0.9)	13,376	(0.7)	13,284	2.2	13,572
July	13,714	(1.7)	13,482	2.2	13,775	1.9	14,039
August	13,723	2.2	14,020	1.2	14,195	(0.3)	14,147
September	12,867	(3.5)	12,419	3.3	12,824	1.1	12,961
October	13,208	(3.5)	12,747	6.8	13,611	1.7	13,836
November	12,649	(1.0)	12,517	(0.7)	12,428	(0.2)	12,408
December	12,388	(3.6)	11,939	0.8	12,036	4.7	12,602
January	11,372	1.3	11,516	(4.1)	11,038	1.7	11,225
February	11,180	(4.9)	10,638	(5.8)	10,023		
March	12,480	(0.9)	12,366	(0.4)	12,314		
April	12,423	1.8	12,641	1.9	12,884		
May	13,352	2.1	13,630	0.4	13,683		
Total Year	152,851	(1.0)	151,290	0.5	152,096		104,789
June-Jan	103,416	(1.4)	102,016	1.2	103,191	1.5	104,789

Toll Revenue (in $1,000s)

Month	Passenger Cars 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$37,533	5.5	$39,610	5.4	$41,761	6.3	$44,385
July	41,662	0.0	41,674	7.7	44,889	6.8	47,942
August	39,461	8.4	42,785	8.2	46,287	6.6	49,340
September	34,686	3.0	35,739	6.0	37,868	4.7	39,655
October	35,674	(0.5)	35,501	10.1	39,100	7.8	42,161
November	34,874	2.1	35,597	3.4	36,810	7.2	39,455
December	33,258	2.0	33,936	7.1	36,350	6.4	38,684
January	29,800	2.6	30,574	0.7	30,782	8.2	33,317
February	28,953	(2.2)	28,308	(2.2)	27,690		
March	33,183	7.9	35,792	1.6	36,382		
April	34,890	2.7	35,848	9.3	39,166		
May	38,049	7.0	40,696	6.7	43,440		
Total Year	$422,023	3.3	$436,059	5.6	$460,525		$334,938
June-Jan	286,948	3.0	295,415	6.2	313,847	6.7	334,938

Month	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$28,954	(1.4)	$28,554	3.8	$29,642	8.4	$32,145
July	27,345	1.3	27,706	9.0	30,200	9.1	32,935
August	29,230	2.2	29,883	3.2	30,847	5.1	32,420
September	28,122	(3.8)	27,060	6.2	28,725	11.1	31,911
October	28,338	0.0	28,342	10.2	31,235	8.5	33,884
November	26,591	4.7	27,854	(1.8)	27,346	5.8	28,927
December	25,387	(1.1)	25,115	5.3	26,444	13.0	29,877
January	25,630	8.1	27,718	0.1	27,743	9.4	30,349
February	25,280	(0.3)	25,204	3.3	26,037		
March	27,975	0.3	28,054	8.0	30,311		
April	26,952	8.8	29,312	7.1	31,396		
May	29,418	5.8	31,134	4.8	32,623		
Total Year	$329,222	2.0	$335,935	4.9	$352,550		$252,448
June-Jan	219,598	1.2	222,231	4.5	232,182	8.7	252,448

Month	Total Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$66,487	2.5	$68,164	4.8	$71,403	7.2	$76,530
July	69,007	0.5	69,380	8.2	75,089	7.7	80,876
August	68,691	5.8	72,668	6.1	77,134	6.0	81,759
September	62,808	(0.0)	62,798	6.0	66,593	7.5	71,566
October	64,012	(0.3)	63,843	10.2	70,335	8.1	76,045
November	61,465	3.2	63,451	1.1	64,156	6.6	68,382
December	58,645	0.7	59,050	6.3	62,795	9.2	68,561
January	55,430	5.2	58,292	0.4	58,524	8.8	63,666
February	54,233	(1.3)	53,512	0.4	53,728		
March	61,158	4.4	63,845	4.5	66,693		
April	61,842	5.4	65,160	8.3	70,562		
May	67,467	6.5	71,830	5.9	76,063		
Total Year	$751,245	2.8	$771,994	5.3	$813,075		$587,386
June-Jan	506,546	2.2	517,647	5.5	546,029	7.6	587,386

NOTES:

(1) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike I-576.
(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except Turnpike I-576.
(3) On January 6, 2013 a 2% E-Zpass and a 10% cash toll increase was implemented on all toll facilities.
(4) On January 1, 2014 a 2% E-Zpass and a 12% cash toll increase was implemented on all toll facilities except Tunrpike I-576.
(5) On January 4, 2015, a 5% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(6) Leap year occurred in 2012, resulting in negative traffic and toll revenue impacts in February 2013 compared to February 2012.
(7) On December 12, 2012, the Route 29, AET interchange was opened at milepost 320 on I-76.
(8) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particulary among passenger cars.
(9) Winter weather negatively impacted traffic and toll revenue in January 2015.

FY 2012-13, and then increased by 0.3 percent in the following year. Transaction growth in FY 2013-14 would have been more positive if not for the abnormally severe winter weather that occurred in January and February of 2014, when transactions decreased by 4.5 percent and 6.6 percent respectively over the same months in 2013. Passenger-car transactions increased by 1.1 percent in FY 2014-15 year-to-date compared to the previous year. The only two months in FY 2014-15 that experienced decreased passenger-car transactions over the prior year are August and November, and these both had one less weekday in 2014 compared to 2013.

Ticket System passenger-car toll revenue has been increasing at a faster annual rate than transactions due to toll increases that were implemented each year. Passenger-car toll revenue increased by 3.3 percent in FY 2012-13, and by 5.6 percent in FY 2013-14. In the current fiscal year, passenger-car toll revenue on the Ticket System has increased by 6.7 percent through January 2015 compared to the same time period in the previous year.

Commercial-vehicle transactions on the Ticket System exhibited the same pattern of change as the passenger-car transactions. Commercial-vehicle transactions decreased by 0.2 percent in FY 2012-13 and subsequently increased by 1.9 percent in the following year. Year-to-date, FY 2014-15 commercial-vehicle transactions have increased by 4.7 percent over the same period in the prior year. Annual toll revenue increased by 2.0 percent and 4.9 percent in FY 2012-13 and 2014-14 respectively. FY 2014-15 commercial vehicle toll revenue increased by 8.7 percent through January 2015. These increases in toll revenue were driven by increased transactions and by annual toll increases.

Total Ticket System transactions decreased by 1.0 percent in FY 2012-13, and increased by 0.5 percent the next year. The increase in FY 2013-15 would have been more positive if the abnormally severe winter weather in January and February 2014 had not occurred. In FY 2014-15, transactions through January 2015 increased over the same time period in the prior year by 1.5 percent. Total Ticket System toll revenue increased by 2.8 percent and 5.3 percent in FY 2012-13 and FY 2013-14, respectively. Toll revenue year to date in FY 2014-15 has increased by 7.6 percent compared to the same period in the prior year.

Positive growth in transactions appears to be returning to the Ticket System as the economy and employment slowly improves. The growth in transactions has been occurring even with the annual toll increases that have been implemented since 2009.

2.4.2 Total Turnpike System Monthly Trends

Table 2-9 presents the monthly transaction and toll revenue trends for the total Turnpike System, which includes the Ticket System and the entire Barrier System. Passenger-car transactions decreased by 0.8 percent in FY 2012-13, and then increased by 0.1 percent in the following year. Transaction growth in FY 2013-14 would have been more positive if not for the abnormally severe winter weather that occurred in January and February of 2014, when transactions decreased by 4.4 percent and 5.9 percent respectively over the same months in 2013. Passenger-car transactions increased by 1.2 percent in FY 2014-15 year-to-date compared to the previous year. The only two months in FY 2014-15 that experienced decreased passenger-car transactions over the prior year are August and November, and these both had one less weekday in 2014 compared to 2013.

Turnpike System passenger-car toll revenue increased at a faster annual rate than transactions due to toll increases that were implemented each year. Passenger-car toll revenue increased by 3.6 percent in FY 2012-13, and by 5.5 percent in FY 2013-14. In the current fiscal year, passenger-car toll revenue

Table 2-9
Total Turnpike System - Monthly Transaction and Revenue Trends
Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	14,344	0.5	14,418	(0.7)	14,311	1.6	14,535	2,153	(1.4)	2,122	(0.5)	2,112	7.1	2,261	16,496	0.3	16,539	(0.7)	16,423	2.3	16,797
July	14,905	(1.2)	14,726	1.2	14,906	1.6	15,138	2,042	2.1	2,085	6.2	2,215	6.1	2,351	16,947	(0.8)	16,811	1.8	17,121	2.1	17,489
August	14,857	3.0	15,300	0.9	15,433	(0.1)	15,425	2,208	1.1	2,232	1.4	2,264	1.6	2,301	17,065	2.7	17,532	0.9	17,698	0.2	17,726
September	13,915	(2.1)	13,625	2.0	13,891	0.6	13,974	2,099	(6.7)	1,958	7.3	2,101	8.3	2,275	16,013	(2.7)	15,583	2.6	15,993	1.6	16,249
October	14,357	(3.3)	13,886	5.6	14,670	1.4	14,876	2,107	0.4	2,115	8.1	2,287	5.5	2,412	16,464	(2.8)	16,001	6.0	16,957	2.0	17,288
November	13,684	(1.3)	13,508	(0.6)	13,420	(0.5)	13,358	1,963	2.3	2,008	(2.4)	1,960	2.6	2,011	15,647	(0.8)	15,516	(0.9)	15,380	(0.1)	15,368
December	13,451	(3.5)	12,975	0.6	13,058	3.3	13,491	1,853	(4.2)	1,774	5.1	1,864	9.8	2,046	15,304	(3.6)	14,749	1.2	14,922	4.1	15,537
January	12,149	0.7	12,236	(4.4)	11,703	1.7	11,905	1,781	6.2	1,892	(0.9)	1,875	3.2	1,935	13,930	1.4	14,128	(3.9)	13,578	1.9	13,840
February	12,011	(4.9)	11,417	(5.9)	10,738			1,771	(2.4)	1,728	0.6	1,740			13,782	(4.6)	13,146	(5.1)	12,478		
March	13,417	(0.6)	13,334	(1.1)	13,188			1,996	(4.1)	1,915	5.6	2,021			15,413	(1.1)	15,249	(0.3)	15,210		
April	13,454	1.0	13,585	1.4	13,778			1,979	6.7	2,111	2.6	2,167			15,433	1.7	15,697	1.6	15,946		
May	14,417	1.8	14,679	0.1	14,690			2,175	4.2	2,267	0.7	2,283			16,592	2.1	16,946	0.2	16,974		
Total Year	164,960	(0.8)	163,690	0.1	163,788		112,702	24,127	0.3	24,207	2.8	24,891		17,593	189,087	(0.6)	187,897	0.4	188,679		130,295
June-Jan	111,660	(0.9)	110,673	0.7	111,393	1.2	112,702	16,206	(0.1)	16,186	3.0	16,679	5.5	17,593	127,866	(0.8)	126,859	1.0	128,072	1.7	130,295

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$40,202	5.9	$42,563	5.5	$44,913	6.3	$47,759	$30,075	(0.9)	$29,797	3.8	$30,938	8.7	$33,638	$70,276	3.0	$72,360	4.8	$75,851	7.3	$81,397
July	44,555	0.6	44,813	7.6	48,219	6.9	51,527	28,449	1.8	28,953	9.1	31,597	9.3	34,536	73,004	1.0	73,767	8.2	79,816	7.8	86,063
August	42,432	8.7	46,109	7.9	49,761	6.6	53,065	30,473	2.5	31,222	3.4	32,289	5.3	33,994	72,904	6.1	77,330	6.1	82,050	6.1	87,060
September	37,501	3.3	38,737	5.9	41,023	4.9	43,042	29,292	(3.7)	28,222	6.5	30,066	11.4	33,490	66,792	0.2	66,959	6.2	71,089	7.7	76,532
October	38,580	(0.0)	38,571	9.9	42,409	7.8	45,711	29,536	0.2	29,595	10.5	32,692	8.6	35,507	68,116	0.1	68,166	10.2	75,101	8.1	81,218
November	37,566	2.3	38,446	3.4	39,752	7.0	42,534	27,670	4.7	28,976	(1.5)	28,554	5.9	30,250	65,236	3.4	67,422	1.3	68,306	6.6	72,785
December	35,916	2.0	36,642	7.1	39,259	6.4	41,766	26,368	(1.0)	26,096	5.7	27,577	13.0	31,154	62,284	0.7	62,738	6.5	66,836	9.1	72,921
January	32,226	2.9	33,172	0.7	33,403	8.2	36,138	26,599	8.3	28,813	0.4	28,936	9.2	31,609	58,824	5.4	61,985	0.6	62,338	8.7	67,747
February	31,419	(1.8)	30,841	(1.9)	30,259			26,271	(0.2)	26,223	3.6	27,168			57,690	(1.1)	57,064	0.6	57,427		
March	35,960	7.7	38,716	1.8	39,421			29,086	0.3	29,182	8.4	31,644			65,046	4.4	67,899	4.7	71,065		
April	37,709	3.2	38,904	8.9	42,363			28,122	8.8	30,610	7.2	32,811			65,831	5.6	69,514	8.1	75,174		
May	41,069	7.1	44,000	6.6	46,889			30,707	6.0	32,537	4.9	34,123			71,776	6.6	76,536	5.8	81,012		
Total Year	$455,133	3.6	$471,514	5.5	$497,671		$361,543	$342,646	2.2	$350,226	5.2	$368,395		$264,179	$797,779	3.0	$821,740	5.4	$866,066		$625,721
June-Jan	308,977	3.3	319,053	6.2	338,738	6.7	361,543	228,460	1.4	231,674	4.7	242,649	8.9	264,179	537,436	2.5	550,727	5.6	581,387	7.6	625,721

NOTES:
(1) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Findaly Connector.
(3) On January 6, 2013 a 2% E-Zpass and a 10% cash toll increase was implemented on all toll facilities.
(4) On January 1, 2014 a 2% E-Zpass and a 12% cash toll increase was implemented on all toll facilities.
(5) On January 4, 2015, a 5% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(6) Leap year occurred in 2012, resulting in negative traffic and toll revenue impacts in February 2013 compared to February 2012.
(7) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particulary among passenger cars.

on the Turnpike System has increased by 6.7 percent through January 2015 compared to the same time period in the previous year.

Commercial-vehicle transactions increased by 0.3 percent in FY 2012-13 and subsequently increased by 2.8 percent in the following year. Year-to-date, FY 2014-15 commercial-vehicle transactions have increased by 5.5 percent over the same period in the prior year. Annual toll revenue increased by 2.2 percent and 5.2 percent in FY 2012-13 and 2014-14 respectively. FY 2014-15 commercial vehicle toll revenue increased by 8.9 percent through January 2015. These increases in toll revenue were driven by increased transactions and by annual toll increases.

Total Turnpike System transactions decreased by 0.6 percent in FY 2012-13, and increased by 0.4 percent the next year. The increase in FY 2013-14 would have been more positive if the abnormally severe winter weather in January and February 2014 had not occurred. In FY 2014-15, transactions through January 2015 increased over the same time period in the prior year by 1.7 percent. Total Turnpike System toll revenue increased by 3.0 percent and 5.4 percent in FY 2012-13 and FY 2013-14, respectively. Toll revenue year to date in FY 2014-15 has increased by 7.6 percent compared to the same period in the prior year.

Systemwide Turnpike transactions do appear to be slowly growing due to the slowly improving economy and current low fuel prices. The growth in transactions has been occurring even with the annual toll increases that have been implemented since 2009.

2.4.3 Barrier System Monthly Trends

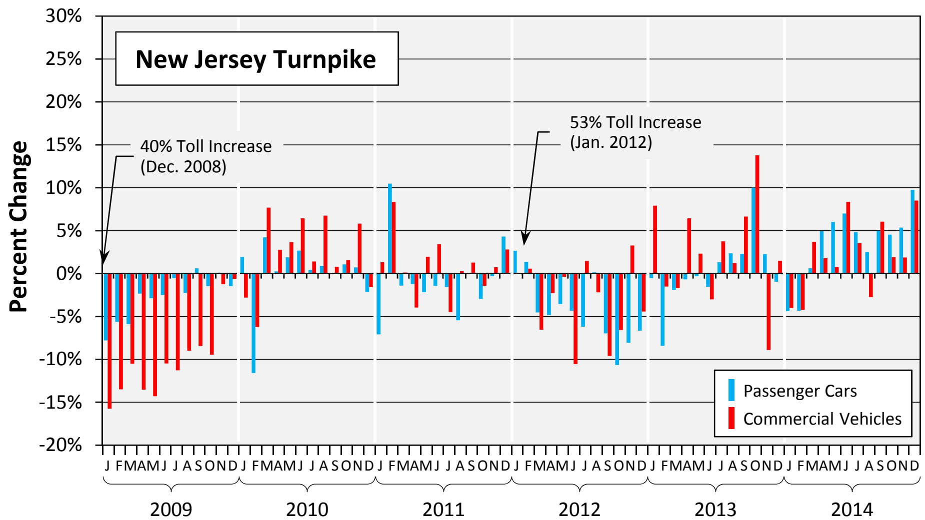
Detailed monthly transaction and toll revenue trends are shown for each of the individual Barrier Systems in Appendix A. Monthly trends are provided for Turnpike 43 in Table A-1, Turnpike 66 in Table A-2, The Northeast Extension Barrier Plazas in Table A-3, Turnpike I-376 in Table A-4 and Turnpike I-576 in Table A-5.

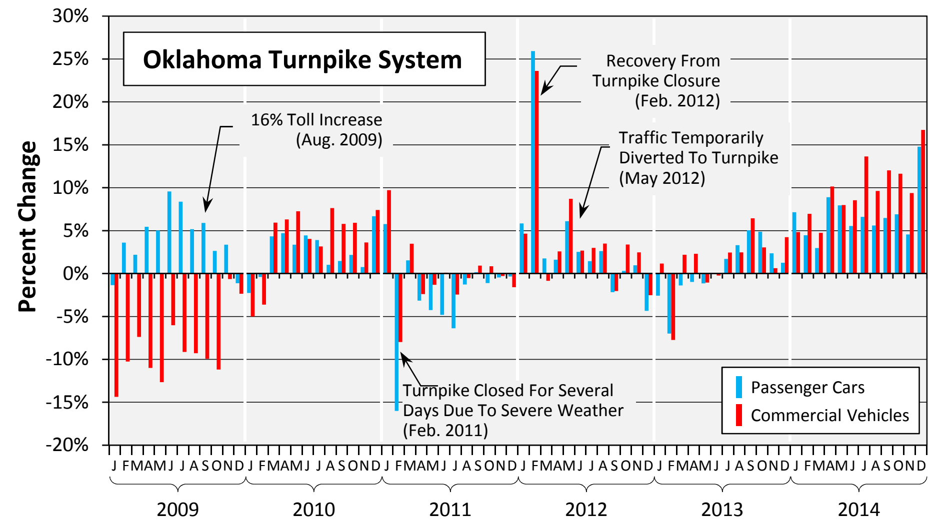
2.5 Comparison of Transaction Trends Among State Facilities

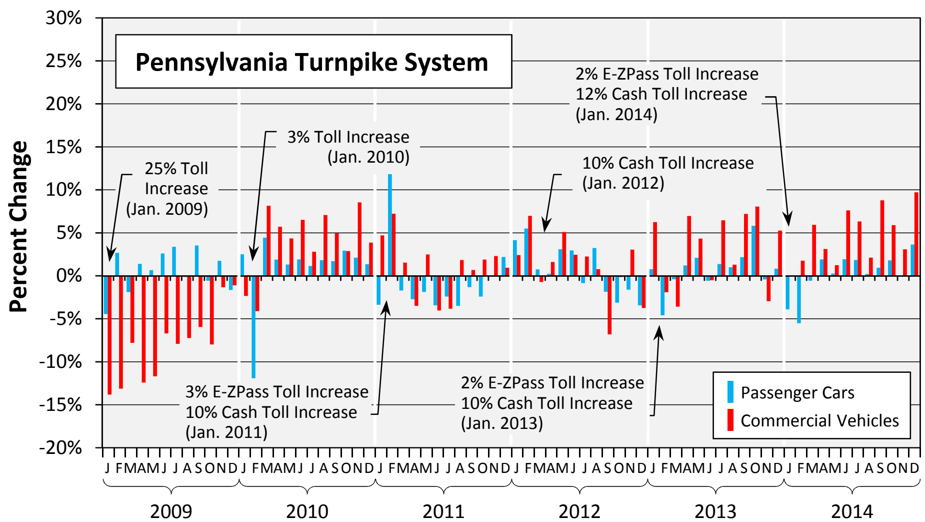
Figure 2-5 provides another perspective to recent transaction trends on the Pennsylvania Turnpike System by comparing its experience with those of other toll facilities around the country. Monthly passenger-car and commercial-vehicle transaction trends are shown for the last six full calendar years for the Pennsylvania Turnpike System, the Oklahoma Turnpike System, the New Jersey Turnpike, and the Illinois Tollway System. The last three facilities were selected because, similarly to the Pennsylvania Turnpike System, they are long toll roads that pass through both urban and rural areas, and they are conventional toll roads in that they are not managed lane or HOT lane facilities. They represent toll facilities in different parts of the U.S. that have experienced varying levels of economic growth.

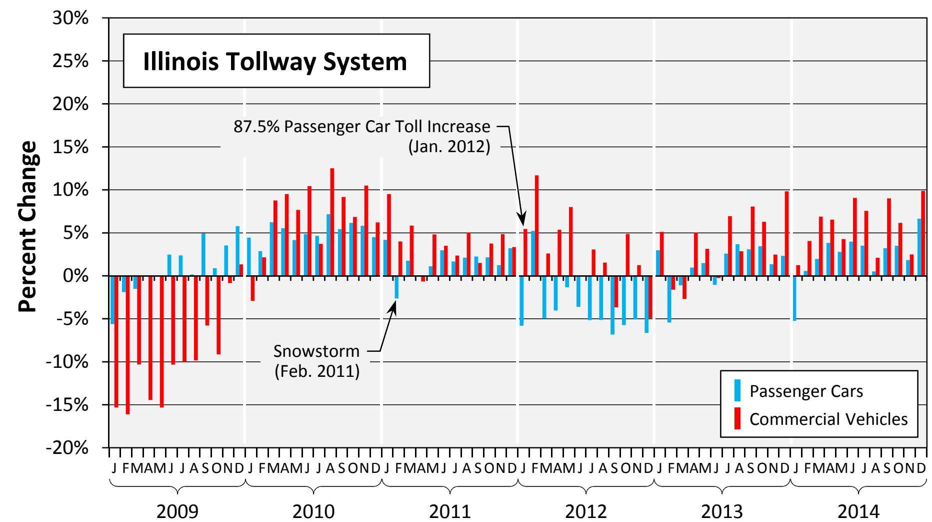
Focusing on the most recent two years of actual data, 2013 and 2014, it is apparent that the growth in commercial-vehicle transactions is positive on all four toll facilities shown in Figure 2-5. Commercial vehicle growth on the Pennsylvania Turnpike System was approximately consistent with growth shown on the Illinois Tollway and perhaps more consistent than the growth evidenced on the New Jersey Turnpike in 2013 and 2014. Commercial vehicle growth was strongest on the Oklahoma Turnpike System.

Growth in passenger-car transactions on the Pennsylvania Turnpike System was less robust than that seen in the other three toll facilities during 2012 and 2013. This may be due in part to annual toll









COMPARISON OF VARIOUS STATES' MONTHLY PASSENGER CAR AND COMMERCIAL VEHICLE TRANSACTION TRENDS

FIGURE 2-5

CDM Smith

increases. Passenger-car transactions on the Pennsylvania Turnpike System did not experience the larger and more prolonged decreases seen in 2012 on the Illinois Tollway System and the New Jersey Turnpike.

2.6 Comparison of Commercial Activity and Total Turnpike Toll Transactions

Table 2-10 presents a comparison between three measures of economic growth, and transaction growth on the Turnpike System from 2011 through 2014. Annual percent changes in Turnpike System transactions over the prior year are compared to annual percent changes in the U.S. gross domestic product (GDP), the Tri-State (NJ, NY, PA) gross regional product (GRP), and the PA gross state product. (GSP). In addition, the percent changes in economic growth are provided on a quarterly basis, comparing each quarter to the same quarter in the previous year. U.S. gross domestic product (GDP) is actual through 2014, while the gross regional product and gross state product data for 2014 are estimates.

It appears that the growth in passenger-car transactions is more closely associated with the PA Gross State Product, which experienced a slowing rate of growth in 2012 and 2013, and was forecast to have a slowing rate of growth in 2014. Passenger-car transactions increased by 0.2 percent in 2012, 0.8 percent in 2013 and decreased by 0.1 percent in 2014.

Commercial vehicle growth, which increased by 0.6 percent in 2012, 3.0 percent in 2013 and 4.1 percent in 2014, appears to be more influenced by regional and national economic activity. U.S. gross regional product increased by 2.3 percent in 2012, 2.2 percent in 2013 and 2.4 percent in 2014.

2.7 Annual Transaction and Gross Toll Revenue Trends

Table 2-11 provides a summary of annual total Turnpike System transactions and adjusted gross toll revenue trends from FY 1993-94 through FY 2013-14. Note that transactions and adjusted toll revenue in Table 2-11 reflect final audited Turnpike System totals after adjustments and discounts attributable to the Commercial Volume Discount Program described earlier in this chapter.

The Turnpike System has demonstrated consistent long term growth in transactions and toll revenue. Between FY 1993-94 and FY 2003-04, total Turnpike System transactions grew steadily from approximately 121.0 million to 188.0 million, an average annual increase of 4.5 percent. From FY 2003-04 to FY 2013-14, total turnpike transactions have remained relatively flat. Turnpike System transactions totaled 188.7 million in FY 2013-14, just about 0.5 percent less than the highest annual transactions experienced on the Turnpike System in FY 2004-05. Adjusted Turnpike System toll revenue has increased by 3.8 percent per year from FY 1993-94 through FY 2003-04, and by 6.2 percent per year from FY 2003-04 through FY 2013-14. Annual increases in toll revenue have been greater since FY 2008-09 compared to prior years due to the annual toll rate increases.

Figure 2-6 illustrates Turnpike System historical transactions and adjusted gross toll revenue on an annual basis from FY 1990-91 to FY 2013-14. Toll increases are represented by a black star over the fiscal year in which the increase was implemented and the nature of the rate increases are detailed in the text box within the revenue chart on the upper half of the page. Figure 2-6 clearly shows the greater rate of growth in Turnpike System toll revenue compared to the comparatively flat growth in toll transactions since 2009. The low transaction growth rates are primarily attributed to a slow economy, particularly in terms of job formation, and secondarily to annual toll increases.

Table 2-10
Near Term Measures of Commercial Activity and Growth in Total Turnpike SystemTransactions

Percent Change Over Prior Year or
From One Quarter to the Same Quarter in the Prior Year

Calendar Year	Gross Domestic Product Growth (1) (U.S.)	Gross Regional Product Growth (1) (NJ, NY, PA)	Gross State Product Growth (1) (PA)	PA Turnpike System Percent Transaction Growth (2)		
				Passenger Cars	Commercial Vehicles	All Vehicles
2011 (Actual)	**1.6**	**0.9**	**1.4**	(1.2)	1.0	(0.9)
1st Quarter	(0.4)	0.5	3.9			
2nd Quarter	0.7	0.3	2.8			
3rd Quarter	0.2	0.2	1.4			
4th Quarter	1.1	0.5	(0.8)			
2012 (Actual)	**2.3**	**1.7**	**1.2**	0.2	0.6	0.2
1st Quarter	0.6	0.5	(0.1)			
2nd Quarter	0.4	0.3	(4.4)			
3rd Quarter	0.6	0.8	2.4			
4th Quarter	0.0	0.0	6.0			
2013 (Actual)	**2.2**	**0.8**	**0.7**	0.8	3.0	1.0
1st Quarter	0.7	(0.9)	(2.1)			
2nd Quarter	0.4	1.2	3.4			
3rd Quarter	1.1	0.5	(1.5)			
4th Quarter	0.9	0.5	0.8			
2014 (GDP Actual) GSP/GSP Forecast)	**2.4**	**0.7**	**0.3**	(0.1)	4.1	0.5
1st Quarter	(0.5)	(1.4)	(1.5)			
2nd Quarter	1.1	0.8	0.8			
3rd Quarter	1.2	1.0	1.0			
4th Quarter	0.5	0.6	0.4			

(1) The percent changes in U.S. GDP, GRP, and GSP are based on constant 2009 dollars. The U.S. GDP is actual through 2014. The GRP and GSP are actual through 2013. Actual data was obtained from the U.S. Bureau of Economic Analysis. Forecast data was from Moody's Analytics (www.economy.com) baseline forecast (February 2015).
(2) Turnpike System growth rates are actual through 2014.

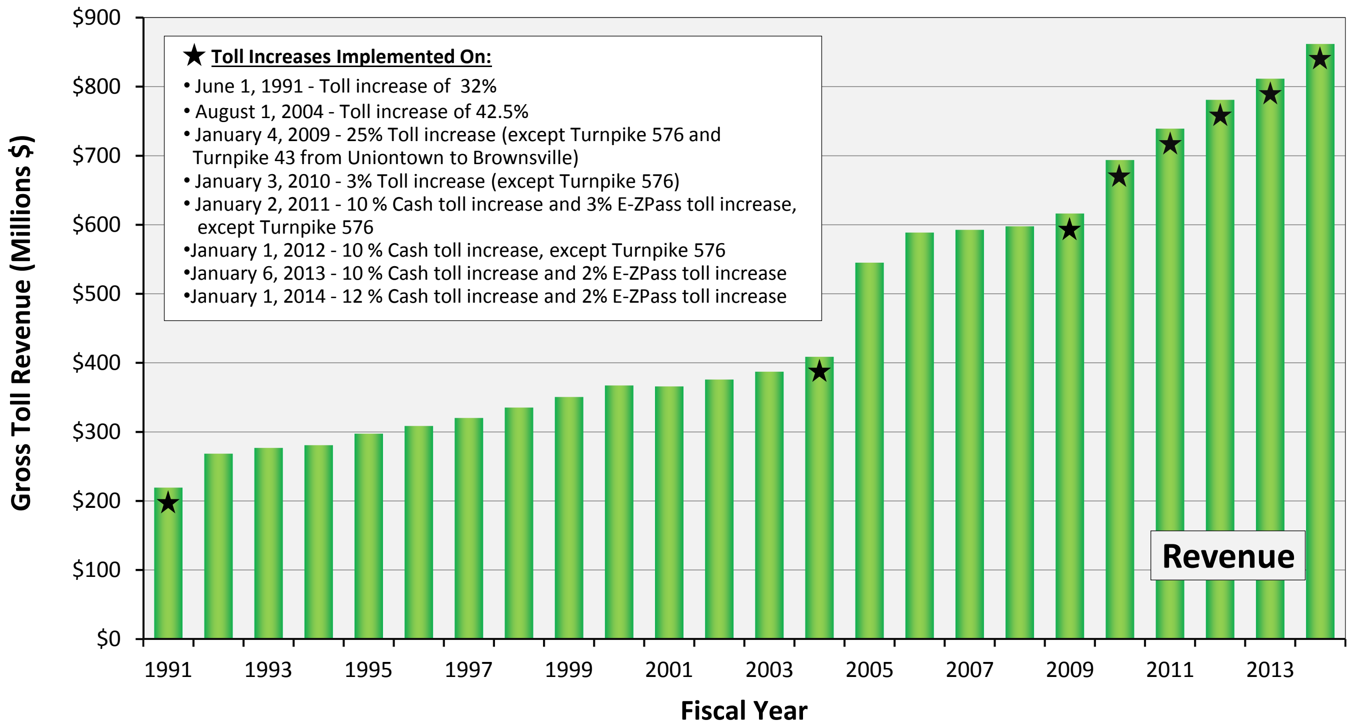
Table 2-11
Annual Systemwide Traffic and Adjusted Toll Revenue Trends
Pennsylvania Turnpike System
(Values in Thousands)

	Transactions						Adjusted Toll Revenue (8)					
Fiscal Year	Cars	Percent Change Over Prior Year	Trucks	Percent Change Over Prior Year	Total	Percent Change Over Prior Year	Cars	Percent Change Over Prior Year	Trucks	Percent Change Over Prior Year	Total	Percent Change Over Prior Year
1993-94	106,708	10.1	14,261	9.2	120,969	10.0	158,053	3.0	122,846	(0.4)	280,899	1.5
1994-95	114,033	6.9	15,620	9.5	129,653	7.2	165,850	4.9	131,749	7.2	297,599	5.9
1995-96	121,911	6.9	16,719	7.0	138,630	6.9	172,339	3.9	136,269	3.4	308,608	3.7
1996-97	126,654	3.9	17,479	4.5	144,133	4.0	179,303	4.0	140,837	3.4	320,140	3.7
1997-98	132,472	4.6	18,627	6.6	151,099	4.8	186,290	3.9	149,036	5.8	335,326	4.7
1998-99	136,399	3.0	19,833	6.5	156,232	3.4	191,804	3.0	158,761	6.5	350,565	4.5
1999-00	138,762	1.7	21,341	7.6	160,103	2.5	195,301	1.8	172,035	8.4	367,336	4.8
2000-01	141,033	1.6	21,278	(0.3)	162,311	1.4	193,563	(0.9)	172,337	0.2	365,900	(0.4)
2001-02	150,496	6.7	22,298	4.8	172,794	6.5	212,650	9.9	163,101	(5.4)	375,751	2.7
2002-03	156,220	3.8	23,179	4.0	179,399	3.8	219,201	3.1	168,021	3.0	387,222	3.1
2003-04	163,612	4.7	24,407	5.3	188,019	4.8	228,515	4.2	180,229	7.3	408,744	5.6
2004-05 (1)	163,316	(0.2)	25,109	2.9	188,425	0.2	309,032	35.2	236,126	31.0	545,158	33.4
2005-06	160,590	(1.7)	25,311	0.8	185,901	(1.3)	321,268	4.0	267,369	13.2	588,637	8.0
2006-07	160,107	(0.3)	25,316	0.0	185,423	(0.3)	322,781	0.5	269,861	0.9	592,642	0.7
2007-08	164,097	2.5	25,455	0.5	189,552	2.2	332,035	2.9	265,637	(1.6)	597,672	0.8
2008-09 (2)	162,638	(0.9)	23,583	(7.4)	186,220	(1.8)	356,345	7.3	260,047	(2.1)	616,392	3.1
2009-10 (3)	163,599	0.6	22,933	(2.8)	186,531	0.2	415,981	16.7	277,789	6.8	693,770	12.6
2010-11 (4)	165,230	1.0	23,812	3.8	189,042	1.3	435,752	4.8	303,535	9.3	739,286	6.6
2011-12 (5)	164,960	(0.2)	24,127	1.3	189,087	0.0	455,133	4.4	342,646	12.9	797,779	7.9
2012-13 (6)	163,690	(0.8)	24,207	0.3	187,897	(0.6)	471,514	3.6	350,226	2.2	821,740	3.0
2013-14 (7)	163,788	0.1	24,891	2.8	188,679	0.4	497,671	5.5	368,395	5.2	866,066	5.4

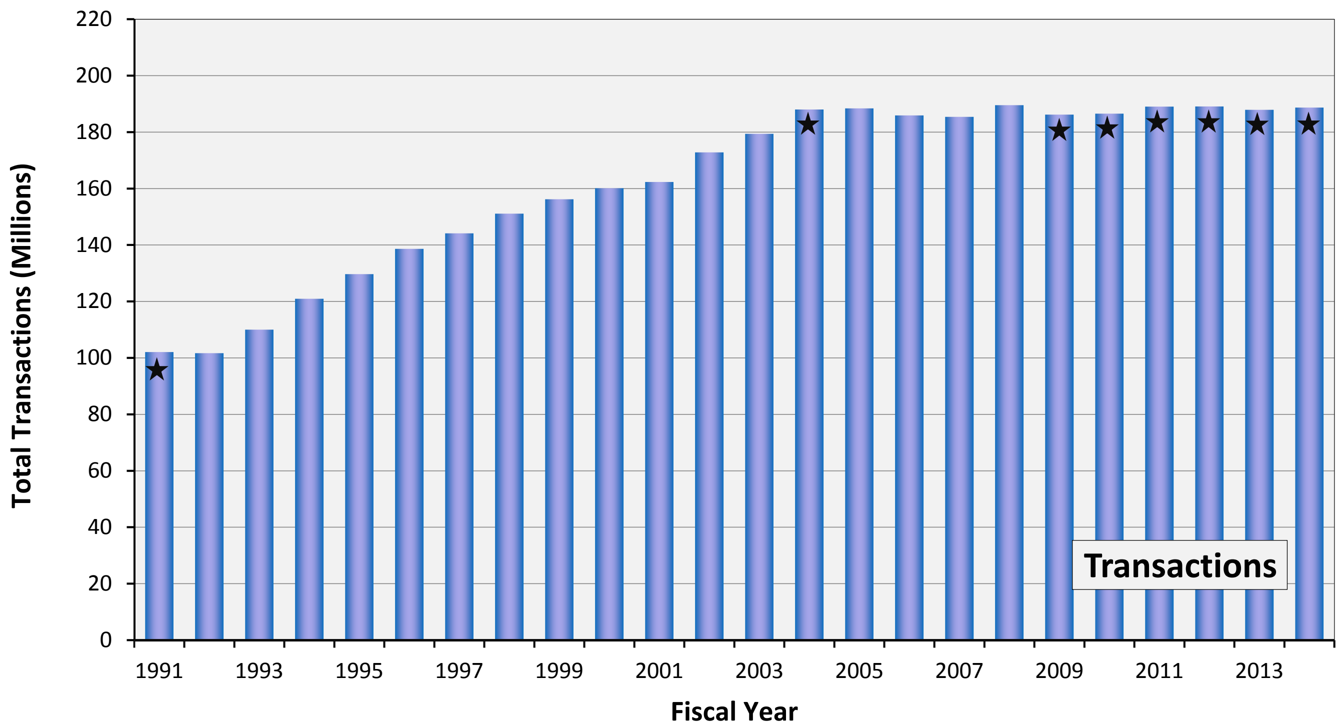
Average Annual Percent Change

	Transactions			Adjusted Toll Revenue (8)		
Fiscal Year	Cars	Trucks	Total	Cars	Trucks	Total
FY 1993-94 - FY 2003-04	4.4	5.5	4.5	3.8	3.9	3.8
FY 2003-04 - FY 2013-14	0.0	0.2	0.0	6.4	6.0	6.2
FY 1993-94 - FY 2013-14	2.2	2.8	2.2	5.9	5.6	5.8

(1) A toll increase of 42.5% was implemented on August 1, 2004.
(2) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Turnpike I-576 and PA 43 Unionville to Brownsville remained unchanged.
(3) A toll increase of 3% was implemented on January 3, 2010, except for Turnpike I-576 where the toll rates did not increase.
(4) An E-Z Pass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011, except for Turnpike I-576 where the toll rates did not increase.
(5) A cash toll increase of 10% was implemented on January 1, 2012, except for Tunrpike I-576 where the toll rates did not increase.
(6) An E-Z Pass toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013.
(7) An E-Z Pass toll increase of 2% and a cash toll increase of 12% was implemented on January 1, 2014, except for Turnpike I-576.
(8) The toll revenue includes the adjustments associated with the Commercial Vehicle Volume Discount Program.



Note: Toll revenue includes the adjustments associated with the Commercial Vehicle Volume Discount Program.



PENNSYLVANIA TURNPIKE SYSTEM HISTORICAL TRANSACTIONS AND ADJUSTED GROSS TOLL REVENUE

FIGURE 2-6

2.8 E-ZPass Market Share

Table 2-12 shows the historical growth in E-ZPass transactions as a percent of total toll transactions on the Turnpike System. Over the past nine years, passenger-car E-ZPass market share has increased from 40.4 percent to 70.1 percent of total toll transactions. Commercial-vehicle market share growth has been nearly as large, increasing from 60.2 percent in FY 2005-06 to 85.0 percent in FY 2013-14. Total Turnpike System E-ZPass usage has grown from 43.2 percent to 72.0 percent from FY 2005-06 to FY 2013-14.

Table 2-12
Annual E-ZPass Market Shares: Turnpike System
Based on Toll Transactions

	Annual Percent E-Zpass Market Share By Vehicle Class		
Fiscal Year	Passenger Cars	Commercial Vehicles	Total
2005-06	40.4 %	60.2 %	43.2 %
2006-07	44.3	67.9	47.6
2007-08	46.8	71.1	50.1
2008-09 (1)	50.4	74.3	53.4
2009-10 (2)	53.9	76.1	56.6
2010-11 (3)	57.5	77.7	60.1
2011-12 (4)	61.8	80.0	64.1
2012-13 (5)	66.1	82.7	68.2
2013-14 (6)	70.1	85.0	72.0

(1) A toll increase of 25% was implemented on January 4, 2009, except for Turnpike I-576 and Turnpike 43 from Unionville to Brownsville, where toll rates did not increase.

(2) A toll increase of 3% was implemented on January 3, 2010, except for Turnpike I-576.

(3) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011, except for Turnpike I-576.

(4) A Cash Toll increase of 10% was implemented on January 1, 2012, except for Turnpike I-576.

(5) An E-Zpass toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013.

(6) An E-Zpass toll increase of 2% and a cash toll increase of 12% was implemented on January 1, 2014, except for Turnpike I-576.

Table 2-13 presents monthly E-ZPass market share trends on the Ticket System for FY 2013-14. It is apparent from a comparison of Tables 2-12 and 2-13 that the E-ZPass participation is slightly higher on the Ticket System than on the Turnpike System as a whole. E-ZPass penetration averaged 72.0 percent for passenger cars, 86.0 percent for commercial vehicles, and 73.9 percent for all vehicles. Monthly trend data shows that E-ZPass penetration is lowest in the summer months, and peaks in the winter months of January and February.

Table 2-13
Monthly E-ZPass Market Shares: Ticket System
Based on Toll Transactions Including Gateway Plaza

	FY 2013-14 Percent E-Zpass Market Share By Vehicle Class		
Month	Passenger Cars	Commercial Vehicles	Total Vehicles
June 2013	66.7 %	83.0 %	68.8 %
July	66.0	83.0	68.2
August	66.5	83.4	68.7
September	69.1	84.0	71.1
October	70.3	84.7	72.2
November	70.4	85.4	72.3
December	70.1	86.0	72.1
January 2014	73.9	87.0	75.7
February	73.6	86.5	75.4
March	72.8	86.4	74.6
April	72.5	86.0	74.3
May	71.3	85.3	73.2
Average	72.0 %	86.0 %	73.9 %

Chapter 3

Socioeconomic Trends and Growth Forecasts

An evaluation of longer-term socioeconomic trends and forecasts for the areas along and surrounding the Pennsylvania Turnpike was conducted as part of this analysis. Such trends and forecasts serve as inputs to the demand growth analysis. Table 3-1 through Table 3-4 provide a summary of various socioeconomic measures reviewed, including population, employment, retail sales, and gross regional product. Additional trend information (shown in Figure 3-1 and Figure 3-2) is provided regarding unemployment rates and retail gasoline prices.

A socioeconomic trend analysis was conducted in order to identify any potential explanatory factors that may have influenced historical variations in toll transactions. Identification of such socioeconomic explanatory factors is necessary to produce a demand growth forecast that accounts for the unique nature of Turnpike usage. Socioeconomic trend data was applied within a regression-based analysis to derive demand growth projections.

In the subsequent tables, the socioeconomic growth rates are presented in compound average annual percent change (AAPC) terms, spanning decade increments from 1980 through 2040. Regarding geographic coverage, the United States is presented along with the Commonwealth of Pennsylvania and the surrounding states: New Jersey, New York, Ohio, and West Virginia. In addition to the larger geographies, the Pennsylvania counties along the Turnpike are presented, and grouped for ease of presentation into four aggregations, including the following counties:

- **Pittsburgh Area:** Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland;
- **Interurban Area:** Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York;
- **Philadelphia Area:** Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia; and,
- **Northeastern Corridor:** Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

3.1 Population

Historical population data were obtained from the United States Census Bureau (census years and intercensal 2013 estimates), and forecast population growth was obtained from various other public and private sector sources, depending on the geography. As presented in Table 3-1, forecast population growth rates were culled from two sources. Pennsylvania counties' population growth rates were obtained from the Pennsylvania State Data Center (via the Pennsylvania State University), and are available through year 2040; at the state and national geographic levels, population growth was obtained from the Woods & Poole, Inc. 2014 Complete Economic and Demographic Data Source (CEDDS)[1], available through year 2040.

Table 3-1
Population Trends and Forecasts

Area	Average Annual Percent Change 1980 - 1990	1990 - 2000	2000 - 2013	2013 - 2020	2020 - 2030	2030 - 2040	2013 - 2040
Pittsburgh Area (1)	(0.7)	(0.2)	(0.2)	0.3	0.2	0.1	0.2
Interurban Area (2)	0.6	0.7	0.7	0.6	0.5	0.3	0.4
Philadelphia Area (3)	0.2	0.4	0.5	0.6	0.6	0.5	0.5
Northeastern Corridor (4)	0.0	0.1	0.4	0.4	0.3	0.1	0.2
Subtotal	0.0	0.3	0.3	0.5	0.4	0.3	0.4
New Jersey	0.5	0.8	0.4	0.6	0.6	0.6	0.6
New York	0.2	0.5	0.2	0.4	0.4	0.4	0.4
Ohio	0.0	0.5	0.2	0.3	0.3	0.3	0.3
Pennsylvania	0.0	0.3	0.3	0.3	0.2	0.4	0.3
West Virginia	(0.8)	0.1	0.2	0.3	0.3	0.3	0.3
Subtotal	0.1	0.5	0.3	0.4	0.4	0.4	0.4
United States	0.9	1.2	0.9	1.0	0.9	0.8	0.9

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Sources: Historical data are from the United States Census; county forecasts reflect PA SDC 2014 data; and state/national forecasts reflect Woods & Poole CEDDS, 2014.

As indicated in Table 3-1, population growth along the Pennsylvania Turnpike and in the surrounding states is tempered relative to the population growth in the nation as a whole, for both the historical trends and forecasts. Historically, population in Pennsylvania has increased annually by between 0.0 and 0.3 percent from 1980 through 2013; resident population growth along the Pennsylvania Turnpike has historically observed similar average annual growth rates as well, which are below the rates of resident population growth observed for the entire United States. For comparative purposes, historical population growth in the United States averaged about 1.0 percent per year over the same period.

It is interesting to note that, as shown in Table 2-4, traffic growth on the Pennsylvania Turnpike ticket system grew 2.3 percent per annum between 1993 and 2014 – a stronger rate than population growth (0.3 percent in Pennsylvania) – despite multiple toll increases that occurred. A divergence between average annual historical population growth and traffic growth demonstrates that the Pennsylvania Turnpike has likely attracted an increasing share of travel in the corridor geographies. It is also likely that traffic growth increased at a greater rate on the Turnpike System than the population growth in the state because 1) alternative roads became more congested so that motorists were increasingly

[1] Source: Woods & Poole Economics, Inc. Washington, D.C. Copyright 2014. Woods & Poole does not guarantee the accuracy of this data. The use of this data and the conclusion drawn from it are solely the responsibility of the consultant.

willing to pay a toll to use the Turnpike System, and 2) the patterns of growth in the state are resulting in more jobs and housing in areas served by Turnpike facilities.

Future population growth along the Pennsylvania Turnpike is forecast to remain at the relatively low historical levels. As shown, projections average 0.4 percent per annum through 2040, just slightly higher than historical averages since 1990. Pennsylvania is forecasted to gain in population by 0.3 percent per annum on average over the coming decades, closely comparable to the recent historical trends, but still below the expected population growth for the nation, which, on average, is projected to amount to 0.9 percent per annum through 2040.

3.2 Employment and Unemployment

Employment trends are exhibited in Table 3-2. Historical data are from the United States Department of Commerce (Bureau of Economic Analysis from 1980 through 2013), and the future growth rates are based on Woods & Poole data.

Table 3-2
Employment Trends and Forecasts

	Average Annual Percent Change						
Area	1980 - 1990	1990 - 2000	2000 - 2013	2013 - 2020	2020 - 2030	2030 - 2040	2013 - 2040
Pittsburgh Area (1)	0.4	0.8	0.4	0.9	0.9	0.9	0.9
Interurban Area (2)	1.8	1.1	0.4	1.2	1.2	1.2	1.2
Philadelphia Area (3)	1.3	0.7	0.6	1.3	1.3	1.3	1.3
Northeastern Corridor (4)	0.8	0.7	0.6	0.9	0.9	1.0	0.9
Subtotal	1.1	0.8	0.5	1.2	1.2	1.2	1.2
New Jersey	1.8	1.0	0.6	1.0	1.0	1.0	1.0
New York	1.2	0.7	0.8	0.9	0.9	0.9	0.9
Ohio	1.2	1.5	(0.1)	1.1	1.1	1.1	1.1
Pennsylvania	1.1	0.9	0.5	1.1	1.1	1.1	1.1
West Virginia	(0.1)	1.2	0.3	1.1	1.1	1.1	1.1
Subtotal	1.3	1.0	0.5	1.0	1.0	1.0	1.0
United States	2.0	1.8	0.8	1.3	1.3	1.3	1.3

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Sources: Historical data are from the Bureau of Economic Analysis; and forecasts reflect Woods & Poole CEDDS, 2014.

Historical employment growth for the presented geographies have almost universally decelerated in the three preceding decades from 1980 through 2013. It is important to note that the average annual growth in the 2000 to 2013 period is mostly reflective of the economic downturn realized during the recent severe recession, which officially began in late 2007. In the counties comprising the four aggregated groupings, the per annum employment growth decelerated from 1.1 percent in the 1980's to 0.8 percent in the 1990's, and to just 0.5 percent since 2000. Pennsylvania as a whole exhibited historical employment growth trends practically identical to the groupings' subtotal. Comparatively, the United States also exhibited historical employment growth deceleration through the recent decades; although, similar to population trends, the overall employment growth rates were higher for the nation than for Pennsylvania.

The relatively stagnant employment growth observed since 2000 (including the deep recession) is not realistically expected to continue; in fact, the recent (from the bottom levels in 2010) gradual rebound is already in place. As shown, employment growth across all presented geographies is forecasted to largely bounce back, with average annual growth for the entire 2013 through 2040 period amounting to 1.2 percent for the corridor groupings' subtotal, 1.1 percent for Pennsylvania, 1.0 percent for the subtotal of the five states, and 1.3 percent per annum for the United States.

Figure 3-1 depicts seasonally-unadjusted monthly unemployment rates over the last decade (from January 2005 through December 2014) for the three major Metropolitan Statistical Areas (MSA) in Pennsylvania located along the Turnpike Mainline: Philadelphia-Camden-Wilmington, Harrisburg-Carlisle, and Pittsburgh. In addition, unemployment data is also included pertaining to the entire Commonwealth of Pennsylvania and for the United States. Given that the data are seasonally-unadjusted, the graph depicts both the cyclical seasonal variations, as well as the longer-term trends.

Historically, the Harrisburg-Carlisle MSA has generally exhibited the lowest relative unemployment rates of the select geographies presented, which is probably reflective of the more stable government employment in the State Capital (compared to more volatile private-sector employment). Of the remaining two MSAs, Philadelphia-Camden-Wilmington recently exhibited higher unemployment rates than either Pittsburgh or Pennsylvania as a whole.

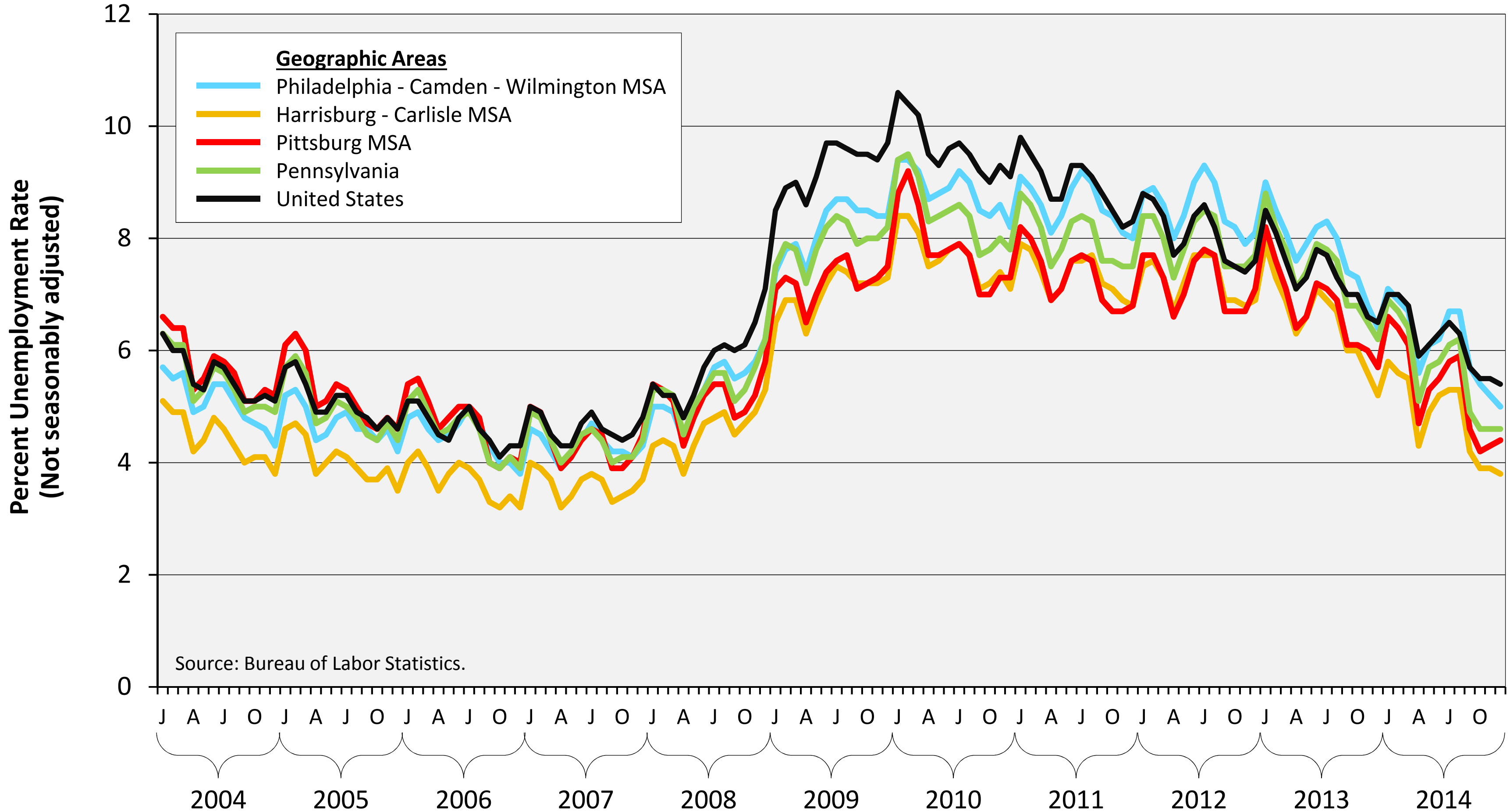
Unemployment rate trends for the entire Commonwealth (and key metro areas) have generally followed those for the nation. While directionally very similar, the Pennsylvania rates have, for most of the recent decade, been below that of the United States. This indicates that the study area geographies have, overall, not suffered during the recent recession as much of the rest of the nation. December 2014 unemployment rates reached 5.4 percent for the United States, while Pennsylvania's was 4.6 percent. Unemployment rates in that same month for the Philadelphia, Harrisburg, and Pittsburgh MSAs were 5.0 percent, 3.8 percent, and 4.4 percent, respectively.

While the data show variations from month to month, the recent general trends are clear. Unemployment levels in 2014 have clearly declined from their recent highs in 2009 and 2010. As the national labor market builds on its recent momentum, the unemployment levels are expected to continue to improve in the near-term.

3.3 Retail Sales

Retail sales (in real, or constant dollar terms) trends and forecasts are presented by decade and geography in Table 3-3. Both Pennsylvania and PTC corridor counties exhibit very similar patterns of average annual growth for real retail sales (both historically and forecasted), which is also similar to the aggregated subtotal of the five states. In the 2000 to 2013 period, real retail sales registered growth of 0.9 percent per annum, in the PTC corridor, which is a deceleration from the preceding decade in the 1990's, during which the average annual growth in real retail sales was 2.6 percent. In contrast, the United States observed historical real retail sales growth higher than the geographies surrounding the Pennsylvania Turnpike, with real growth of 3.4 percent in the 1990's and 1.2 percent since 2000. As with employment trends, the weak performance in real retail sales growth between 2000 and 2013 is largely the result of the recent severe economic recession.

Growth in real retail sales is projected to rebound relative to the most recent historical decade. However, the forecast is not expected to approach the relatively stronger historical growth observed during the 1990's. Over the future period from 2013 through 2040, real retail sales are projected to



HISTORICAL UNEMPLOYMENT RATES

FIGURE 3-1

grow by an average annual 1.4 percent for the county groupings and state subtotals, while the United States' retail sales over the same period is projected to grow by 2.0 percent per annum.

Table 3-3
Retail Sales Trends and Forecasts

Area	Average Annual Percent Change						
	1980 - 1990	1990 - 2000	2000 - 2013	2013 - 2020	2020 - 2030	2030 - 2040	2013 - 2040
Pittsburgh Area (1)	0.3	2.4	0.6	1.0	0.9	0.9	0.9
Interurban Area (2)	2.2	2.7	0.6	1.8	1.7	1.7	1.7
Philadelphia Area (3)	2.1	2.6	1.0	1.4	1.4	1.4	1.4
Northeastern Corridor (4)	1.5	2.7	1.5	1.2	1.1	1.1	1.1
Subtotal	1.6	2.6	0.9	1.4	1.4	1.3	1.4
New Jersey	2.2	2.7	0.7	1.5	1.5	1.4	1.5
New York	1.5	2.4	1.1	1.4	1.4	1.4	1.4
Ohio	1.2	3.0	(0.2)	1.4	1.4	1.4	1.4
Pennsylvania	1.6	2.5	0.7	1.4	1.3	1.3	1.3
West Virginia	(0.2)	2.9	0.4	1.3	1.3	1.3	1.3
Subtotal	1.5	2.6	0.6	1.4	1.4	1.4	1.4
United States	2.0	3.4	1.2	2.0	2.0	2.0	2.0

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Source: Woods and Poole CEDDS, 2014.

3.4 Real Gross Regional Product (GRP)

Another key economic indicator that has bearing on traffic demand is real gross regional product (or gross state product/gross domestic product, depending on the geographic focus). Historical and forecast rates of growth for real (inflation-adjusted) GRP are shown in Table 3-4. National real gross domestic product has historically decelerated from an annual average rate of 3.6 percent in the 1990's to half that (1.8 percent) since 2000. As with the other socioeconomic metrics presented, the deceleration within the last decade is reflective of the recent severe economic recession. Pennsylvania's real gross state product growth also decelerated over the same period, from 2.7 percent in the 1990's to 1.5 percent per annum more recently; the corridor groupings' subtotal exhibited nearly identical growth patterns as the entire Commonwealth. Similar to the trends observed in the other variables already presented, the Commonwealth and the constituent counties exhibit growth patterns that generally parallel the nation in terms of recent deceleration, but at levels universally below the United States as a whole.

Future real GRP growth rates are projected to average 2.3 percent per annum for the United States from 2013 through 2040, with Pennsylvania averaging 1.7 percent per year. In the corridor counties, like the entire Commonwealth, the real GRP growth is projected to amount to 1.7 percent per annum. The Pittsburgh area counties exhibit the slowest relative growth at 1.1 percent and the Interurban Area counties exhibit the highest growth at 2.2 percent per annum through 2040.

Table 3-4
Gross Regional Product Trends and Forecasts

Area	Average Annual Percent Change 1980 - 1990	1990 - 2000	2000 - 2013	2013 - 2020	2020 - 2030	2030 - 2040	2013 - 2040
Pittsburgh Area (1)	0.8	2.9	1.3	1.1	1.1	1.1	1.1
Interurban Area (2)	2.9	2.6	1.4	2.2	2.2	2.2	2.2
Philadelphia Area (3)	3.2	2.8	1.6	1.7	1.7	1.7	1.7
Northeastern Corridor (4)	1.7	2.2	1.3	1.9	1.9	1.9	1.9
Subtotal	2.4	2.7	1.5	1.7	1.7	1.7	1.7
New Jersey	4.7	2.6	1.2	2.0	2.0	2.0	2.0
New York	3.2	2.4	1.8	1.9	1.9	1.9	1.9
Ohio	2.0	3.1	0.5	2.0	2.0	2.1	2.1
Pennsylvania	2.3	2.7	1.5	1.7	1.7	1.8	1.7
West Virginia	(0.2)	2.1	2.1	1.2	1.3	1.3	1.3
Subtotal	2.9	2.6	1.4	1.9	1.9	1.9	1.9
United States	3.1	3.6	1.8	2.2	2.3	2.3	2.3

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Source: Woods and Poole CEDDS, 2014.

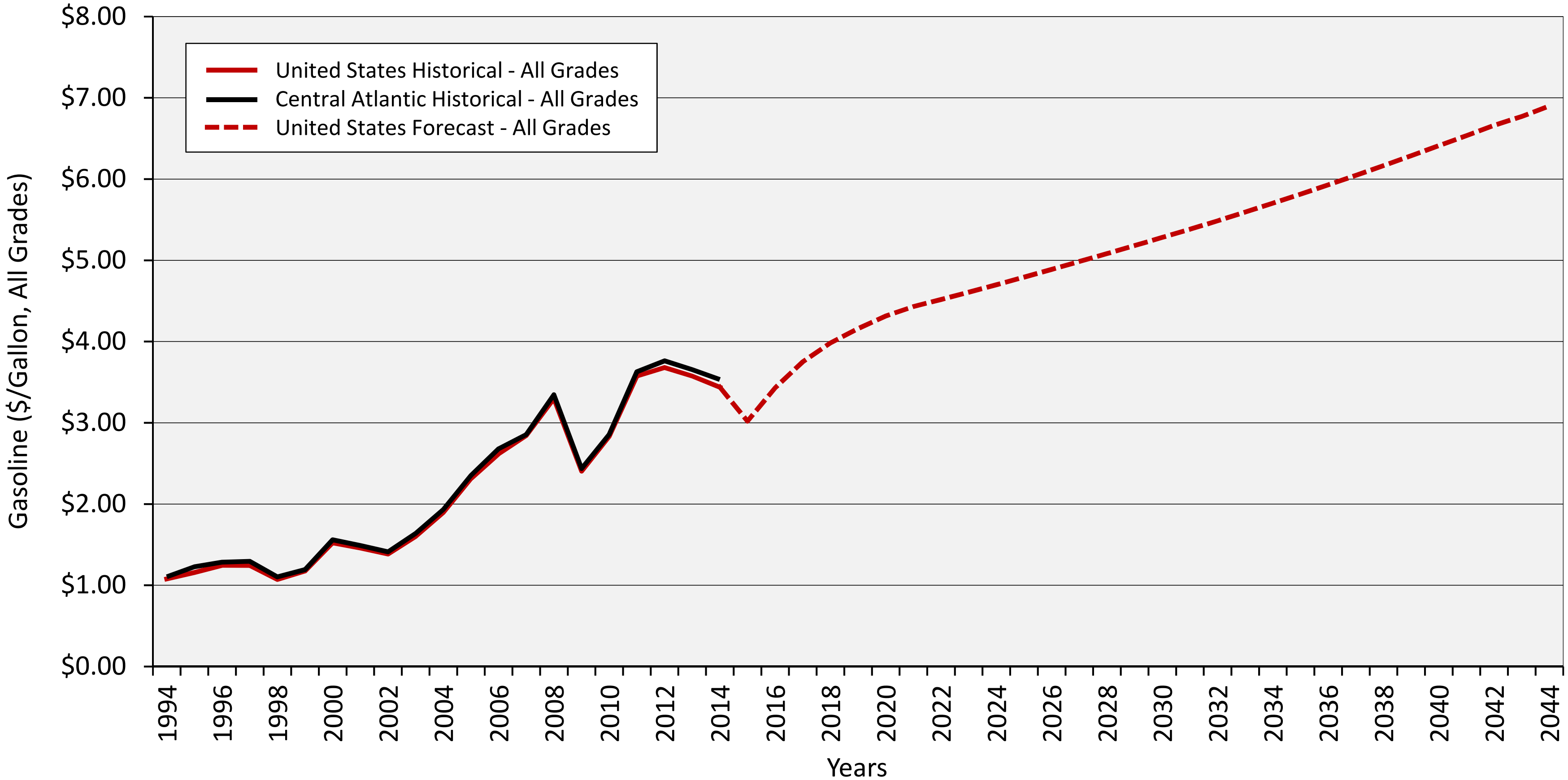
3.5 Motor Fuel Prices

Another factor that can influence travel demand is fuel prices. The left side of Figure 3-2 shows historical gasoline prices (in current dollars) of unleaded gasoline (all grades, all formulations) from 1994 through 2014 for both the Central-Atlantic region (NY, NJ, PA, DE, and D.C.) and for the United States. According to the U.S. Energy Information Administration (EIA) data, the average annual gas prices for the United States and the Central-Atlantic region have been nearly identical (differing by between $0.02 and $0.11 per gallon), and peaked on an annual basis at close to $3.70 per gallon in 2012[2]. The overall growth rate in prices between the averages in 1994 and 2014 was 6.0 percent per annum. Fuel prices decreased significantly in the second half of 2014 and into January 2015, with the most recent (as of late January 2015) low price of gas around the $2.15 per gallon level.

Retail fuel prices are strongly influenced by bigger picture trends in crude oil prices. It should be noted that both can be quite volatile, are as function of multiple factors, and are challenging to precisely project into the future. For instance, in early 2014, major forecasters such as the EIA and OPEC forecasted crude oil prices to remain in around $100 per barrel through 2025, recent crude oil prices in global markets dropped quite substantially to around $50 per barrel.

According to Moody's Analytics recently generated (January 2015) forecast, U.S. retail gasoline prices are expected to increase by about 2.8 percent per year to about $6.70 per gallon by the year 2044. The right side of Figure 3-2 shows average annual projections over this time period.

[2] Please note that in sub-annual terms, gas prices reached their high for the last two decades of around $4.15 per gallon in July of 2008 (not shown in the Figure).



CDM Smith

HISTORICAL AND FORECAST ANNUAL AVERAGE GASOLINE PRICES

FIGURE 3-2

3.6 Current Regional Economic Conditions

To supplement the historical and forecasted socioeconomic quantitative data collection, additional qualitative inputs were collected through discussions with representatives of five major metropolitan areas within, or near, the PTC corridors, as well as research from other sources. The summary of this part of the data collection is provided in Appendix B.

3.7 General Trends

In assessing the various socioeconomic trends, certain patterns emerged, including the following:

- Western Pennsylvania (i.e., Pittsburgh) has exhibited overall weaker recent historical growth patterns for the presented socioeconomic variables than other corridor county groupings within the Commonwealth (i.e., Philadelphia, and the Northeast Corridor);
- Pennsylvania (and the surrounding states) has exhibited recent historical growth patterns for the presented socioeconomic variables below those for the United States; and,
- Longer-term expectations of socioeconomic growth are for a rebound relative to the recent decade, which reflects the recent economic recession; however, growth rates are generally forecasted to be tempered in comparison to the pace that occurred in the 1980's and 1990's.

In summary, the overall macroeconomic environment in the U.S., Pennsylvania, and the surrounding states is currently improving, with expectation for continued employment, real economic output, and income expansion, albeit at a pace slower relative to the pre-recessionary timeframe of the 1990's and 1980's. While labor markets, along with the larger economic activity measures, have continued to strengthen through 2014, the uneven nature of this improvement persists. A number of risks, including growth challenges and uncertainties among some of the major overseas trading partners still remain, calling for cautious optimism.

3.8 Econometric Growth Analysis

All of the socioeconomic data described above were evaluated for the purposes of determining the potential factors influencing traffic demand growth for the Pennsylvania Turnpike. Following the historical socioeconomic data analysis, CDM Smith applied ordinary-least-squared regression analysis to develop long-term demand growth forecast. In the regression modeling, the objective is to identify any independent variable (or variables) with historical trends that can explain, by way of statistical significance, corresponding traffic trends on the Turnpike. A resulting correlative relationship between historical trends in corridor traffic and one or more independent variables is, in turn, applied in forecasting corridor growth, given available and credible forecasts for the independent variable(s). CDM Smith regression-tested annual transaction data for grouped plazas against geographically-weighted independent socioeconomic data (separately for passenger and commercial vehicles) to derive long-term demand growth estimates.

3.9 Socioeconomic Inputs

Data inputs requisite for conducting a regression analysis include currently-updated historical data and forecasts for the possible-explanatory independent variables, which include socioeconomic variables applicable to a defined geographic area of influence (i.e., Pennsylvania counties and other states). Socioeconomic variables that may be hypothetically influential on corridor traffic demand include, but are not limited to: population, employment, gross regional product, income, and retail sales. Sources from which both historical and forecast data were collected included: the United States Census Bureau; the Bureau of Economic Analysis (BEA); the United States Department of Labor, Bureau of Labor Statistics (BLS); the Pennsylvania State Data Center (SDC); United States Energy Information Agency; Woods & Poole Complete Economic and Demographic Data Source (CEDDS) by Woods & Poole Economics, Inc., 2014 (Woods & Poole); Moody's Analytics, and the Pennsylvania Turnpike Commission.

Historical population and state-level forecast data were obtained from the U.S. Census Bureau and Woods & Poole Economics, respectively. County-level population forecasts for Pennsylvania were acquired from the Pennsylvania SDC. Historical employment data were obtained from the BEA. Employment growth rate forecasts were obtained from Woods & Poole and applied to the historical annual employment data obtained from the BEA. Fuel prices were procured from the EIA for the historical series, and from Moody's Analytics for the projections. The gross regional product, income, and retail sales data were obtained from Woods & Poole for both the historical and forecast components of the data sets, as the publicly available governmental sources do not supply sufficiently detailed and geographically comparable data.

3.10 Traffic and Travel Pattern Inputs

Historical traffic data were used (where available) as a continuous, annual time series from 1987 through 2013 by plaza and vehicle type (i.e., passenger and commercial vehicles). Annualized transaction data were available for most of the ticket-based system over that historical timeframe, exempting a few select ticket-based plazas that opened after 1987. However, the annualized barrier-system transaction data were far more limited for regression analysis applicability; historical data were available only as far back as 1994 and many of the barrier plazas have data gaps, or the plazas were opened too recently to provide a statistically defensible trend (insufficient number of data points). Historical transaction data were annually normalized to account for leap-years, etc.

3.11 Methodology

After compiling and scrutinizing the available socioeconomic and Pennsylvania Turnpike transaction data for regression analysis applicability, individual toll plazas (for only those with usable data series) were clustered into ten representative groupings:

- Gateway;
- Pittsburgh;
- Western Rural;
- Eastern Rural;
- Philadelphia;
- Delaware River Bridge (DRB)
- Northeast Extension (Ticket);
- Northeast Extension (Barrier);

- Turnpike 376; and,
- Turnpike 66.

In all, these ten groupings represent toll plazas where 97 percent of total Systemwide toll revenue is generated. Only two Turnpike facilities were excluded from this regression analysis due to insufficient historical data, including Turnpike 43 and the Southern Beltway. Both of these combined generate about 3 percent of Systemwide toll revenue. In the absence of using the regression analysis for these two facilities, recent growth trends were assumed for the near term and then gradually reduced over time.

Grouping the individual plazas was conducted to narrow the regression testing to a reasonably manageable data universe (i.e., narrowing to ten plaza groupings, down from 64 total toll plazas, of which 39 exhibited usable data series)[3]. Grouping toll plazas as such is generally justified by the close geographic proximity and similarity in traffic demand influence of the grouped plazas. An origin-destination (O-D) traffic survey provided data on the geographic influence on traffic by plaza and vehicle category, and that data set logically confirmed that the grouped toll plazas have similar geographic influences. While the collection of the O-D data was in 1999 and overall volumes are different today, the general market share distribution patterns should be relatively unchanged.

Utilizing the data compiled as part of the O-D survey, CDM Smith developed a profile (for both passenger and commercial vehicles) identifying the Pennsylvania counties and surrounding states that contribute traffic to each toll plaza interchange. As with the grouping of the individual toll plaza transaction data, the plaza-specific profiles of geographic influence were similarly clustered such that the plaza groupings could be regression tested against socioeconomic data that were appropriately geographically-weighted.

Independent (socioeconomic) regression variables at the state and county levels were then geographically-weighted (e.g., combinations of states and/or certain Pennsylvania counties) and each geographically-weighted subset data series was then regression-tested against the respective corresponding plaza grouping. Regression testing is conducted to determine the statistical influence of such socioeconomic variables (the independent variables) on traffic demand (the dependent variable).

According to the survey-based profiles, 46 counties in Pennsylvania (out of 67) logically serve as the predominate areas of influence for the Pennsylvania Turnpike traffic. As such, the geographically-weighted socioeconomic data for regression testing were consequently more heavily-weighted to account for those proximate geographies relative to the other areas of influence, including peripheral states. Generally, the non-Pennsylvania contributing geographies on traffic demand primarily pertain to those states immediately bordering the Commonwealth and the Turnpike corridors (i.e., NY, NJ, OH, MD, and WV), as would be intuitively expected. The remaining contributing states beyond Pennsylvania have a far smaller weighting.

[3] Note that the 64 plazas include 13 pertaining to either the Mon Fayette (PA 43) or the I-576 corridors, both of which are being separately analyzed and, as such, dismissed from this demand growth evaluation. Regardless, the transaction data limitations for those excluded barrier plazas preclude the possibility of an econometric regression-based assessment; there are too few data points for a statistically-defensible regression fit.

With the independent socioeconomic variables appropriately weighted to reflect their relative geographic influence, each weighted independent variable was individually regressed against the corresponding grouped plaza transaction data. In most instances, a majority of the pertinent independent variables exhibited a high statistical coefficient of determination, though certain variables and certain plaza groupings exhibited much stronger statistical correlations than others.

All of the independent variables were tested against each other for significant statistical correlation. As expected, the geographically-weighted independent variables that were tested all exhibit high correlations with each other (because all the tested socioeconomic variables within a given geographic grouping are intuitively interrelated to a greater or lesser degree) and, as such, would result in a likely multicollinearity error in a multivariate regression equation. Therefore, in most of the cases, only one socioeconomic independent variable was deemed statistically necessary to identify the correlative relationship with corridor traffic and to develop a forecast growth profile. In addition to quantitatively assessing the data, a qualitative assessment was also conducted. This qualitative assessment considered the reliability of the available data sources, the extent of the historical time series, and the forecasting methodology for each data set.

After a careful review of the input data and regression tests results, one to two variables were identified as the best-suited correlative independent variable against historical corridor traffic transactions to forecast future long-term travel demand growth. This was done for each toll plaza grouping and vehicle category. Depending on the plaza grouping and vehicle category, the chosen weighted independent socioeconomic variables for the final regression-based projection were population, employment, retail sales, or GRP. Adjusted coefficients of determination (adjusted R^2) for such regression equations range from 73.5% upwards to 97.5%, indicating relatively strong statistical significance[4].

3.12 Demand Growth Results

Based on the econometric regression analysis, combined with updated forecasts of the explanatory socioeconomic variables, toll road corridor specific growth rates were developed for both passenger cars and commercial vehicles separately. Table 3-5 provides a summary of the average annual growth rates in 10 or 11-year increments, including for 2013 to 2023, 2023 to 2033, and 2033 to 2044. In addition, the total average annual percent growth between 2013 and 2044 is shown in the last column.

As shown in the table, average annual percent growth rates from 2013 through 2044 vary by component of the system and vehicle category, and time period. In summary, however, total passenger traffic demand is projected to increase by 1.1 percent per year through 2044, while the commercial vehicle demand growth is expected to grow faster – at 1.8 percent per year on average, with the total for both vehicle categories averaging about 1.2 percent per annum. It should also be noted that growth

[4] Note that the Northeast Extension (Barrier) plaza grouping, comprised of the two barrier toll plazas at the far north end of the Northeast Extension corridor, for both passenger and commercial vehicles, did not have valid regression results for any of the tested weighted independent variables; as such, the regression-based approach was dismissed and the demand growth forecast for those two plazas were tagged to the regression-based growth results derived for the Northeast Extension (Ticket) system. Consequently, the presented results are for both the Northeast Extension barrier and ticket plazas.

on the barrier portion of the system is projected to outpace that of the ticket-based sections. In all cases, however, growth is expected to decelerate over time.

Table 3-5
Summary of Estimated Normal Annual Traffic Growth
Pennsylvania Turnpike System

Average Annual Percent Growth Rates Between Fiscal Years

	Estimated Normal Growth			
	2013-23	2023-33	2033-44	2013-44
Toll System	Passenger Cars			
Ticket System	1.2%	1.1%	0.8%	1.0%
Turnpike 66	2.5	2.1	1.8	2.0
Turnpike I-376	2.0	1.9	1.8	1.8
Northeast Extension Barrier Plazas	1.6	1.2	0.7	1.1
Total Turnpike System	1.3	1.2	0.9	1.1
	Commercial Vehicles			
Ticket System	1.8%	1.6%	1.5%	1.7%
Turnpike 66	1.8	1.7	1.6	1.7
Turnpike I-376	2.8	2.5	2.2	2.4
Northeast Extension Barrier Plazas	2.3	2.1	1.9	2.0
Total Turnpike System	1.9	1.7	1.6	1.8
	Total Vehicles			
Ticket System	1.3%	1.2%	1.0%	1.1%
Turnpike 66	2.4	2.0	1.8	2.0
Turnpike I-376	2.1	2.0	1.8	1.9
Northeast Extension Barrier Plazas	1.7	1.4	1.0	1.3
Total Turnpike System	1.4	1.3	1.0	1.2

Note: These growth rates exclude the future impacts associated with the PTC's capital improvement program, including the I-95 Interchange project. They also exclude manual adjustments in the early years of the forecast to account for weather recovery impacts.

It should be emphasized again that the regression analysis was used to develop longer-term normal demand growth estimates beyond 2013, and serve as a baseline forecast from which future traffic and revenue forecasts are derived. Further adjustments may be conducted in determining the final traffic and revenue projections from these long-term demand projections, to account for factors such as highway improvements, known construction timeframes, corrections for recent significant weather events, etc.

Since the traffic trend data used in the regression analysis includes the dampening impacts of historical toll rate increases, the resulting normal growth values in Table 3-5 already account for the proposed future toll increases identified Chapter 4 (Table 4-2).

CDM Smith has developed a spreadsheet model for each PTC toll facility, incorporating monthly variations, vehicle class (passenger car versus commercial vehicle), payment type (cash versus E-ZPass), and toll rate. Future year traffic growth assumptions developed from the economic analysis described in this chapter were used in the model to develop future estimates of traffic and toll revenue. The resulting traffic and toll revenue forecasts are provided in Chapter 4.

Chapter 4

Transaction and Toll Revenue Forecasts

Traffic and gross toll revenue forecasts are presented in this chapter for the Ticket System, the Barrier System, and the total Turnpike System. Forecasts are presented by fiscal year from 2014-15 through 2043-44. Also presented in this chapter are important inputs to the forecasts, including committed roadway projects, assumed future toll rate increases and assumed future E-ZPass market shares.

4.1 Committed Turnpike System Roadway Improvements

Through discussions with PTC personnel and by reviewing both the PTC Construction website and the Approved FY 2015 Ten Year Capital Plan project listing, CDM Smith identified the major committed roadway improvements that would potentially impact traffic and toll revenue on the Turnpike System. Projects were identified on the Mainline I-76/276 and the Northeast Extension. Table 4-1 lists the identified projects and Figure 4-1 presents the locations of the projects. A brief description of each project is provided below.

4.1.1 Mainline I-76/I-276 Roadway Improvement Projects

Milepost (MP) 12 to 14 Roadway and Bridge Reconstruction – This two-phase project involves the total reconstruction and widening of two miles of the mainline Interstate 76 between Milepost 12 and Milepost 14. Upon completion of this project the existing four-lane facility, will be upgraded to include six-twelve foot travel lanes, three in each direction, 12 foot shoulders and 10 foot medians in each direction. In order to accommodate the new six lane facility, three early action bridges including, two overhead Norfolk Southern railroad bridges will be replaced prior to the start of construction of the Turnpike mainline.

MP 28 to MP 31 Reconstruction and Widening - This project involves the full-depth reconstruction and widening of the Pennsylvania Turnpike from four travel lanes to six travel lanes from Milepost 28 to Milepost 31 in Cranberry Township, Butler County and Marshall Township, Allegheny County. The project will begin on the east side of the Cranberry Interchange, tying into the eastbound acceleration lane and westbound deceleration lane. The project will end on the west side of the Warrendale Toll Plaza and result in two lanes of Express E-ZPass in each direction.

MP 40 to MP 48 Reconstruction and Widening - Beginning in early 2013, the PTC started total roadway reconstruction and widening of eight miles of the PA Turnpike and replace six bridges crossing over the highway. With more than 40,000 cars and trucks traveling this stretch per day, it is one of the busiest parts of the Turnpike in the region. When complete, this project will tie directly into the newly constructed, three-lane Allegheny River Bridges completed in October 2010.

MP 149.5 to MP 155.5 Reconstruction and Widening - The Pennsylvania Turnpike Commission (PTC) plans to invest $150 million to provide for the total roadway reconstruction and widening of six miles of the PA Turnpike, which includes replacing or eliminating bridges. The project area begins at Milepost 149.5 east of the Bedford Interchange (Exit 146), and continues to Milepost 155.5 west of the Breezewood Interchange (Exit 161), in Snake Spring and West Providence Townships, Bedford County.

Table 4-1
Major Committed Roadway Improvements on the Turnpike System (1)
Pennsylvania Turnpike

Milepost	Location	Description	Actual or Assumed Start Date	Assumed Completion Date
Mainline I-76/I- 276				
12 - 14	Beaver County	Widen to 3 lanes per direction and reconstruction	September 2013	December 2018
28 - 31	Butler County and Allegheny County	Widen to 3 lanes per direction and reconstruction	2015	2020
40 - 48	Butler Valley to Allegheny Valley	Widening and overhead bridge replacement	February 2013	Fall 2018
149.5 - 155.5	Bedford to Breezewood	Widen to 3 lanes per direction and reconstruction	2017	2019
215 - 226	Carlisle to Blue Mountain	Widen to 3 lanes per direction and reconstruction	Fall 2014	TBA
250 - 252	Harrisburg East to Lebanon-Lancaster	Widen to 3 lanes per direction and reconstruction	Fall 2013	Mid 2016
Mainline I-76/I- 276 and I-95 Interchange				
356 - 360	I-95 to Delaware River Bridge	● Widen I-276 to 3 lanes per direction between I-95 and the Delaware River Bridge	2010	2017
		● Construct and open a new westbound toll plaza on I-276 just west of the Delaware River Bridge.	2010	January 2016
		● Construct and open new ramps between I-95 and I-276 (northbound I-95 to eastbound I-276, and westbound I-276 to southbound I-95).	2010	January 2018
Northeast Extension I-476				
A20 - A26	Mid-County to Berks Road	Widen to 3 lanes per direction and reconstruction	Feb. 2011	Mid 2015
A26 - A31	Berks Road to Lansdale	Widen to 3 lanes per direction and reconstruction	May 2014	Late 2016
A31 - A38	Wambold to Clump	Widen to 3 lanes per direction and reconstruction	Fall 2016	2019
A74 - A95	Between Mahoning Valley and Pocono	Construct E-ZPass-only interchange with Route 903 (#87)	Spring 2013	Spring 2015
A89	Hawk Falls Bridge Replacement Project	Completely replace two existing bridges	June 2012	June 2020

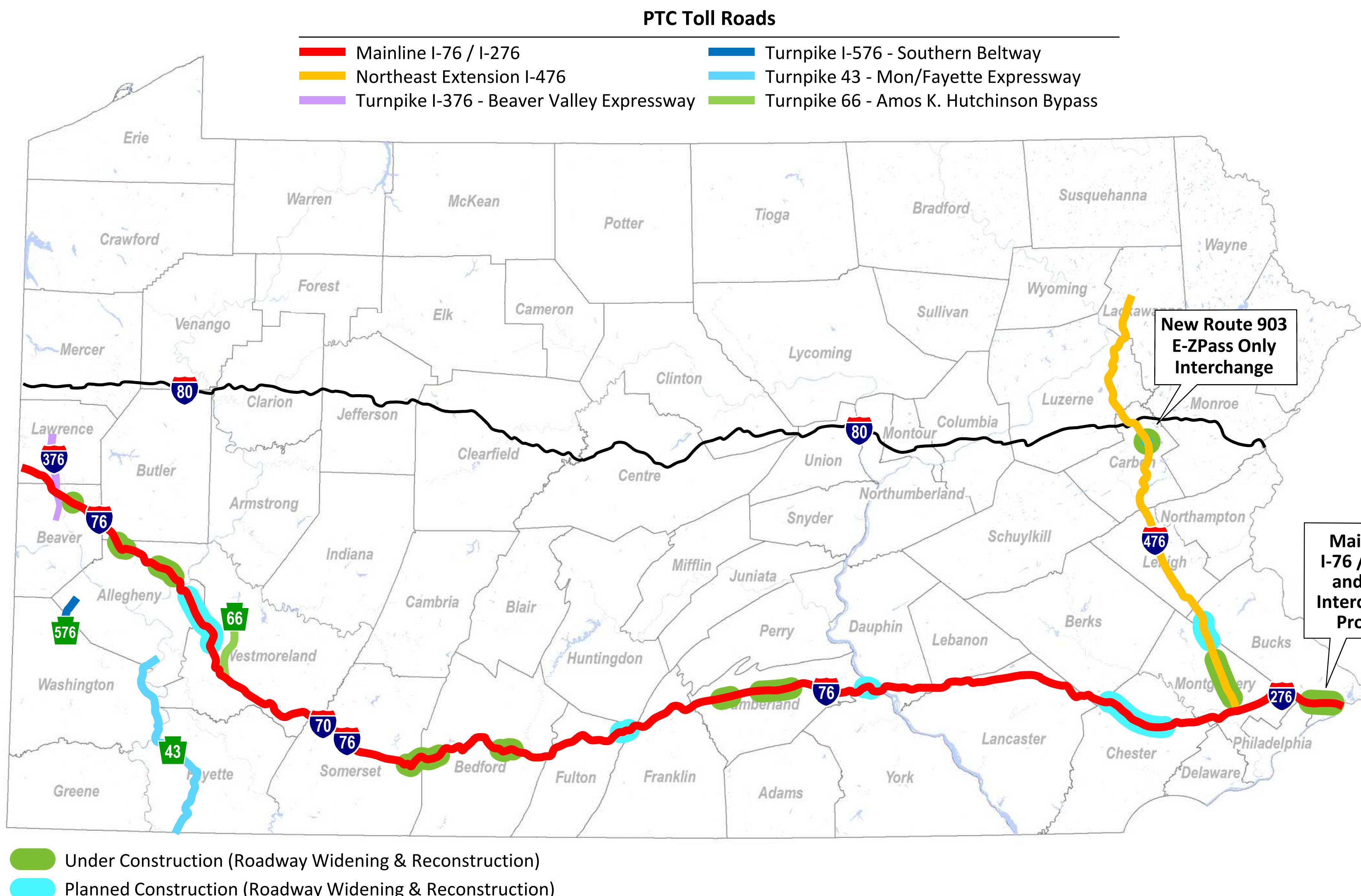
(1) The roadway improvement projects shown in this table are a small subset of the projects listed in the PTC's Major Design and Construction Projects website and listed in the Proposed FY 2015 Ten Year Capital Plan.

MP 215 to MP 226 Reconstruction and Widening – With improvements completed between Milepost 215 and Milepost 220, the second stage of the project, which will rebuild and widen the Turnpike between Milepost 220 and Milepost 226 (Carlisle Interchange 226), is currently active.

MP 250 to MP 252 Roadway Improvements – The Pennsylvania Turnpike Commission is replacing three bridges and widening the roadway between Mileposts 250 and 252 in Middletown Borough and Lower Swatara and Londonderry townships in Dauphin County. The work zone is situated between the Harrisburg East (Exit 247) and Lebanon-Lancaster (Exit 266) interchanges.

4.1.2 Pennsylvania Turnpike I-276/I-95 Interchange Project

This is a major project that will be completed in three stages. The project includes the construction of a high-speed, full-access interchange between I-276 and a re-designated I-95, making I-95 continuous through the mid-Atlantic region. The project also includes roadway widening on I-276 from immediately west of Interchange 351 (Bensalem) eastward to the western side of the Delaware River Bridge. A new parallel bridge on I-276 will be constructed over the Delaware River. In addition, the project includes changes to the tolling locations and toll structure on I-276.



PENNSYLVANIA TURNPIKE COMMISSION (PTC) MAJOR ROADWAY IMPROVEMENT PROJECTS

FIGURE 4-1

The following describes the three stages of the I-276/I-95 Interchange Project. Only Stage 1 is under active construction. Estimated traffic and toll revenue impacts associated with Stage 1 are included in this study. Stages 2 and 3 are described below only for informational purposes.

Stage 1: (Mile post 356 to 360)

- The new westbound mainline toll plaza on I-276 just west of the Delaware River Bridge will be opened in January 2016. Tolls be collected based on a vehicle's number of axles.
- Simultaneously with the opening of the new westbound toll plaza, will be the opening of the new eastern terminus of the I-276/I-76 Ticket System. This new mainline toll plaza will be located between the Street Road Interchange and I-95.
- I-276 roadway widening from Interchange 351 to the Delaware River Bridge is expected to be complete in 2017.
- New high-speed ramps between I-95 and I-276 (northbound I-95 to eastbound I-276, and westbound I-276 to southbound I-95) are anticipated to open in early 2018.

Stage 2 (MP 351 to MP 356) includes the remaining six ramp movements of the new interchange and completion of the mainline widening.

Stage 3 (MP 320) brings an additional bridge over the Delaware River parallel to the existing bridge.

4.1.3 Northeast Extension (I-476) Roadway Improvement Projects

MP A20 to MP A31 Total Reconstruction Project - This project includes the full depth total roadway reconstruction of 10.5 miles of the Pennsylvania Turnpike's Northeastern Extension, from the Mid-County Interchange to the Lansdale Interchange, Montgomery County. Upon completion of this project, the existing four-lane facility with a four-foot median and eight to 10-foot shoulders will be converted into a six-lane facility with three 12-foot travel lanes north and southbound, a 26-foot median, and 12-foot shoulders. This project will be constructed in two parts: the southern section, which includes the area between the Mid-County Interchange (Milepost A20) and Berks Road (Milepost A26) in Plymouth, Whitpain and Worcester Townships; and the northern section, which includes the area between Berks Road (Milepost A26) and the Lansdale Interchange (Milepost A31) in Worcester, Upper Gwynedd and Towamencin Townships. Construction will likely conclude in early 2015.

MP A31 to MP A38 Total Reconstruction Project - This section of the Turnpike will be completely reconstructed from the ground up and widened from two lanes in each direction with limited shoulders to three lanes in each direction with 12-foot right and left shoulders. The overhead bridges along the project corridor are only wide enough to accommodate the current roadway width, so they need to be replaced before the mainline Turnpike widening can occur. Construction on the overhead bridges began in the spring of 2013, and construction on the mainline Turnpike is expected to begin in fall 2016.

Route 903 Interchange Project (MP 74 to MP 95) – This project consists of the construction of a new E-ZPass-only interchange along the Northeast Extension between existing Mahoning Valley (MP 74) and Pocono (MP 95) exits. Construction will be performed in two-phases. Phase 1 will result in the construction of one-half of the new bridge to carry Route 903 over the Northeast Extension. Phase 2 includes all remaining work necessary to complete the interchange. Phase 1 began construction in spring 2009 and was completed approximately one year later. Phase two is scheduled to finish in spring 2015.

Hawk Falls Bridge Replacement Project (MP 89) – The goal of this project is to completely replace the Hawk Falls Bridge and the Hickory Run Bridge. The bridge carries two lanes of Turnpike traffic, in each direction, over Mud Run in Penn Forest Township and Kidder Township, Carbon County. The new bridge will carry two traffic lanes and shoulders in each direction. The existing Hickory Run Bridge, directly to the north of the Hawk Falls Bridge, will also be replaced. This three-span mainline bridge, measuring 111' in length, carries the Turnpike over Hickory Run Road (SR 0534). Estimated project completion is June 2020.

4.2 Construction Related Impacts on Turnpike System Traffic

Ongoing construction related impacts stemming from roadway widening and reconstruction projects on the Turnpike System are expected to be minimal. Construction projects on the Turnpike System are planned so as to minimize lane closures or any restrictions to the Turnpike. When such measures are necessary, they are conducted overnight to avoid interfering with heavier daytime traffic volumes. Generally, preference is given to Turnpike mainline traffic and construction-related disruptions are more likely to affect cross streets and Turnpike access points. Two travel lanes are maintained in both directions during construction activities.

For conservative purposes, the only positive traffic and toll revenue impacts that are included as part of this study are for the Mainline I-76/I-276 and I-95 Interchange Project. This project has significant impacts that are included in calendar years 2016 through 2018. For conservative purposes, impacts are not included for the new Route 903 AET interchange on I-476 that is anticipated to open in early 2015. The positive impacts are expected to be relatively small, as much of the traffic will be shifted from existing Turnpike toll plaza.

4.3 Assumed Toll Rate Increases on the Turnpike

At the direction of the PTC, annual toll rate increases are assumed to occur on the entire Turnpike System with the exception of Turnpike I-576. The toll rate increases are assumed to occur within several days of January 1 of each year. Table 4-2 presents actual and assumed percent increases in toll rates for each calendar year from 2009 through 2044. This table reflect assumed rate increases for the entire Turnpike System, with the exception of Turnpike I-576. For this facility, rates have historically been adjusted every five years. These rate adjustments are equal to the compound rate increases for the rest of the Turnpike System. Table 4-3 shows actual and assumed toll rate increases for Turnpike I-576 over the same time period.

As shown in Table 4-2, the assumed percent increases in toll rates are identical for cars and trucks, and for E-ZPass and cash transactions throughout the forecast period. Future toll-rate increases range from 3.0 to 6.0 percent per year between 2016 and 2044. On Turnpike I-576 (Table 4-3), rate increases for cash and E-ZPass are identical beginning in 2023. Rate adjustments are different between E-ZPass and cash in 2018 only because this period incorporates the 2014 increase on the rest of the system when E-ZPass and cash tolls were increased at different rates. Consistent with the PTC tolling policy, all E-ZPass tolls are rounded to the nearest cent, and cash toll rates are rounded up to the nearest nickel.

At the direction of the PTC, the toll rate increases shown in Tables 4-2 and 4-3 were used in the development of the traffic and toll revenue forecasts, including the assumption that the percent toll rate increases are the same for both E-ZPass and cash transactions. The PTC reserves the right to implement toll rate differentials between E-ZPass and cash in future years.

Table 4-2
Actual and Assumed Future Toll Rate Increases
Except Turnpike I-576 (1)

Calendar Year		Percent Increase For Cars and Trucks		Sample Toll Rates (2)					
				$1.00 Toll		$2.50 Toll		$10.00 Toll	
		Cash	E-ZPass	Cash	E-ZPass	Cash	E-ZPass	Cash	E-ZPass
2009	(3)	25.0	25.0	$1.00	$1.00	$2.50	$2.50	$10.00	$10.00
2010	(3)	3.0	3.0	1.05	1.03	2.60	2.58	10.30	10.30
2011	(3)	10.0	3.0	1.20	1.06	2.90	2.66	11.35	10.61
2012	(3)	10.0	0.0	1.35	1.06	3.20	2.66	12.50	10.61
2013	(3)	10.0	2.0	1.50	1.08	3.55	2.71	13.75	10.82
2014	(3)	12.0	2.0	1.70	1.10	4.00	2.76	15.40	11.04
2015	(3)	5.0	5.0	1.80	1.16	4.20	2.90	16.20	11.59
2016		6.0	6.0	1.95	1.23	4.50	3.07	17.20	12.29
2017		6.0	6.0	2.10	1.30	4.80	3.25	18.25	13.03
2018		6.0	6.0	2.25	1.38	5.10	3.45	19.35	13.81
2019		6.0	6.0	2.40	1.46	5.45	3.66	20.55	14.64
2020		6.0	6.0	2.55	1.55	5.80	3.88	21.80	15.52
2021		5.0	5.0	2.70	1.63	6.10	4.07	22.90	16.30
2022		5.0	5.0	2.85	1.71	6.45	4.27	24.05	17.12
2023		5.0	5.0	3.00	1.80	6.80	4.48	25.30	17.98
2024		5.0	5.0	3.15	1.89	7.15	4.70	26.60	18.88
2025		5.0	5.0	3.35	1.98	7.55	4.94	27.95	19.82
2026		4.0	4.0	3.50	2.06	7.90	5.14	29.10	20.61
2027		3.5	3.5	3.65	2.13	8.20	5.32	30.15	21.33
2028		3.0	3.0	3.80	2.19	8.45	5.48	31.10	21.97
2029		3.0	3.0	3.95	2.26	8.75	5.64	32.05	22.63
2030		3.0	3.0	4.10	2.33	9.05	5.81	33.05	23.31
2031		3.0	3.0	4.25	2.40	9.35	5.98	34.05	24.01
2032		3.0	3.0	4.40	2.47	9.65	6.16	35.10	24.73
2033		3.0	3.0	4.55	2.54	9.95	6.34	36.20	25.47
2034		3.0	3.0	4.70	2.62	10.25	6.53	37.30	26.23
2035		3.0	3.0	4.85	2.70	10.60	6.73	38.45	27.02
2036		3.0	3.0	5.00	2.78	10.95	6.93	39.65	27.83
2037		3.0	3.0	5.15	2.86	11.30	7.14	40.85	28.66
2038		3.0	3.0	5.35	2.95	11.65	7.35	42.10	29.52
2039		3.0	3.0	5.55	3.04	12.00	7.57	43.40	30.41
2040		3.0	3.0	5.75	3.13	12.40	7.80	44.75	31.32
2041		3.0	3.0	5.95	3.22	12.80	8.03	46.10	32.26
2042		3.0	3.0	6.15	3.32	13.20	8.27	47.50	33.23
2043		3.0	3.0	6.35	3.42	13.60	8.52	48.95	34.23
2044		3.0	3.0	6.55	3.52	14.05	8.78	50.45	35.26

(1) Future toll rate increases are assumed to be implemented within several days of January 1. It is assumed that Turnpike I-576 toll rates only occur every fifth year when the toll increase reflects the cumulative toll increase for the Turnpike System. See Table 4-3 for the assumed toll rate increases on Turnpike I-576.

(2) By PTC Policy, cash toll rates are rounded up to the nearest nickel and E-Zpass rates are rounded to the nearest penny.

(3) Reflects actual toll rate increases on the Turnpike System, except that toll rate increases did not occur on Turnpike I-576 in 2009, 2010, 2011, 2012 or 2014, or on the section of Turnpike 43 between Uniontown and Brownsville in 2009.

Table 4-3
Turnpike I-576
Actual and Assumed Future Toll Rate Increases

Calendar	Percent Toll Increase For Cars and Trucks		Sample Toll Rates	
Year	Cash	E-ZPass	Cash	E-ZPass
2009 (1)	0.0	0.0	$0.50	$0.50
2010 (1)	0.0	0.0	0.50	0.50
2011 (1)	0.0	0.0	0.50	0.50
2012 (1)	0.0	0.0	0.50	0.50
2013 (1)	**50.0**	**25.0**	**0.75**	**0.63**
2014 (1)	0.0	0.0	0.75	0.63
2015 (1)	0.0	0.0	0.75	0.63
2016	0.0	0.0	0.75	0.63
2017	0.0	0.0	0.75	0.63
2018	**40.1**	**27.6**	**1.10**	**0.80**
2019	0.0	0.0	1.10	0.80
2020	0.0	0.0	1.10	0.80
2021	0.0	0.0	1.10	0.80
2022	0.0	0.0	1.10	0.80
2023	**30.1**	**30.1**	**1.45**	**1.04**
2024	0.0	0.0	1.45	1.04
2025	0.0	0.0	1.45	1.04
2026	0.0	0.0	1.45	1.04
2027	0.0	0.0	1.45	1.04
2028	**22.2**	**22.2**	**1.80**	**1.27**
2029	0.0	0.0	1.80	1.27
2030	0.0	0.0	1.80	1.27
2031	0.0	0.0	1.80	1.27
2032	0.0	0.0	1.80	1.27
2033	**15.9**	**15.9**	**2.10**	**1.47**
2034	0.0	0.0	2.10	1.47
2035	0.0	0.0	2.10	1.47
2036	0.0	0.0	2.10	1.47
2037	0.0	0.0	2.10	1.47
2038	**15.9**	**15.9**	**2.45**	**1.70**
2039	0.0	0.0	2.45	1.70
2040	0.0	0.0	2.45	1.70
2041	0.0	0.0	2.45	1.70
2042	0.0	0.0	2.45	1.70
2043	**15.9**	**15.9**	**2.85**	**1.97**
2044	0.0	0.0	2.85	1.97

(1) Actual Experience.

Tables 4-2 and 4-3 also show the actual percent increases in toll rates that were implemented between 2009 and 2015. Rate increases for E-ZPass and cash were identical until 2011 on most Turnpike facilities, when a toll rate increase of 10 percent for cash transactions and 3 percent for E-ZPass transactions was implemented. As shown in Table 4-3, no toll increases were implemented on Turnpike I-576 until 2013.

4.4 Estimated E-ZPass Market Shares in Future Years

Because a price differential has been established between cash and E-ZPass toll rates, it is important to estimate future year E-ZPass market shares in order to forecast gross toll revenues. Historically, cash and E-ZPass toll rates were virtually identical until 2011, differing only because cash rates were rounded up to the nearest nickel while E-ZPass rates were rounded up to the nearest cent. There was no reason for a customer to choose E-ZPass over cash based solely on the toll rate.

In 2011, 2012, 2013 and 2014, differential toll rate increases were implemented. As a result of these differential rate increases, cash toll rates are theoretically 39.5 percent greater than E-ZPass rates. The actual differential is even greater for lower price tolls due to the effect of rounding up to the nearest nickel for cash rates. The differential creates incentives for cash customers to shift to E-ZPass, and for new accounts to favor E-ZPass over cash.

Future year E-ZPass market shares were developed based on the assumed future toll rate increases shown in Tables 4-2 and 4-3, and the historic trends in E-ZPass market share. Table 4-4 presents the actual percent E-ZPass market shares from calendar years 2011 through 2014, and the estimated percent E-ZPass market shares from 2015 through 2044 for passenger cars and commercial vehicles. Also shown are the percentage point increases in the E-ZPass market share over the prior year.

In 2011, the E-ZPass market share totaled 60.6 percent for passenger cars and 79.1 percent for commercial vehicles. By 2014, those values increased to 72.4 percent for passenger cars and 86.1 percent for commercial vehicles. A large portion of those increases were the direct result of increasing discounts for E-ZPass trips versus cash trips implemented from 2011 through 2014.

The estimated E-ZPass market shares for calendar years 2015 through 2044 continues to increase, but at a lower rate than in the recent past. This is because the toll differential is assumed to remain constant over this time period and because the E-ZPass market share is reaching its saturation point. In practical terms, there will likely always be customers who choose not to use E-ZPass. As shown in Table 4-4, by 2044 passenger car E-ZPass market share is estimated at 86.1 percent and the commercial vehicle market share is estimated to be 95.0 percent. For purposes of this analysis, it was assumed that the maximum E-ZPass market share would be 95.0 percent. Given the already high participation rate by commercial vehicles, they reach this level by 2036.

4.5 Transaction and Gross Toll Revenue Forecasts

This section summarizes the forecasts of toll transactions and gross toll revenue based on the information provided in the preceding sections of this report. All previously discussed information regarding transaction growth rates in the various Turnpike corridors (Chapter 4) as well as assumed toll rates, E-ZPass market share, etc. are all brought together to develop the following forecasts.

A table similar to Table 4-5 was presented in Chapter 2 (Table 2-10). This table adds information regarding the near term forecast to show the relationship between GDP, GRP and GSP and estimated transaction growth on the Turnpike through 2017. These growth rates all show slightly higher than

Table 4-4
Actual and Estimated E-ZPass Market Share
Pennsylvania Turnpike System

Calendar Year		Passenger Cars: Percent Market Share	Passenger Cars: Percent Increase in Market Share	Commercial Vehicles: Percent Market Share	Commercial Vehicles: Percent Increase in Market Share	Total Vehicles: Percent Market Share	Total Vehicles: Percent Increase in Market Share
2011	(1)	60.6		79.1		62.9	
2012	(1)	64.7	4.1	81.6	2.5	66.9	3.9
2013	(1)	69.1	4.4	84.3	2.6	71.1	4.2
2014	(1)	72.4	3.3	86.1	1.8	74.2	3.1
2015	(2)	73.7	1.3	87.1	1.0	75.5	1.3
2016	(2)	74.7	1.0	87.7	0.6	76.4	0.9
2017	(2)	75.3	0.7	88.2	0.6	77.1	0.7
2018	(2)	76.0	0.6	88.8	0.5	77.7	0.6
2019	(2)	76.6	0.6	89.3	0.5	78.4	0.6
2020	(2)	77.1	0.5	89.8	0.5	78.9	0.5
2021	(2)	77.7	0.5	90.3	0.5	79.4	0.5
2022	(2)	78.2	0.5	90.8	0.5	80.0	0.5
2023	(2)	78.7	0.5	91.3	0.5	80.5	0.5
2024	(2)	79.2	0.5	91.8	0.5	81.0	0.5
2025	(2)	79.7	0.5	92.2	0.5	81.5	0.5
2026	(2)	80.1	0.5	92.7	0.5	81.9	0.5
2027	(2)	80.6	0.4	93.2	0.5	82.4	0.5
2028	(2)	81.0	0.4	93.6	0.4	82.8	0.4
2029	(2)	81.5	0.4	94.0	0.4	83.3	0.4
2030	(2)	81.9	0.4	94.3	0.3	83.7	0.4
2031	(2)	82.3	0.4	94.5	0.2	84.1	0.3
2032	(2)	82.6	0.3	94.7	0.1	84.4	0.3
2033	(2)	82.9	0.3	94.8	0.1	84.7	0.3
2034	(2)	83.3	0.3	94.9	0.1	85.0	0.3
2035	(2)	83.6	0.3	94.9	0.1	85.3	0.3
2036	(2)	84.0	0.3	95.0	0.1	85.6	0.3
2037	(2)	84.3	0.3	95.0	0.0	85.9	0.3
2038	(2)	84.6	0.3	95.0	0.0	86.2	0.3
2039	(2)	84.9	0.3	95.0	0.0	86.4	0.3
2040	(2)	85.2	0.3	95.0	0.0	86.7	0.3
2041	(2)	85.4	0.2	95.0	0.0	86.9	0.2
2042	(2)	85.7	0.2	95.0	0.0	87.1	0.2
2043	(2)	85.9	0.2	95.0	0.0	87.3	0.2
2044	(2)	86.1	0.2	95.0	0.0	87.5	0.2

(1) Actual E-ZPass market shares.

(2) Estimated E-ZPass market shares.

Table 4-5

Actual and Forecast Measures of Commercial Activity and Growth in Total Turnpike System Transactions

Percent Change Over Prior Year or
From One Quarter to the Same Quarter in the Prior Year

Calendar Year	Gross Domestic Product Growth (1) (U.S.)	Gross Regional Product Growth (1) (NY, NJ, PA)	Gross State Product Growth (1) (PA)	PA Turnpike System Percent Transaction Growth (2)		
				Passenger Cars	Commercial Vehicles	All Vehicles
2011 (Actual)	**1.6**	**0.9**	**1.4**	(1.2)	1.0	(0.9)
1st Quarter	(0.4)	0.5	4.2			
2nd Quarter	0.7	0.3	3.9			
3rd Quarter	0.2	0.2	2.8			
4th Quarter	1.1	0.5	1.4			
2012 (Actual)	**2.3**	**1.7**	**1.2**	0.2	0.6	0.2
1st Quarter	0.6	0.5	(0.8)			
2nd Quarter	0.4	0.3	(0.1)			
3rd Quarter	0.6	0.8	(4.4)			
4th Quarter	0.0	0.0	2.4			
2013 (Actual)	**2.2**	**0.8**	**0.7**	0.8	3.0	1.0
1st Quarter	0.7	(0.9)	6.0			
2nd Quarter	0.4	1.2	(2.1)			
3rd Quarter	1.1	0.5	3.4			
4th Quarter	0.9	0.5	(1.5)			
2014 (GDP Actual) GSP/GSP Forecast)	**2.4**	**0.7**	**0.3**	(0.1)	4.1	0.5
1st Quarter	(0.5)	(1.4)	(1.5)			
2nd Quarter	1.1	0.8	0.8			
3rd Quarter	1.2	1.0	1.0			
4th Quarter	0.5	0.6	0.4			
2015 (Forecast)	**2.8**	**2.8**	**2.4**	1.3	2.5	1.4
2016 (Forecast)	**3.0**	**3.1**	**3.0**	1.9	2.2	1.9
2017 (Forecast)	**2.7**	**2.1**	**2.2**	1.2	1.9	1.3

(1) The percent changes in U.S. GDP, GRP, and GSP are based on constant 2009 dollars. The U.S. GDP is actual through 2014. The GRP and GSP are actual through 2013. Actual data was obtained from the U.S. Bureau of Economic Analysis. Forecast data was from Moody's Analytics (www.economy.com) baseline forecast (February 2015).

(2) Turnpike System growth rates are actual through 2014.

normal growth in the near term as economic activity continues to pick up after the severe recession. Table 4-5 shows that transaction growth is estimated to remain relatively subdued in 2015, growing by a total of about 1.4 percent. A somewhat larger recovery impact is then shown for 2016 with total growth amounting to an estimated 1.9 percent. In 2017, total Turnpike growth is estimated at 1.3 percent as a result of decreasing GDP and GRP forecasts for that year. Beyond this, total System toll transaction growth rates average about 1.2 percent through FY 2043-44.

Table 4-6 shows estimated Ticket System transactions and gross toll revenue through FY 2043-44. Actual data is shown for FY 2013-14 and for the first eight months of FY 2014-15 (through January 2015). As shown, total ticket toll transactions are estimated to increase from about 152.1 million in FY 2013-14 (the latest full year of actual experience) to just over 220.9 million by FY 2043-44; this represents an average annual growth rate of almost 1.3 percent. Annual gross toll revenue is estimated to increase from $813.1 million in FY 2013-14 to nearly $3.9 billion by FY 2043-44. This represents an average annual increase of about 5.3 percent and includes the impacts of normal growth, annual toll rate increases, and the impact of the I-95 Interchange.

As described in Section 4.1.2, the toll plaza modifications/toll changes associated with the Delaware River Bridge one-way toll plaza conversion are assumed to occur in January 2016. These are estimated to add approximately 3.2 percent to Ticket System toll revenue. The addition of Stage 1 I-95 Interchange impacts described in Section 4.1.2 are estimated to add an additional 1.0 percent to total Ticket System toll revenue beginning in January 2018.

Table 4-7 identifies the same transaction and gross toll revenue information for the Barrier System. As shown, total transactions are estimated to increase from about 34.8 million in FY 2013-14 to 57.1 million by FY 2043-44, an average annual increase of about 1.7 percent. This is slightly greater than the rate of growth for the Ticket System, but consistent with the historical relationship between the ticket and barrier systems. Estimated annual toll revenue is expected to increase from about $51.5 million in FY 2013-14 to $268.1 million by the end of the forecast period. This represents a 5.7 percent annual rate of increase.

Total Turnpike System transactions and gross toll revenue are shown in Table 4-8. Total transactions increase from just over 186.9 million in FY 2013-14 to about 278.0 million by FY 2043-44; this represents an average annual increase of 1.3 percent, or about half the rate of growth during the previous 30 years. Total gross revenue, after discounts and adjustments, is estimated to grow from approximately $860.4 million in FY 2013-14 to just over $4.1 billion by FY 2043-44, representing a 5.4 percent average annual rate of growth. Again, this includes normal growth, toll increase impacts, and additional revenue from the I-95 Interchange project and associated toll adjustments.

4.6 Disclaimer

Current accepted professional practices and procedures were used in the development of these updated traffic and revenue forecasts. However, as with any forecast of the future, it should be understood that there may be differences between forecasted and actual results caused by events and circumstances beyond the control of CDM Smith. In formulating its forecasts, CDM Smith has reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the PTC and other local and state agencies. CDM Smith also has relied upon the reasonable assurances of some independent parties and is not aware of any facts that would make such information misleading.

Table 4-6
Ticket System: Estimated Annual Transactions and Gross Toll Revenue (1)
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

		Annual Transactions			Annual Gross Toll Revenue		
Fiscal Year		Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles
2013-14	(2,4)	131,595	20,501	152,096	$460,525	$352,550	$813,075
2014-15	(3,5)	133,098	21,279	154,377	490,409	380,723	871,132
2015-16	(6,7)	136,002	21,724	157,727	532,923	414,044	946,966
2016-17	(6,7)	137,300	22,053	159,354	580,057	452,995	1,033,052
2017-18	(6,8)	140,350	22,678	163,027	622,509	489,226	1,111,734
2018-19	(6,8)	144,179	23,429	167,608	669,183	528,955	1,198,138
2019-20	(6)	145,909	23,839	169,749	715,856	568,937	1,284,793
2020-21	(6)	147,660	24,256	171,917	763,309	609,516	1,372,824
2021-22	(6)	149,432	24,676	174,108	809,194	649,260	1,458,453
2022-23	(6)	151,226	25,095	176,321	857,802	691,392	1,549,194
2023-24	(6)	153,040	25,522	178,562	909,293	736,252	1,645,545
2024-25	(6)	154,877	25,951	180,828	963,835	783,856	1,747,691
2025-26	(6)	156,735	26,379	183,114	1,017,818	830,982	1,848,801
2026-27	(6)	158,616	26,814	185,430	1,066,527	874,276	1,940,803
2027-28	(6)	160,519	27,251	187,771	1,112,147	915,232	2,027,379
2028-29	(6)	162,446	27,687	190,133	1,156,226	955,299	2,111,525
2029-30	(6)	164,330	28,130	192,461	1,201,541	997,333	2,198,874
2030-31	(6)	166,073	28,575	194,648	1,247,782	1,041,709	2,289,491
2031-32	(6)	167,733	29,018	196,751	1,295,694	1,088,529	2,384,223
2032-33	(6)	169,411	29,468	198,878	1,345,403	1,137,729	2,483,132
2033-34	(6)	171,105	29,924	201,029	1,396,975	1,189,262	2,586,237
2034-35	(6)	172,816	30,382	203,198	1,450,477	1,243,145	2,693,622
2035-36	(6)	174,544	30,838	205,382	1,505,980	1,299,093	2,805,073
2036-37	(6)	176,151	31,300	207,451	1,562,365	1,357,688	2,920,053
2037-38	(6)	177,560	31,770	209,330	1,618,830	1,419,395	3,038,225
2038-39	(6)	178,980	32,246	211,227	1,677,281	1,483,906	3,161,188
2039-40	(6)	180,412	32,724	213,136	1,737,785	1,551,034	3,288,819
2040-41	(6)	181,856	33,198	215,054	1,801,092	1,620,730	3,421,822
2041-42	(6)	183,310	33,680	216,990	1,867,787	1,693,558	3,561,345
2042-43	(6)	184,777	34,168	218,945	1,936,913	1,769,658	3,706,571
2043-44	(6)	186,255	34,663	220,918	2,008,556	1,849,177	3,857,733

(1) Includes Gateway Barrier Toll Plaza transactions and toll revenue.
(2) Actual traffic and revenue experience.
(3) Actual data through January 2015.
(4) An E-Z Pass toll increase of 2% and a cash toll increase of 12% was implemented on January 5, 2014, except for Turnpike I-576.
(5) A toll increase of 5% was implemented on January 4, 2015, except for Turnpike I-576.
(6) Annual toll rate increases are assumed to occur at the first of the year, applicable to both cars and trucks. Toll rate increases on Turnpike I-576 are assumed to occur every fifth year beginning in 2018. Refer to Tables 4-2 and 4-3 for assumed toll rate increases.
(7) Includes the impacts of the opening in early Janary 2016 of the new westbound toll plaza at the Delaware River Bridge.
(8) Includes the impacts of opening of the new ramps between I-95 and I-276 (northbound I-95 to eastbound I-276 and westbound I-276 to southbound I-95).

Table 4-7
Barrier System: Estimated Annual Transactions and Gross Toll Revenue (1)
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

		Annual Transactions			Annual Gross Toll Revenue		
Fiscal Year		Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles
2013-14	(2,4)	30,593	4,230	34,823	$36,015	$15,504	$51,519
2014-15	(3,5)	30,984	4,543	35,527	38,350	17,206	55,556
2015-16	(6)	31,384	4,737	36,121	40,721	18,828	59,549
2016-17	(6)	31,831	4,893	36,723	42,845	20,530	63,375
2017-18	(6)	32,372	5,033	37,405	45,617	22,310	67,927
2018-19	(6)	32,942	5,162	38,104	50,112	24,184	74,296
2019-20	(6)	33,519	5,293	38,812	53,789	26,208	79,997
2020-21	(6)	34,102	5,425	39,527	57,542	28,285	85,827
2021-22	(6)	34,691	5,558	40,249	61,206	30,357	91,564
2022-23	(6)	35,282	5,692	40,974	65,091	32,590	97,681
2023-24	(6)	35,882	5,828	41,710	69,232	34,983	104,214
2024-25	(6)	36,486	5,966	42,452	73,633	37,545	111,178
2025-26	(6)	37,089	6,105	43,193	78,035	40,122	118,157
2026-27	(6)	37,692	6,243	43,936	82,102	42,534	124,636
2027-28	(6)	38,300	6,384	44,684	85,980	44,874	130,854
2028-29	(6)	38,913	6,527	45,440	89,765	47,204	136,969
2029-30	(6)	39,527	6,671	46,198	93,688	49,648	143,337
2030-31	(6)	40,137	6,817	46,954	97,747	52,211	149,957
2031-32	(6)	40,743	6,963	47,706	101,974	54,888	156,861
2032-33	(6)	41,354	7,110	48,464	106,404	57,692	164,096
2033-34	(6)	41,967	7,260	49,227	111,000	60,641	171,641
2034-35	(6)	42,588	7,412	50,000	115,804	63,739	179,543
2035-36	(6)	43,207	7,564	50,771	120,805	66,967	187,772
2036-37	(6)	43,814	7,715	51,529	125,996	70,336	196,332
2037-38	(6)	44,428	7,869	52,297	131,454	73,875	205,329
2038-39	(6)	45,048	8,025	53,073	137,132	77,587	214,719
2039-40	(6)	45,670	8,182	53,851	143,031	81,457	224,488
2040-41	(6)	46,301	8,337	54,638	149,181	85,480	234,662
2041-42	(6)	46,941	8,496	55,437	155,599	89,703	245,302
2042-43	(6)	47,591	8,658	56,249	162,300	94,136	256,436
2043-44	(6)	48,251	8,823	57,074	169,319	98,787	268,106

(1) Excludes Gateway Barrier Toll Plaza transactions and toll revenue, which are included in the Ticket System.
(2) Actual traffic and revenue experience.
(3) Actual data through January 2015.
(4) An E-Z Pass toll increase of 2% and a cash toll increase of 12% was implemented on January 5, 2014, except for Turnpike I-576.
(5) A toll increase of 5% was implemented on January 4, 2015, except for Turnpike I-576.
(6) Annual toll rate increases are assumed to occur at the first of the year, applicable to both cars and truck Toll rate increases on Turnpike I-576 are assumed to occur every fifth year beginning in 2018. Refer to Tables 4-2 and 4-3 for assumed toll rate increases.

Table 4-8
Total System: Estimated Annual Transactions and Gross Toll Revenue
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

	Annual Transactions				Annual Gross Toll Revenue					Adjusted	
Fiscal Year	Passenger Cars	Commercial Vehicles	Total Vehicles	Percent Change	Passenger Cars	Commercial Vehicles	Total Vehicles	Percent Change	**Discounts and Adjustments (11)**	**Annual Gross Revenue**	**Percent Change**
2013-14 (1,3)	162,188	24,731	186,919		$496,539	$368,054	$864,593		($4,220)	$860,373	
2014-15 (2,4)	164,083	25,822	189,904	1.6 %	528,758	397,929	926,688	7.2 %	(1,592)	925,096	7.5 %
2015-16 (6,7)	167,387	26,461	193,848	2.1	573,643	432,872	1,006,515	8.6	(1,731)	1,004,784	8.6
2016-17 (6,7)	169,131	26,946	196,077	1.2	622,902	473,525	1,096,427	8.9	(1,894)	1,094,533	8.9
2017-18 (6,8)	172,721	27,711	200,432	2.2	668,126	511,536	1,179,662	7.6	(2,046)	1,177,616	7.6
2018-19 (6,8)	177,121	28,591	205,713	2.6	719,295	553,139	1,272,434	7.9	(2,213)	1,270,221	7.9
2019-20 (6)	179,428	29,132	208,560	1.4	769,645	595,145	1,364,790	7.3	(2,381)	1,362,409	7.3
2020-21 (6)	181,762	29,681	211,443	1.4	820,850	637,801	1,458,651	6.9	(2,551)	1,456,100	6.9
2021-22 (6)	184,123	30,234	214,357	1.4	870,400	679,617	1,550,017	6.3	(2,718)	1,547,299	6.3
2022-23 (6)	186,507	30,788	217,295	1.4	922,893	723,981	1,646,875	6.2	(2,896)	1,643,979	6.2
2023-24 (6)	188,922	31,350	220,272	1.4	978,525	771,234	1,749,759	6.2	(3,085)	1,746,674	6.2
2024-25 (6)	191,363	31,917	223,280	1.4	1,037,468	821,401	1,858,869	6.2	(3,286)	1,855,583	6.2
2025-26 (6)	193,824	32,484	226,308	1.4	1,095,853	871,104	1,966,958	5.8	(3,484)	1,963,474	5.8
2026-27 (6)	196,308	33,057	229,366	1.4	1,148,629	916,810	2,065,440	5.0	(3,667)	2,061,773	5.0
2027-28 (6)	198,819	33,636	232,455	1.3	1,198,127	960,106	2,158,233	4.5	(3,840)	2,154,393	4.5
2028-29 (6)	201,359	34,214	235,573	1.3	1,245,991	1,002,503	2,248,494	4.2	(4,010)	2,244,484	4.2
2029-30 (6)	203,858	34,801	238,659	1.3	1,295,230	1,046,981	2,342,211	4.2	(4,188)	2,338,023	4.2
2030-31 (6)	206,210	35,392	241,601	1.2	1,345,529	1,093,919	2,439,448	4.2	(4,376)	2,435,072	4.2
2031-32 (6)	208,476	35,981	244,457	1.2	1,397,667	1,143,417	2,541,084	4.2	(4,574)	2,536,510	4.2
2032-33 (6)	210,764	36,578	247,342	1.2	1,451,807	1,195,422	2,647,229	4.2	(4,782)	2,642,447	4.2
2033-34 (6)	213,071	37,185	250,256	1.2	1,507,975	1,249,903	2,757,878	4.2	(5,000)	2,752,878	4.2
2034-35 (6)	215,404	37,794	253,198	1.2	1,566,281	1,306,884	2,873,165	4.2	(5,228)	2,867,937	4.2
2035-36 (6)	217,751	38,402	256,153	1.2	1,626,785	1,366,060	2,992,845	4.2	(5,464)	2,987,381	4.2
2036-37 (6)	219,964	39,015	258,980	1.1	1,688,360	1,428,024	3,116,385	4.1	(5,712)	3,110,673	4.1
2037-38 (6)	221,988	39,639	261,627	1.0	1,750,284	1,493,270	3,243,554	4.1	(5,973)	3,237,581	4.1
2038-39 (6)	224,028	40,272	264,300	1.0	1,814,413	1,561,494	3,375,907	4.1	(6,246)	3,369,661	4.1
2039-40 (6)	226,082	40,905	266,987	1.0	1,880,816	1,632,491	3,513,307	4.1	(6,530)	3,506,777	4.1
2040-41 (6)	228,156	41,536	269,692	1.0	1,950,273	1,706,211	3,656,484	4.1	(6,825)	3,649,659	4.1
2041-42 (6)	230,251	42,176	272,427	1.0	2,023,386	1,783,261	3,806,647	4.1	(7,133)	3,799,514	4.1
2042-43 (6)	232,368	42,826	275,194	1.0	2,099,213	1,863,793	3,963,007	4.1	(7,455)	3,955,552	4.1
2043-44 (6)	234,506	43,486	277,992	1.0	2,177,875	1,947,965	4,125,839	4.1	(7,792)	4,118,047	4.1

(1) Actual traffic and revenue experience.
(2) Actual data through January 2015.
(3) An E-Z Pass toll increase of 2% and a cash toll increase of 12% was implemented on January 5, 2014, except for Turnpike I-576.
(4) A toll increase of 5% was implemented on January 4, 2015, except for Turnpike I-576.
(6) Annual toll rate increases are assumed to occur at the first of the year, applicable to both cars and trucks. Toll rate increases are assumed to occur every fifth year beginning in 2018. Refer to Tables 4-2 and 4-3 for assumed toll rate increases.
(7) Includes the impacts of the opening in early Janary 2016 of the new westbound toll plaza at the Delaware River Bridge.
(8) Includes the impacts of opening the new I-95 Interchange ramps on I-276 (northbound I-95 to eastbound I-276 and westbound I-276 to southbound I-95).
(9) This reflects actual discounts and adjustments through FY 2013-14 and for the first eight months of FY 2014-15. Under the current Commercial Volume Discount Program in 2015, commercial vehcile accounts that generate more than $20,000 in monthly tolls are eligible for a 3.0 percent discount.

CDM Smith has made qualitative judgments related to several key variables in the development and analysis of the traffic and revenue forecasts that must be considered as a whole; therefore selecting portions of any individual result without consideration of the intent of the whole may create a misleading or incomplete view of the results and the underlying methodologies used to obtain the results. CDM Smith gives no opinion as to the value or merit to partial information extracted from this report.

All forecasts and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple state and local agencies, including PTC, by an independent third party. These estimates and projections may not be indicative of actual or future values, and are therefore subject to substantial uncertainty. Future developments cannot be predicted with certainty, and may affect the forecasts or projections expressed in this report, such that CDM Smith does not specifically guarantee or warrant any forecasts or projections contained within this report.

While CDM Smith believes that some of the projections or other forward-looking statements contained within the report are based on reasonable assumptions as of the date in the report, such forward looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Therefore, following the date of this report, CDM Smith will take no responsibility or assume any obligation to advise of changes that may affect its assumptions contained within the report, as they pertain to: socioeconomic and demographic forecasts, proposed residential or commercial land use development projects and/or potential improvements to the regional transportation network.

CDM Smith is not, and has not been, a municipal advisor as defined in Federal law (the Dodd Frank Bill) to PTC and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to PTC with respect to the information and material contained in this report. CDM Smith is not recommending and has not recommended any action to PTC. PTC should discuss the information and material contained in this report with any and all internal and external advisors that it deems appropriate before acting on this information.

Appendix A

Monthly Transaction and Revenue Trends for Barrier Facilities

CDM Smith

March 17, 2015

Table A-1

Tunrpike 43 - Mon/Fayette Expressway - Monthly Transaction and Revenue Trends

Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	835	17.1	978	4.6	1,023	2.1	1,044	49	33.5	66	20.0	79	19.9	95	885	18.0	1,044	5.6	1,102	3.4	1,139
July	914	14.0	1,042	0.9	1,052	3.1	1,084	50	34.9	67	30.1	87	16.5	101	964	15.1	1,109	2.7	1,139	4.1	1,186
August	1,000	13.4	1,134	(1.7)	1,114	1.3	1,129	59	26.0	74	20.6	90	12.1	101	1,059	14.1	1,209	(0.4)	1,204	2.1	1,230
September	1,006	5.2	1,059	1.1	1,070	2.7	1,099	55	10.8	61	34.6	82	22.7	101	1,062	5.5	1,120	2.9	1,152	4.1	1,200
October	1,029	6.7	1,098	3.0	1,132	2.3	1,158	53	30.6	69	39.0	96	11.4	107	1,082	7.9	1,167	5.2	1,228	3.0	1,265
November	956	4.3	998	(1.3)	985	0.1	986	50	20.8	60	27.2	76	14.2	87	1,006	5.1	1,058	0.3	1,061	1.2	1,073
December	939	0.7	946	1.1	957	3.9	994	44	13.6	50	29.7	65	23.4	81	984	1.3	997	2.5	1,022	5.2	1,075
January	836	5.4	881	(3.2)	852	5.5	899	45	23.1	55	14.3	63	26.0	79	880	6.3	936	(2.2)	915	6.9	978
February	885	(1.0)	876	(2.7)	853			50	11.9	56	12.1	62			935	(0.3)	932	(1.8)	915		
March	973	1.2	984	0.0	985			58	9.9	64	29.7	82			1,031	1.7	1,048	1.8	1,067		
April	968	6.8	1,034	(0.9)	1,026			61	20.0	73	15.2	84			1,029	7.6	1,107	0.2	1,109		
May	1,022	6.8	1,092	(0.9)	1,082			66	16.2	77	19.5	92			1,089	7.4	1,169	0.4	1,174		
Total Year	11,365	6.7	12,122	0.1	12,129		8,394	639	20.7	772	24.3	959		752	12,004	7.4	12,894	1.5	13,089		9,145
June-Jan	7,516	8.2	8,136	0.6	8,184	2.6	8,394	405	24.2	503	27.0	639	17.7	752	7,921	9.1	8,638	2.1	8,823	3.7	9,145

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$896	23.4	$1,105	13.3	$1,253	7.1	$1,341	$153	37.8	$210	30.1	$274	23.8	$339	$1,048	25.5	$1,315	16.0	$1,526	10.1	$1,680
July	982	22.3	1,201	7.4	1,290	8.2	1,397	154	44.3	222	33.7	297	20.6	358	1,136	25.3	1,423	11.5	1,587	10.5	1,755
August	1,073	23.4	1,325	2.8	1,362	6.8	1,454	186	35.1	251	21.6	305	16.3	355	1,259	25.1	1,576	5.8	1,667	8.5	1,809
September	1,076	13.8	1,225	5.7	1,295	7.6	1,393	172	21.2	209	34.2	280	26.5	354	1,248	14.8	1,433	9.9	1,575	10.9	1,747
October	1,096	15.3	1,264	7.9	1,363	7.4	1,464	167	41.4	236	36.7	323	17.0	378	1,263	18.8	1,500	12.4	1,686	9.3	1,842
November	1,023	12.4	1,149	3.2	1,186	5.2	1,248	156	31.8	206	25.4	258	19.0	307	1,179	14.9	1,355	6.6	1,444	7.7	1,555
December	1,008	8.5	1,093	5.7	1,156	9.0	1,259	142	21.8	173	33.1	230	26.0	290	1,150	10.1	1,266	9.5	1,386	11.8	1,550
January	940	12.3	1,056	1.2	1,069	10.0	1,176	148	33.2	198	15.1	228	30.4	297	1,089	15.2	1,254	3.4	1,297	13.6	1,473
February	995	6.4	1,059	1.8	1,077			162	21.9	197	14.1	225			1,157	8.6	1,256	3.7	1,302		
March	1,096	9.0	1,195	4.6	1,250			186	19.2	222	30.2	289			1,282	10.5	1,417	8.6	1,539		
April	1,090	14.7	1,250	3.8	1,297			196	28.8	252	20.1	303			1,285	16.8	1,502	6.5	1,600		
May	1,153	15.1	1,326	4.4	1,385			214	25.5	268	23.2	330			1,367	16.7	1,595	7.6	1,715		
Total Year	$12,427	14.6	$14,247	5.2	$14,984		$10,731	$2,036	29.9	$2,644	26.4	$3,342		$2,678	$14,463	16.8	$16,892	8.5	$18,325		$13,409
June-Jan	8,094	16.4	9,418	5.9	9,974	7.6	10,731	1,278	33.4	1,705	28.7	2,195	22.0	2,678	9,372	18.7	11,123	9.4	12,169	10.2	13,409

NOTES:

(1) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike I-576.
(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except Turnpike I-576.
(3) On January 6, 2013 a 2% E-Zpass and a 10% cash toll increase was implemented on all toll facilities.
(4) On January 1, 2014 a 2% E-Zpass and a 12% cash toll increase was implemented on all toll facilities except Turnpike I-576.
(5) On January 4, 2015, a 5% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(6) On July 11, 2011, the West Virgina section of the Mon Fayette Expressway was completed.
(7) Leap year occurred in 2012, resulting in negative traffic and toll revenue impacts in February 2013 compared to February 2012.
(8) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particulary among passenger cars.

Table A-2
Tunrpike 66 - Amos K. Hutchinson ByPass - Monthly Transaction and Revenue Trends
Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	608	(2.6)	593	(3.3)	573	1.8	584	90	2.6	93	(1.6)	91	7.4	98	699	(1.9)	685	(3.0)	664	2.6	681
July	614	(3.9)	590	(0.4)	588	0.8	592	90	2.3	92	4.2	96	3.8	100	704	(3.1)	682	0.3	684	1.2	692
August	631	(1.5)	622	(1.6)	612	(0.7)	608	99	(0.3)	98	2.0	100	(0.9)	99	730	(1.3)	721	(1.1)	713	(0.7)	707
September	612	(5.2)	581	0.1	581	3.3	601	94	(7.6)	87	8.5	94	10.5	104	706	(5.5)	667	1.2	675	4.3	704
October	623	(3.0)	604	1.3	612	4.4	639	99	(4.0)	95	3.9	98	10.4	108	721	(3.2)	699	1.7	710	5.2	747
November	586	(3.1)	568	(1.3)	561	(0.4)	559	91	(12.2)	79	0.6	80	15.7	92	677	(4.3)	648	(1.1)	641	1.6	651
December	598	(7.0)	556	1.0	561	0.9	566	79	(12.9)	68	4.9	72	15.9	83	676	(7.7)	624	1.4	633	2.6	649
January	528	(3.0)	512	(4.5)	489	4.2	509	75	(1.7)	74	4.6	77	(1.9)	76	603	(2.9)	585	(3.4)	566	3.3	585
February	518	(6.6)	483	(2.0)	474			74	(7.8)	68	5.8	72			591	(6.8)	551	(1.0)	546		
March	580	(5.6)	548	0.6	551			85	(11.9)	75	12.1	84			665	(6.4)	623	2.0	635		
April	569	1.1	575	(0.4)	573			88	0.8	88	5.2	93			657	1.0	664	0.3	666		
May	607	(1.0)	601	1.2	608			96	0.2	96	4.5	101			703	(0.8)	697	1.6	708		
Total Year	7,074	(3.4)	6,832	(0.7)	6,782		4,657	1,058	(4.2)	1,014	4.4	1,058		761	8,132	(3.5)	7,846	(0.1)	7,841		5,417
June-Jan	4,801	(3.7)	4,625	(1.0)	4,577	1.7	4,657	716	(4.1)	686	3.3	709	7.3	761	5,516	(3.7)	5,311	(0.5)	5,286	2.5	5,417

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$745	2.5	$764	2.0	$780	6.9	$833	$328	5.7	$347	2.9	$357	13.8	$406	$1,074	3.5	$1,111	2.3	$1,137	9.1	$1,240
July	755	1.1	763	4.9	800	6.3	851	331	4.5	346	7.5	372	11.2	414	1,086	2.1	1,109	5.7	1,172	7.8	1,264
August	774	3.6	802	3.7	831	4.8	871	364	1.7	370	4.8	388	4.5	405	1,138	3.0	1,172	4.0	1,219	4.7	1,276
September	750	(0.4)	747	5.1	785	7.9	846	346	(4.3)	331	10.5	366	16.4	426	1,096	(1.6)	1,078	6.7	1,150	10.6	1,272
October	761	1.5	772	6.7	824	8.6	895	366	(2.3)	358	7.4	384	12.9	434	1,127	0.3	1,130	6.9	1,208	10.0	1,329
November	718	1.0	726	3.7	753	4.7	788	338	(10.9)	301	2.6	309	21.9	376	1,057	(2.8)	1,027	3.4	1,062	9.7	1,164
December	729	(3.0)	707	6.3	751	5.8	795	289	(9.8)	261	10.7	289	16.4	336	1,018	(5.0)	968	7.5	1,040	8.8	1,131
January	674	0.7	678	(0.1)	678	9.0	739	286	0.9	289	12.6	325	(3.6)	313	960	0.7	967	3.7	1,003	4.9	1,052
February	661	(2.3)	646	2.6	663			284	(6.2)	267	13.9	304			945	(3.4)	913	5.9	967		
March	742	(0.8)	736	5.7	778			326	(9.0)	297	20.9	359			1,068	(3.3)	1,033	10.1	1,137		
April	729	5.9	773	4.9	810			327	5.9	347	13.5	393			1,057	5.9	1,120	7.5	1,204		
May	779	4.0	810	6.6	864			356	5.8	377	11.3	419			1,135	4.6	1,187	8.1	1,283		
Total Year	$8,817	1.2	$8,924	4.4	$9,317		$6,618	$3,944	(1.4)	$3,890	9.6	$4,265		$3,111	$12,761	0.4	$12,814	6.0	$13,582		$9,729
June-Jan	5,905	0.9	5,959	4.1	6,201	6.7	6,618	2,650	(1.8)	2,603	7.2	2,790	11.5	3,111	8,555	0.1	8,562	5.0	8,991	8.2	9,729

NOTES:
(1) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Findaly Connector.
(3) On January 6, 2013 a 2% E-Zpass and a 10% cash toll increase was implemented on all toll facilities.
(4) On January 1, 2014 a 2% E-Zpass and a 12% cash toll increase was implemented on all toll facilities.
(5) On January 4, 2015, a 5% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(6) Leap year occurred in 2012, resulting in negative traffic and toll revenue impacts in February 2013 compared to February 2012.
(7) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particulary among passenger cars.

Table A-3

Northeast Extension Barrier Plazas - Monthly Transaction and Revenue Trends

Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

Month	Passenger Cars							Commercial Vehicles							Total Vehicles						
	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	435	3.6	451	4.0	469	(4.0)	450	85	5.3	89	2.3	91	3.2	94	520	3.9	540	3.7	560	(2.8)	544
July	549	(4.3)	526	6.6	560	0.6	563	85	6.0	90	12.9	102	5.0	107	634	(2.9)	615	7.5	662	1.2	670
August	522	5.8	553	8.8	602	1.7	612	89	5.9	94	8.3	102	6.6	109	612	5.8	647	8.8	704	2.4	721
September	419	(4.0)	402	8.8	438	(0.5)	436	87	(6.6)	81	13.5	92	9.8	101	506	(4.4)	483	9.6	530	1.3	537
October	444	(8.6)	406	11.7	453	3.5	469	87	(2.1)	85	12.5	95	8.6	104	531	(7.5)	491	11.9	549	4.4	573
November	407	(1.2)	403	0.3	404	(0.5)	402	74	9.8	81	0.1	81	(0.6)	80	481	0.5	483	0.3	485	(0.6)	482
December	367	(4.5)	350	10.8	388	(8.3)	356	69	0.9	70	13.4	79	(0.8)	78	436	(3.7)	420	11.3	467	(7.0)	434
January	295	2.3	302	1.6	307	(4.3)	294	65	15.6	75	5.9	80	(3.2)	77	360	4.7	377	2.5	387	(4.1)	371
February	296	(1.1)	293	(4.9)	279			65	6.7	69	5.2	73			361	0.3	363	(3.0)	352		
March	346	8.3	375	(6.2)	352			74	3.7	77	7.5	83			421	7.5	452	(3.8)	435		
April	423	(4.7)	403	(1.3)	398			87	3.4	90	(2.8)	87			510	(3.3)	493	(1.6)	485		
May	470	6.0	498	(9.7)	450			100	4.2	104	(8.7)	95			570	5.7	602	(9.5)	545		
Total Year	4,976	(0.3)	4,963	2.8	5,101		3,583	965	4.1	1,005	5.4	1,060		750	5,941	0.5	5,968	3.2	6,160		4,333
June-Jan	3,440	(1.4)	3,393	6.8	3,622	(1.1)	3,583	639	4.0	665	8.5	721	3.9	750	4,079	(0.5)	4,058	7.0	4,344	(0.3)	4,333

Toll Revenue (in $1,000s)

Month	Passenger Cars							Commercial Vehicles							Total Vehicles						
	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$318	9.5	$348	9.1	$379	1.0	$383	$332	5.5	$351	3.8	$364	7.7	$392	$650	7.4	$699	6.4	$743	4.2	$775
July	402	0.9	405	12.1	454	6.2	483	320	8.1	346	16.6	403	8.9	439	721	4.1	751	14.2	857	7.5	921
August	381	11.4	425	14.5	486	7.7	524	343	6.0	364	11.4	405	9.8	445	725	8.8	789	13.0	891	8.7	969
September	305	0.7	307	14.1	350	4.4	366	335	(5.3)	318	16.2	369	13.5	419	640	(2.4)	625	15.2	719	9.1	785
October	323	(4.4)	309	17.0	361	8.9	393	341	(0.6)	339	16.3	394	10.6	436	664	(2.4)	648	16.6	755	9.8	829
November	296	3.2	305	4.9	320	4.6	335	295	11.0	327	2.8	336	1.1	340	591	7.1	632	3.8	657	2.8	675
December	266	(0.3)	266	15.7	307	(3.9)	295	282	1.2	285	16.2	331	2.3	339	548	0.5	551	16.0	638	(0.7)	634
January	225	5.4	237	7.7	255	(0.8)	253	269	18.1	318	8.3	344	0.6	346	494	12.3	555	8.0	599	(0.0)	599
February	225	3.2	232	0.0	232			266	9.8	293	8.1	316			492	6.8	525	4.5	549		
March	265	13.3	301	(1.2)	297			302	8.0	326	9.9	358			567	10.5	627	4.6	655		
April	326	(0.3)	325	4.0	338			351	7.4	377	(1.1)	373			677	3.7	702	1.3	711		
May	362	11.1	402	(5.2)	381			398	6.8	425	(6.8)	396			759	8.8	826	(6.0)	777		
Total Year	$3,693	4.5	$3,861	7.8	$4,162		$3,032	$3,835	6.1	$4,067	8.0	$4,391		$3,155	$7,528	5.3	$7,928	7.9	$8,553		$6,187
June-Jan	2,516	3.4	2,601	12.0	2,914	4.0	3,032	2,517	5.1	2,647	11.4	2,947	7.1	3,155	5,033	4.3	5,248	11.7	5,861	5.6	6,187

NOTES:

(1) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Findaly Connector.
(3) On January 6, 2013 a 2% E-Zpass and a 10% cash toll increase was implemented on all toll facilities.
(4) On January 1, 2014 a 2% E-Zpass and a 12% cash toll increase was implemented on all toll facilities.
(5) On January 4, 2015, a 5% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(6) Leap year occurred in 2012, resulting in negative traffic and toll revenue impacts in February 2013 compared to February 2012.
(7) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particulary among passenger cars.

Table A-4

Turnpike I-376 - Beaver Valley Expressway - Monthly Transaction and Revenue Trends

Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	638	(1.9)	625	(9.4)	567	4.4	592	102	6.2	108	(14.2)	93	15.9	107	739	(0.8)	733	(10.1)	659	6.0	699
July	674	(3.5)	650	(7.5)	601	2.3	615	98	9.2	107	(5.4)	101	13.6	115	772	(1.9)	757	(7.2)	703	3.9	730
August	664	(1.5)	654	(6.3)	612	3.1	631	112	0.9	113	(6.1)	106	5.8	112	776	(1.2)	767	(6.3)	718	3.5	743
September	613	(4.1)	588	(4.1)	564	1.1	570	102	(6.2)	96	4.2	100	13.8	114	716	(4.4)	684	(3.0)	664	3.0	684
October	653	(7.2)	606	(1.9)	595	(2.2)	582	104	(0.6)	104	4.4	108	5.2	114	758	(6.3)	710	(1.0)	703	(1.1)	696
November	586	(2.9)	569	(6.1)	534	(3.0)	518	93	(1.9)	92	(0.3)	91	(2.3)	89	679	(2.7)	660	(5.3)	625	(2.9)	607
December	585	(6.7)	546	(1.0)	541	(1.4)	533	85	(2.0)	83	1.4	84	6.6	90	670	(6.1)	629	(0.6)	625	(0.4)	622
January	497	(0.7)	493	(7.2)	458	0.5	460	81	8.2	88	(3.0)	85	(1.0)	84	578	0.5	581	(6.5)	543	0.3	544
February	496	(6.6)	463	(5.3)	439			85	(8.7)	78	6.6	83			581	(6.9)	541	(3.6)	521		
March	570	(5.6)	538	(2.9)	523			93	(9.6)	84	11.8	94			663	(6.2)	622	(0.9)	617		
April	573	(3.8)	551	(0.0)	551			94	3.4	97	3.3	100			667	(2.8)	648	0.5	651		
May	614	(4.4)	587	1.6	597			103	(1.3)	102	5.8	107			717	(3.9)	689	2.2	704		
Total Year	7,162	(4.1)	6,871	(4.2)	6,580		4,501	1,152	(0.2)	1,150	0.3	1,153		826	8,315	(3.5)	8,021	(3.6)	7,733		5,326
June-Jan	4,909	(3.6)	4,731	(5.5)	4,471	0.7	4,501	777	1.6	790	(2.7)	769	7.4	826	5,687	(2.9)	5,521	(5.1)	5,240	1.6	5,326

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$641	3.1	$661	(3.1)	$640	11.4	$713	$290	8.6	$315	(13.2)	$273	18.9	$325	$931	4.8	$976	(6.4)	$914	13.6	$1,038
July	680	1.8	692	(1.6)	681	9.6	747	280	12.4	315	(5.7)	297	19.5	354	960	4.9	1,007	(2.9)	978	12.6	1,101
August	666	4.3	695	(0.9)	688	11.1	764	328	1.2	332	(5.2)	314	5.7	332	994	3.3	1,026	(2.3)	1,003	9.4	1,097
September	612	1.7	622	1.4	631	7.8	680	297	(5.0)	282	5.8	298	15.2	343	908	(0.5)	904	2.8	929	10.2	1,024
October	651	(1.8)	639	3.6	662	4.2	690	302	(1.7)	297	8.9	324	4.1	337	953	(1.8)	936	5.3	986	4.2	1,027
November	583	2.7	599	(0.7)	595	3.5	616	270	(0.4)	269	1.6	273	(1.1)	270	853	1.7	868	0.0	868	2.1	886
December	584	(1.5)	575	4.9	604	5.1	635	249	(2.0)	244	4.7	256	8.8	278	834	(1.7)	820	4.9	860	6.2	913
January	524	3.8	544	(1.4)	536	5.6	566	248	8.7	270	0.4	271	1.5	275	772	5.4	813	(0.8)	807	4.2	841
February	523	(1.2)	517	0.5	519			261	(7.5)	242	8.3	262			784	(3.3)	758	3.0	781		
March	603	(0.0)	603	3.4	623			278	(6.4)	260	14.9	299			881	(2.0)	863	6.8	922		
April	605	1.7	616	6.6	657			278	6.7	296	6.2	314			883	3.3	912	6.5	971		
May	651	1.7	662	8.3	717			301	1.3	305	6.6	325			952	1.5	967	7.7	1,042		
Total Year	$7,323	1.4	$7,424	1.7	$7,553		$5,411	$3,382	1.3	$3,426	2.3	$3,506		$2,515	$10,705	1.4	$10,850	1.9	$11,058		$7,926
June-Jan	4,941	1.7	5,027	0.2	5,037	7.4	5,411	2,264	2.6	2,323	(0.7)	2,306	9.1	2,515	7,205	2.0	7,350	(0.1)	7,343	7.9	7,926

NOTES:

(1) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.

(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Findaly Connector.

(3) On January 6, 2013 a 2% E-Zpass and a 10% cash toll increase was implemented on all toll facilities.

(4) On January 1, 2014 a 2% E-Zpass and a 12% cash toll increase was implemented on all toll facilities.

(5) On January 4, 2015, a 5% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.

(6) Leap year occurred in 2012, resulting in negative traffic and toll revenue impacts in February 2013 compared to February 2012.

(7) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particulary among passenger cars.

Table A-5
Tunrpike I-576 - Beaver Valley Expressway - Monthly Transaction and Revenue Trends
Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	146	1.8	149	(5.9)	140	4.4	146	12	(0.7)	12	14.0	14	9.8	15	158	1.6	161	(4.5)	154	4.9	161
July	148	3.3	153	(5.0)	146	5.9	154	11	0.5	11	17.4	13	34.4	18	160	3.1	165	(3.4)	159	8.3	172
August	152	2.6	156	(4.2)	150	6.6	159	13	0.6	13	4.8	14	30.8	18	165	2.5	170	(3.5)	164	8.6	178
September	145	34.4	195	(31.3)	134	8.7	145	12	19.9	14	(3.2)	14	26.9	17	157	33.3	209	(29.4)	147	10.4	163
October	151	14.8	174	(19.1)	140	8.9	153	13	2.8	14	9.8	15	21.3	18	165	13.8	187	(17.0)	155	10.1	171
November	143	(3.3)	138	(9.3)	125	5.8	133	12	(3.3)	12	25.7	15	(6.9)	14	155	(3.3)	150	(6.5)	140	4.5	146
December	140	(6.4)	131	(2.5)	128	9.8	140	11	(10.8)	10	22.3	12	23.3	15	151	(6.7)	141	(0.8)	140	10.9	155
January	127	(2.8)	123	(3.7)	119	4.6	124	10	(1.7)	10	14.8	11	19.7	13	137	(2.7)	133	(2.4)	130	5.8	137
February	123	(8.8)	112	(2.4)	110			10	(11.3)	9	13.8	11			134	(9.0)	121	(1.1)	120		
March	141	(9.3)	128	1.2	129			11	(5.9)	11	18.2	13			152	(9.0)	139	2.5	142		
April	137	(3.7)	132	3.0	135			11	5.7	12	21.1	14			148	(3.0)	143	4.5	150		
May	150	(2.5)	146	(0.2)	146			13	5.2	13	3.7	14			162	(1.9)	159	0.1	159		
Total Year	1,703	2.0	1,737	(7.8)	1,601		1,155	141	0.3	141	12.8	159		129	1,843	1.9	1,878	(6.3)	1,760		1,284
June-Jan	1,152	5.8	1,219	(11.3)	1,081	6.8	1,155	95	1.1	96	12.4	108	19.6	129	1,247	5.4	1,315	(9.6)	1,189	8.0	1,284

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$69	8.5	$75	33.5	$100	3.5	$103	$17	16.8	$20	41.8	$28	12.4	$32	$86	10.1	$94	35.3	$128	5.4	$135
July	74	3.4	77	35.0	104	5.1	109	19	1.5	19	48.9	28	29.4	37	93	3.0	96	37.7	132	10.3	146
August	76	2.7	78	35.8	106	5.9	113	22	0.1	22	34.4	29	29.0	37	98	2.1	100	35.5	135	10.9	150
September	73	34.3	98	(3.0)	95	8.1	102	19	20.6	23	23.1	28	26.8	36	92	31.5	121	2.0	123	12.4	138
October	76	14.2	87	14.4	99	8.5	107	22	5.5	23	41.0	32	18.5	38	97	12.3	109	19.9	131	10.9	145
November	72	(3.3)	69	28.0	89	5.1	93	20	(0.4)	20	56.3	31	(4.7)	30	92	(2.7)	89	34.3	120	2.6	123
December	70	(6.3)	66	37.9	90	8.9	98	18	(6.6)	17	52.5	26	24.2	33	88	(6.4)	83	40.9	117	12.3	131
January	64	31.0	83	0.3	84	4.0	87	17	26.9	21	17.9	25	17.0	29	80	30.1	104	3.8	108	7.0	116
February	62	28.8	79	(3.2)	77			17	20.3	21	16.6	24			79	26.9	100	0.9	101		
March	71	28.5	91	0.2	91			19	27.4	24	17.1	28			89	28.3	115	3.8	119		
April	68	36.2	93	2.2	95			18	39.0	26	22.3	31			87	36.8	119	6.5	127		
May	75	38.2	104	(1.0)	103			21	35.6	28	5.4	30			96	37.7	132	0.4	132		
Total Year	$848	17.7	$999	13.3	$1,131		$813	$228	15.2	$263	29.9	$341		$271	$1,077	17.2	$1,262	16.7	$1,473		$1,084
June-Jan	573	10.3	632	21.2	766	6.1	813	153	7.5	164	38.8	228	18.8	271	726	9.7	796	24.8	994	9.0	1,084

NOTES:
(1) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Findaly Connector.
(3) On January 6, 2013 a 2% E-Zpass and a 10% cash toll increase was implemented on all toll facilities.
(4) On January 1, 2014 a 2% E-Zpass and a 12% cash toll increase was implemented on all toll facilities.
(5) On January 4, 2015, a 5% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(6) Leap year occurred in 2012, resulting in negative traffic and toll revenue impacts in February 2013 compared to February 2012.
(7) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particulary among passenger cars.

Appendix B

Current Regional Economic Conditions

The purpose of this Appendix section is to provide a general overview of current economic conditions along the Pennsylvania Turnpike Commission's (PTC's) facilities based on outreach with representatives of the five major metropolitan areas located in the vicinity of the PTC corridors. These areas include: Greater Pittsburgh in the Southwest of the Commonwealth; the Harrisburg Tri-County area in the South Central State Capital region; Scranton/Wilkes-Barre at the northern terminus of the Northeast Extension; Lehigh Valley, near the midpoint of the Northeast Extension; and Greater Philadelphia, which includes the intersection of both major Turnpike facilities, I-76 and the Northeast Extension. In addition to a series of interview discussions with pertinent staff representing the five Metropolitan Planning Organizations (MPOs), this section relies heavily on local and national news sources, as well as local planning documents, to investigate a variety of issues affecting these regions. The investigated characteristics include growth indicators or inhibitors such as housing demand, location and movements of major employers, local policy changes, state and local economic development incentives, municipal finances, freight and shipping trends, and major land development projects. For each area, conclusions are drawn based on available information as to how future Turnpike traffic may be affected by recent historical and current trends in ways not anticipated by the travel demand and econometric models.

Southwestern Pennsylvania Commission

The Southwestern Pennsylvania Commission (SPC) ten-County region is anchored by Pittsburgh, the second largest city in the Commonwealth, located in Allegheny County. In recent years, Pittsburgh, traditionally known as the Steel City, experienced a transition to a post-manufacturing economy, something few former "rust belt" cities have experienced. This change was driven heavily by growth in education (the area is home to major research universities such as Carnegie Mellon and the University of Pittsburgh), healthcare (the University of Pittsburgh Medical Center's Hospital system), advanced manufacturing (e.g., Carnegie Mellon, and General Motors racing to develop an autonomous car)[1], as well as energy, financial services, and communications & information technology[2].

As a result of these factors, Pittsburgh and Allegheny County have begun to focus on facilitating redevelopment and reuse of the older areas of the city and County[3], in order to accommodate an increase in housing demand. Increased investment in local start-ups[4], facilitating use of the Allegheny River as recreation[5], and enhanced nightlife and hospitality planning[6] all serve to increase the desirability of the urban core with potentially net positive impact on the real estate market, the effects of which are already being seen. For example, Oxford Development currently plans to invest nearly $400 million on 252,000 sq. ft. of office space, 300 apartment units, and a multi-modal transportation

---

[1] Thrush, G. (2014, February 4). *The robots that saved Pittsburgh*. Retrieved from: http://www.politico.com/magazine/story/2014/02/pittsburgh-robots-technology-103062.html#.VKwJGivF81p

[2] Allegheny Conference on Community Development. (2013). *2013 Annual report*. Pittsburgh. Retrieved from: http://www.alleghenyconference.org/PDFs/AnnualReports/AnnualReport13.pdf

[3] County of Allegheny. (2014). *Allegheny County launches 2014 side yard and blighted structure program. Pittsburgh*. Retrieved from: http://www.county.allegheny.pa.us/2014/20140523.aspx

[4] Riverfront Ventures. (2015). *About*. Retrieved from: Riverfront Ventures: http://www.riverfrontventures.com/about

[5] Friends of the Riverfront. (2015). *Three Rivers Water Trail*. Retrieved from: http://friendsoftheriverfront.org/trails/three-rivers-water-trail/

[6] Pittsburgh Department of City Planning. (2014). *Pittsburgh Sociable City Plan.* Retrieved from: http://www.pgh-sociablecity.org/

center within the Strip District[7], directly northeast of downtown. Also in this district, Buncher Co. is on track to replace 37 acres of underutilized land (currently surface parking) with 750 housing units plus retail and office space[8]. Elsewhere in downtown, Millcraft Investments will redevelop the old Saks Fifth Avenue site with 77 Condos atop a 578 space parking garage[9]. Development in close proximity to Pittsburgh International Airport is surpassing expectations as well, with previous plans more than two years ahead of anticipated schedule[10].

Outside of Pittsburgh, the metro picture of future development is more varied, which has historically been the case in the suburbs and factory towns outside of the core. While active, these manufacturing centers employed many people, but once closed the workers in the surrounding areas were left with few options, resulting in long-lasting, systemic poverty in many areas[11].

The other major factor affecting the SPC region is the development of the Marcellus Shale oil and gas industry, through the process known as hydraulic fracturing or "fracking". Washington, Greene, Butler, Westmoreland, and Fayette Counties are all among the top 10 counties in Pennsylvania for the number of these wells in operation[12]. There are some advocates of shale oil and gas development citing its significant economic development potential[13], which has been observed in low population rural areas like North Dakota. However, there is also some opposition to it based on the environmental and health impacts of the process, which backed by research, has identified links between fracking and groundwater quality within one kilometer of well sites[14]. However, based on the current fluctuations in global oil prices, the future of this industry is clouded, and declines are already being seen in areas which once experienced the largest boom[15]. Initial economic impacts in Washington and Green (the two largest shale well Counties in the region) are positive with significant new development in the areas of retail/hospitality, banking, healthcare, and other commercial properties; these are all secondary industries linked to shale gas employment[16].

The Turnpike facilities in the region - Interstate 76, I-376 from Beaver Falls to New Castle, SR 576, SR 66, and SR 43 north of Uniontown - tend to circumvent the major growth locations (Pittsburgh, Washington, and Green Counties). With the exception of SR 576 near Pittsburgh International Airport, the strength of potential impacts of new development on increased traffic along the aforementioned

---

[7] Fontaine, T. (2014, December 9). *Oxford Development's confidence in Pittsburgh builds with new project*. Retrieved from: http://triblive.com/news/allegheny/7340454-74/million-oxford-development#axzz3M4rZcT9s

[8] Belko, M. (2014, September 19). *Buncher Co. making progress on Strip District land*. Retrieved from: Pittsburgh Post-Gazette: http://www.post-gazette.com/business/2014/09/19/Buncher-Co-making-progress-on-Strip-District-land/stories/201409190069

[9] Belko, M. (2014, December 12). *Millcraft pushes condo plans for former Saks site in Downtown Pittsburgh.* Retrieved from: Pittsburgh Post-Gazette: http://www.post-gazette.com/business/development/2014/12/12/Washington-County-developer-pushes-condo-plans-for-former-Saks-site/stories/201412120077

[10] Belko, M. (2014, October 2). *Pittsburgh airport-area development exceeding expectations.* Retrieved from: Pittsburgh Post-Gazette: http://www.post-gazette.com/business/2014/10/02/Pittsburgh-airport-area-development-exceeding-expectations/stories/201410020254

[11] Vitale, P. (2013, December 8). *Poverty by design: Pittsburgh suburbs have long been home to the poor.* Retrieved from: http://www.post-gazette.com/opinion/2013/12/08/Poverty-by-design/stories/201312080009

[12] Natural Gas Intelligence. (2014). *Study examines pennsylvania population trends link to marcellus shale development.* Retrieved from: Natural Gas Intelligence: http://www.naturalgasintel.com/articles/100541-study-examines-pennsylvania-population-trends-link-to-marcellus-shale-development

[13] Energy from Shale. (2015). *America's energy economy.* Retrieved from: EnergyFromShale.org: http://www.energyfromshale.org/americas-energy/economy

[14] Jackson, R. B., Vengosh, A., Darrah, T. H., Warner, N. R., Down, A., Poreda, R. J., . . . Karr, J. D. (2013, July 9). Increased stray gas abundance in a subset of drinking water wells near Marcellus shale gas extraction. *Proceedings of the National Academy of Sciences of the United States of America, 110*(28), 11250-11255.

[15] Kemp, J. (2015, January 26). *North Dakota oil rigs drop points to U.S. output decline after May*. Retrieved from: http://www.reuters.com/article/2015/01/26/us-shale-production-oil-kemp-idUSKBN0KZ1EZ20150126

[16] Bradwell, M., & Schum, R. (2014, December 21). *Project growth shines in Washington, Greene*. Retrieved from: Observer-Reporter.com: http://www.observer-reporter.com/article/20141221/NEWS08/141229927#.VKwc0CvF81o

facilities is difficult to ascertain. Given Pittsburgh's central location relative to these facilities, it is plausible that additional growth in the core could facilitate traffic growth along I-76 and SR 43 in Allegheny County depending on new commuting patterns. Potential future development related to fracking could serve to draw new commuters to Washington and Green Counties, but should have negligible impacts on Turnpike traffic due to the limited number of facilities providing access to counties in the Southwest area of the region.

Lehigh Valley Planning Commission

The Lehigh Valley Planning Commission (LVPC) covers the Counties of Lehigh and Northampton with the two major municipalities of Allentown and Bethlehem. The cities in the valley have historically been based around steel, manufacturing, and other related industries. However, in the 1980s suburban relocation of industries and the decline of manufacturing caused a loss of population in the traditional city centers[17]. Historically home to Bethlehem Steel, an industrial anchor for Lehigh Valley, the region was left with many abandoned industrial parcels in the central city areas following the bankruptcy of the company in 2002[18]. As of 2011, manufacturing still remains the 4th largest industry in the region, behind healthcare, retail, and government; but Bethlehem Steel is nowhere to be found among the top employers[19].

Lehigh Valley has more recently earned a reputation as being a relatively affordable location with easy access to major metro areas, particularly Philadelphia and New York City. Because of this, it has become a popular location for warehousing and distribution facilities due to the accessibility to these major consumer and production markets[20], and has enabled a manufacturing and warehousing resurgence to occur within Lehigh Valley[21]. Another major success story has been the Sands Casino Resort in Bethlehem, which located just outside of downtown and redeveloped an old steel manufacturing site to provide a major entertainment and tourism site for the region. Busloads of visitors drawn from Philadelphia and New York City provide a boost to the local economy. Initial opponents worried about crime and other negative impacts associated with casinos, but those issues have not materialized[22].

New development in the region has been heavily focused on revitalizing the central city area of Allentown, which is seeing redevelopment with the potential to shift future development away from the suburbs[23]. A new state program, the Neighborhood Improvement Zone, would channel taxes from new development in 128 acres of downtown Allentown back to the area they were collected from in order to subsidize rents and make urban development more competitive with suburban

[17] Lehigh Valley Planning Comission. (2013). *Lehigh Valley profile & trends (p9).* Allentown, PA. Retrieved from: http://www.lvpc.org/pdf/profilesTrends/profilesTrends-2013-01.pdf

[18] Loomis, C. J., Neering, P., & Tkaczyk, C. (2004, April 5). *The sinking Of Bethlehem Steel*. Retrieved from: Fortune: http://archive.fortune.com/magazines/fortune/fortune_archive/2004/04/05/366339/index.htm

[19] Lehigh Valley Planning Comission. (2013). *Lehigh Valley profile & trends (p34,35).* Allentown, PA. Retrieved from: http://www.lvpc.org/pdf/profilesTrends/profilesTrends-2013-01.pdf

[20] Garner Economics. (2014, January 31). *A blueprint for success: An economic development strategy for sustainable growth in the Lehigh Valley*. Allentown, PA. Retrieved from: http://www.lehighvalley.org/wp-content/uploads/2014/02/Garner-Economics-Lehigh-Valley-Analysis.pdf

[21] Pedersen, B. (2014, October 6). *Competitive costs and consumer awareness spur more manufacturers to set up shop in America — and the Greater Lehigh Valley.* Retrieved from: Lehigh Valley Business: http://www.lvb.com/article/20141006/LVB01/310029999/USA-USA-Competitive-costs-and-consumer-awareness-spur-more-manufacturers--to-set-up-shop-in-America-?-and-the-Greater-Lehigh-Valley

[22] Olanoff, L. (2014, May 18). *Sands Casino Resort Bethlehem hits five-year mark with few complaints*. Retrieved from: Lehigh Valley Live: http://www.lehighvalleylive.com/bethlehem/index.ssf/2014/05/sands_casino_resort_bethlehem.html

[23] Pedersen, B. (2014, February 13). *Will Allentown rebirth end the suburbs?* Retrieved from: Lehigh Valley Business: http://www.lvb.com/article/20140213/LVB01/140219934/Will-Allentown-rebirth-end-the-suburbs

counterparts[24]. Demand for downtown Allentown apartments has increased in recent years[25], with many new projects in the works, including a 300,000 sq. ft. office building with 200 apartments[26], a major hotel adjacent to the Hockey Arena[27], and a $285 million mixed use (residential, commercial and industrial) redevelopment of the former Lehigh Structural Steel property along the waterfront[28]. The City of Bethlehem, which lies in both Lehigh and Northampton Counties recently received a City Revitalization and Improvement Zone (CRIZ) designation. This 10-year, state funded, grant program enabled Bethlehem to fast track nearly $600 million worth of projects, including a conference center, a state-of-the-art industrial facility, a technology center, and multiple professional mixed-use developments. The result is expected to generate nearly 3,000 temporary construction jobs and over 4,000 permanent jobs across Lehigh Valley, similar to past employment levels at Bethlehem Steel[29]. Lehigh Valley's location and lower land cost has also led Federal Express to seek to locate a regional "MegaHub" near the area's airport. This has drawn concerns about adverse traffic impacts in the US 22 corridor[30].

The vast majority of new development set to occur within the Lehigh Valley appears to be focused on the two major urban cores of Allentown and Bethlehem rather than the suburbs[31]. Without speculating on commuting patterns to/from external regions, the majority of suburbs-to-city travel in the region will potentially focus along the US 22 and Interstate 78 east-west corridors. The FedEx MegaHub discussed above (if it comes to fruition) could generate additional trips along the Turnpike's Northeast Extension for trips headed south to Philadelphia or north to Scranton. But any traffic headed east to the New York City metro area would not utilize Turnpike facilities. Furthermore, its traffic impacts on US 22 may impede access to the Turnpike, resulting in negative effects. The biggest single positive impact on Turnpike traffic may be the existing distribution and warehousing cluster located west of the Turnpike within Lehigh County. The future of this industry in the region, which appears poised for steady growth, will potentially dictate future traffic growth along the Turnpike in the region more than any other single factor.

Lackawanna/Luzerne MPO

The Lackawanna-Luzerne MPO's area contains its two namesake counties along with the principal cities of Scranton and Wilkes-Barre[32]. Aside from the typical manufacturing industry historically prevalent in Pennsylvania cities, the region is home to the Northern and Eastern Middle Fields of the Pennsylvania Anthracite Coal region. Production peaked shortly after World War I, with the only

---

[24] Hurdle, J. (2014, March 4). *Tax program aims to reverse decades-long decline in Allentown*. Retrieved from: The New York Times: http://www.nytimes.com/2014/03/05/realestate/commercial/tax-program-aims-to-reverse-decades-long-decline-in-allentown.html?_r=3

[25] Olanoff, L. (2014, November 17). *Center City Allentown high-end apartments renting far faster than expected, developer says*. Retrieved from: Lehigh Valley Live: http://www.lehighvalleylive.com/allentown/index.ssf/2014/11/center_city_allentown_high-end.html

[26] Pedersen, B. (2014, December 17). *City Center proposes $130M, 15-story tower in Allentown*. Retrieved from: Lehigh Valley Business: http://www.lvb.com/article/20141217/LVB01/141219827/City-Center-proposes-$130M-15-story-tower-in-Allentown

[27] McEvoy, C. (2013, October 21). *Allentown hockey arena hotel to be Marriott Renaissance Hotel*. Retrieved from: Lehigh Valley Live: http://www.lehighvalleylive.com/allentown/index.ssf/2013/10/allentown_hockey_arena_hotel_t.html

[28] McEvoy, C. (2013, November 13). *First phase of $285 million Allentown waterfront project approved*. Retrieved from: Lehigh Valley Live: http://www.lehighvalleylive.com/allentown/index.ssf/2013/11/first_phase_of_285_million_all.html

[29] Satullo, S. K. (2013, December 30). *Bethlehem wins tax zone designation; mayor likens award to 'CRIZmas present'*. Retrieved from: Lehigh Valley Live: http://www.lehighvalleylive.com/bethlehem/index.ssf/2013/12/bethlehem_wins_pennsylvania_cr.html

[30] Petty, P. (2014, October 6). *FedEx megahub traffic concerns to be focus of special meeting in Lehigh County*. Retrieved from: Lehigh Valley Live: http://www.lehighvalleylive.com/breaking-news/index.ssf/2014/10/fedex_megahub_traffic_concerns.html

[31] Lehigh Valley Planning Commission Staff Members. Phone Call, December 19, 2014.

[32] Luzerne County. (2006). *Lackawanna/Luzerne Metropolitan Planning Organization*. Retrieved from: Luzerne County Website: http://www.luzernecounty.org/county/departments_agencies/planning_commission/lackawannaluzerne-metropolitan-planning-organization

renewed interest occurring during the energy crisis of the 1970's[33]. After the decline of coal, the service and tourism industries emerged, beginning to fill the void[34]. With healthcare and secondary industries related to the shale gas development, such as transportation and warehousing, developing in more recent years[35]. A major driver of these activities is the large presence of shale gas wells in nearby Bradford and Susquehanna Counties[36].

Currently, the Lackawanna-Luzerne area is seeing limited reinvestment in its major urban cores of Scranton and Wilkes-Barre. However, the region is making use of two key state level tools that are designed to facilitate redevelopment of underutilized urban land. First is the Keystone Opportunity Zone, which aims to provide reductions to state and local taxes on underutilized areas in an attempt to facilitate redevelopment[37]. This has seen some success as the Lackawanna-Luzerne region experienced the 3rd highest job creation in Keystone Zones at around 5,000 permanent jobs[38]. More job creation is, however, needed in the region as it still has a relatively high unemployment rate compared to other key Pennsylvania metro areas and the state average[39].

The second tool is the State Land Bank which was created in 2012 to enable counties and municipalities to remove troubled properties from a vicious cycle of vacancy, abandonment, and foreclosure, in order to return them to productive use[40]. However, the land bank system alone may fail if there is insufficient demand for properties[41], and it is difficult to ascertain if the combined effects of the Keystone Zones and State Land Bank will help make blighted property attractive again.

The City of Scranton, however, has run into some financial issues including failure to make full pension payments[42] and a struggling school district which may be broke within a few years[43]. Attempts to balance its budget have led the city of Scranton to triple its local services tax to $3 per week on all who work in the city[44], a move which has received criticism for disproportionately affecting low income workers. Furthermore, the Scranton/Wilkes-Barre metro area is reported to have the oldest housing stock in the entire nation[45]; which makes reuse of existing stock increasingly difficult and potentially necessitates further redevelopment of an area with already low housing demand.

Despite these issues, there have been some modest successes in recent years. For instance, the United Neighborhood Center completed a rehabilitation of two blocks in South Scranton, an eight-year, $15

---

33 Mining History Association. (2011). *Scranton, PA*. Retrieved from: Mining History Association: http://www.mininghistoryassociation.org/ScrantonHistory.htm

34 Lackawanna County. (2013). *Lackawanna County Lines Report*. Retrieved from: http://www.lackawannacounty.org/uploads/communityaffairs/CountyLines.pdf

35 Lackawanna/Luzerne MPO Staff Members. Phone Call, December 15, 2014.

36 Natural Gas Intelligence. (2014). *Study examines pennsylvania population trends link to marcellus shale development.* Retrieved from Natural Gas Intelligence: http://www.naturalgasintel.com/articles/100541-study-examines-pennsylvania-population-trends-link-to-marcellus-shale-development

37 Commonwealth of Pennsylvania. (2015). *Keystone Opportunity Zones*. Retrieved from: Department of Community and Economic Development: http://www.newpa.com/business/expansion-relocation/keystone-opportunity-zones

38 Commonwealth of Pennsylvania. (2012). *Keystone Opportunity Zone overview (2008 to 2010)*. Retrieved from: Department of Community and Economic Development: http://www.newpa.com/webfm_send/2082

39 Lackawanna/Luzerne MPO Staff Members. Phone Call, December 15, 2014.

40 Rolland, K. L. (2013). *Pennsylvania Legislation enables municipalities to create land banks*. Retrieved from: Federal Reserve Bank of Philadelphia: http://www.philadelphiafed.org/community-development/publications/cascade/82/03_pa-legislature-enables-municipalities-to-create-land-banks.cfm

41 Wind, K. (2014, December 22). *Movement underway in NEPA counties, cities to form land banks*. Retrieved from: CitizensVoice.com: http://citizensvoice.com/news/movement-underway-in-nepa-counties-cities-to-form-land-banks-1.1806370

42 Morgan-Besecker, T. (2014, December 11). *Scranton likely won't make full pension payment*. Retrieved from: TheTimes-Tribune.com: http://thetimes-tribune.com/news/scranton-likely-won-t-make-full-pension-payment-1.1801050

43 Hall, S. H. (2014, December 22). *Board president: Scranton School District could be broke within 5 years*. Retrieved from: TheTimes-Tribune.com: http://thetimes-tribune.com/news/board-president-scranton-school-district-could-be-broke-within-5-years-1.1806525

44 Russ, H. (2014, November 12). *A former Steel Town In Pennsylvania is tripling a local tax to survive*. Retrieved from: Reuters: http://www.businessinsider.com/r-exclusive-as-cities-struggle-scranton-in-pennsylvania-to-triple-a-local-tax-2014-11

45 Thomas, G. S. (2014, August 13). *Which metro has America's oldest housing stock? Not Buffalo (though we're close)*. Retrieved from: Buffalo Business First: http://www.bizjournals.com/buffalo/news/2014/08/13/which-metro-has-americas-oldest-housing-stock-not.html

million project, with new rental housing as well as space for small businesses and start-ups[46]. The number of railroad carloads to and from the area experienced a 6.5 percent increase in 2013 over 2012, which can be seen as a strong positive indicator of recent economic growth for the region[47]. Additionally, a new multi-modal transportation center broke ground in downtown Scranton linking transit and commercial buses, taxis, and opening up the potential for future passenger rail into the region[48]. Another major attraction includes the Mohegan Sun Casino in Wilkes-Barre, a development which created 1,500 jobs[49], but has also caused problems for local restaurants and small retail businesses by pulling customers away from downtown to the casino 'resort' area[50].

Future impacts from this area's development on the Turnpike's Northeast Extension traffic volumes are limited due to the economic uncertainty of this area economic potential. In any event, the Turnpike has relatively limited direct access to Scranton and Wilkes-Barre compared to the toll free alternative Interstate 81 for north-south trips.

Delaware Valley Regional Planning Commission

The Delaware Valley Regional Planning Commission (DVRPC) covers the greater Philadelphia area including five Pennsylvania Counties (Bucks, Chester, Delaware, Montgomery, and Philadelphia) and four in New Jersey (Burlington, Camden, Gloucester, and Mercer)[51]. There are 352 municipalities in the region with the largest being Philadelphia (a consolidated City-County). The region as a whole experienced population decline during the 1970's, but has since returned to growth. As of 2010, the region's largest industries include services, manufacturing, retail, and FIRE (finance, insurance and real estate)[52]. In 2013, the largest employers in Philadelphia were primarily in the education and healthcare industries, with a few other notables from other industries such as Comcast in telecommunications and US Airways in air transportation[53]. As with many places across the U.S., employment locations have begun to shift from the urban core and older suburban areas to younger suburbs further from the core. But the strongest employment center remains in the central city area for now[54].

---

[46] Lockwood, J. (2014, December 13). *UNC revitalization projection transforms South Scranton neighborhood*. Retrieved from: TheTimes-Tribune.com: http://thetimes-tribune.com/news/unc-revitalization-project-transforms-south-scranton-neighborhood-1.1802289

[47] Luzerne County Planning Commission . (2014). *Connections Newsletter: Winter 2014*. Retrieved from: Lackawanna/Luzerne MPO: http://www.luzernecounty.org/uploads/images/assets/county/departments_agencies/planning_commission/LzPlan_Conn-03-14_35208_prf2.pdf

[48] Luzerne County Planning Commission . (2014). *Connections Newsletter: Summer 2014*. Retrieved from: Lackawanna/Luzerne MPO: http://www.luzernecounty.org/uploads/images/assets/county/departments_agencies/planning_commission/MPO_Connections_Summer_2014_(Revised).pdf

[49] Allabaugh, D. (2011, November 19). *Mohegan Sun CEO celebrates casino's economic impact*. Retrieved from: Citizens Voice: http://citizensvoice.com/news/mohegan-sun-ceo-celebrates-casino-s-economic-impact-1.1234480

[50] Allabaugh, D. (2014, March 23). *Restaurants say Mohegan Sun hurt business; charge unlevel playing field*. Retrieved from: TheTimes-Tribune.com: http://thetimes-tribune.com/news/business/restaurants-say-mohegan-sun-hurt-business-charge-unlevel-playing-field-1.1655280

[51] Delaware Valley Regional Planning Commission. (2015, January 8). *Our region*. Retrieved from: http://www.dvrpc.org/OurRegion/default.aspx

[52] Delaware Valley Regional Planning Commission. (2014, May 1). *Regional employment centers and sites*, 2010. Retrieved from: http://www.dvrpc.org/reports/ADR021.pdf

[53] Philadelphia Research Initiative. (2014, April 5). *Philadelphia: The State of the City*. Retrieved from: http://www.pewtrusts.org/en/research-and-analysis/reports/2014/04/05/philadelphia-the-state-of-the-city-a-2014-update

[54] Delaware Valley Regional Planning Commission. (2014, May 1). Regional Employment Centers and Sites, 2010. Retrieved from: http://www.dvrpc.org/reports/ADR021.pdf

One of the biggest factors currently affecting the region is the recent housing pick-up in the City of Philadelphia. Of the eleven zip codes in Philadelphia which saw the highest building permit activity in 2013, six are within the extended city center and four more are directly adjacent to it[55]. There are also a number of redevelopment opportunities within the core of the Philadelphia region, including an old steel mill site[56], a historic site which is also the largest single piece of developable land in Philadelphia[57], and a master plan to develop Drexel University and the surrounding area in West Philadelphia[58]. One of the single biggest redevelopment plans is that of the Naval Yard (which employed more than 40,000 people at its peak), located in South Philadelphia[59]. Aside from occupying more than 1,200 acres, the yard redevelopment has already begun to attract small businesses despite only being in its early stages[60]. Furthermore, millennials are shifting demand towards rental and multi-family housing (typically located in the center city areas) throughout the entire Metro Area[61]. The cores of suburban counties, townships and boroughs are experiencing a boom as well, with real estate firms recording substantial increases in business for 2013 in Conshohocken Borough (Montgomery County)[62], Upper Makefield Township (Bucks County)[63], Spring City (Chester County)[64] and Washington Township, NJ[65].

The downside to strong demand for housing across the region is a notable increase in housing prices. One study gave the Philadelphia region a 'C' grade in affordable housing. A recent conference identified potential solutions such as regional transit improvements and inclusionary zoning policies. It was also identified that private developers are open to providing more options, but need more incentives beyond low-income housing tax credits[66]. Commercial development trends are less positive than housing, as Philadelphia's CBD experienced zero office-related construction activity during the last quarter of 2013. Not only is this a potential indicator of poor growth conditions, but it is also an anomaly when compared to other major urban cores[67]. Despite this, construction contracts of all types

---

[55] The Philadelphia Public Record. (2014, December 26). *Philadelphia's new housing boom – How far will it go*? Retrieved from: http://www.phillyrecord.com/2014/12/philadelphias-new-housing-boom-how-far-will-it-go/

[56] DiStefano, J. (2014, December 9). For ex-mill on the Delaware: Industry jobs - and boating, too? Retrieved from: http://www.philly.com/philly/blogs/inq-phillydeals/Ex-steel-mill-on-the-Delaware-.html

[57] DiStefano, J. (2014, November 6). Convert or demolish? 'Largest piece of development land in Phila.' on Wash. Ave. Retrieved from: http://www.philly.com/philly/blogs/inq-phillydeals/Convert_or_demolish_Wash_Ave_project_For_Sale.html

[58] DiStefano, J. (2014, February 26). Drexel, Amtrak, Brandywine weigh giant development plans. Retrieved from http://www.philly.com/philly/blogs/inq-phillydeals/Drexel-Amtrak-Brandywine-weighing-giant-West-Philly-redevelopment.html

[59] Philadelphia Industrial Development Corporation. (2014, January 1). History of the navy yard. Retrieved from: http://www.navyyard.org/who-we-are/history

[60] Jones, A. (2014, December 23). Small businesses relocate to The Navy Yard. Retrieved from: http://www.phillytrib.com/news/business/article_9e4028e8-e4c1-52a6-90a5-35eef22afb85.html

[61] Arvedlund, E. (2014, November 23). Millennials are fueling a rental boom but when will the tide turn? Retrieved from: http://www.philly.com/philly/classifieds/real_estate/20141123_Millennials_are_fueling_a_rental_boom_but_when_will_the_tide_turn_.html

[62] Heavens, A. (2014, October 6). Town by town: From steel town to youthful boomtown. Retrieved from: http://articles.philly.com/2014-10-06/business/54657594_1_fayette-street-tucciarone-steel-town

[63] Heavens, A. (2014, November 16). Town by town: Location and good schools make for high-end living. Retrieved from: http://www.philly.com/philly/classifieds/real_estate/town-by-town/20141116_Town_By_Town__Location_and_good_schools_make_for_high-end_living.html?c=r

[64] Heavens, A. (2014, December 1). Town by town: Spring City's location keeps it attractive to buyers. Retrieved from: http://articles.philly.com/2014-12-01/business/56586510_1_ryan-homes-houses-royersford

[65] Heavens, A. (2014, June 15). Town by town: In Gloucester's Washington Twp., lures are many. Retrieved from: http://www.philly.com/philly/classifieds/real_estate/town-by-town/20140615_Town_By_Town__In_Gloucester_s_Washington_Twp___lures_are_many.html?c=r

[66] Arvedlund, E. (2014, December 7). Conference to look at region's affordable housing. Retrieved from: http://articles.philly.com/2014-12-07/real_estate/56807054_1_affordable-housing-low-income-housing-tax-credits-affordability

[67] Center City District & Central Philadelphia Development Corporation. (2014, December 1). State of Center City Philadelphia 2014. Retrieved from: http://www.centercityphila.org/docs/SOCC2014.pdf

across the DVRPC region are up 54 percent versus 2013 with about two-thirds of all contract value coming from non-residential construction[68], which is indicative of strong office development in suburban areas. Two major developments which will continue to add to this are the VEVA office park in Blue Bell[69] and redevelopment of the King of Prussia Mall area[70]. Furthermore, the recent closure of the Naval Air Base located in Willow Grove has opened the 800+ acre area to redevelopment[71], which has seen substantial interest from a wide range of developers.

All in all, growth trends are somewhat mixed within the center city area, but a stronger potential appears to exist in the suburbs. Because of the location of Turnpike facilities north and west of the central city and the locations and availability of alternative transportation modes (commuter rail, subways, and transit in general) within the region, growth within the urban core whether it be population or employment, could have only a minor spillover effect on future traffic. Suburban growth however, holds the key to substantial ramping up of future traffic levels. This is especially true if employment locations continue to move further out from the core. This is already being seen, as the specific development examples mentioned previously all lie along the Turnpike's I-76 corridor. The result would be some increase in suburb-to-suburb commuting with heavy reliance on limited access roadway facilities such as I-76 and the Northeast Extension.

Tri-County Regional Planning Commission

The Tri-County Regional Planning Commission includes Perry, Cumberland, and Dauphin Counties in the State Capital Region with Harrisburg located in Southwest Dauphin County. Dauphin and Harrisburg anchor the region with the densest and most populous areas, while Cumberland possesses more suburban qualities, and Perry retains a distinctly rural character. Historically, Harrisburg was an iron and steel manufacturing center with many factory towns in the surrounding area[72], all of which experienced significant population declines between 1970 and 2000 as residents relocated to suburban areas[73]. Because the region is home to the state Capital, its economy is and will continue to be supported heavily by government employment. Penn State Hershey Medical Center, Giant Food Stores, and the Hershey Company Resort and Factory (which drew 3.1 million visitors in 2012[74]) round out the top five employers with healthcare, retail and recreation/manufacturing respectively[75]. The region is also home to several military facilities including the New Cumberland Army Depot, the Carlisle Barracks, and Naval Support Activity Mechanicsburg; all located in Cumberland County[76], as well as the Pennsylvania Air National Guard 193rd Special Operations Wing (SOW) operating out of

---

[68] Kanaley, R. (2014, December 2). Construction contracts up sharply for Philadelphia region. Retrieved from: http://www.philly.com/philly/business/20141203_Construction_contracts_up_sharply_for_Phila__region.html?c=r

[69] Grecu, V. (2014, December 17). 425,000 Sq. Ft. Class A Office Space Unveiled in Suburban Philadelphia. Retrieved from: http://www.cpexecutive.com/cities/philadelphia/425000-sq-ft-class-a-office-space-unveiled-in-suburban-philadelphia/1004109634.html

[70] Laughlin, J. (2014, November 24). King of Prussia poised for burst of development. Retrieved from: http://articles.philly.com/2014-11-24/news/56459805_1_prussia-mall-valley-forge-golf-course-king

[71] Kostelni, N. (2014, April 21). Willow Grove air base redevelopment. Retrieved from: http://www.bizjournals.com/philadelphia/blog/real-estate/2014/04/ten-developers-vie-for-862-acre-site.html?page=all

[72] City-Data.com. (2009). Harrisburg: History. Retrieved from: http://www.city-data.com/us-cities/The-Northeast/Harrisburg-History.html

[73] Tri-County Regional Planning Commission. (2014, December 19). Harrisburg Area Transportation Study Chapter 2: Demographics. Retrieved from: http://www.tcrpc-pa.org/HATS/Documents/03 RTP 2040 Demographics.pdf

[74] Coaster Grotto. (2015, January 1). Theme Park Attendance. Retrieved from: http://www.coastergrotto.com/theme-park-attendance.jsp

[75] Capital Region Economic Development Corporation. (2014). Harrisburg-Carlisle MSA Business Patterns. Retrieved from: https://app.box.com/s/o3getukhiq44lz911esu

[76] MilitaryBases.com. (2012, January 1). Pennsylvania Military Bases. Retrieved from: http://militarybases.com/pennsylvania/

Harrisburg International Airport in Dauphin County[77]. It is important to note that the future of these facilities is uncertain due to the potential for Base Realignment and Closure (BRAC) in the coming years.

There are a number of local developments in Harrisburg that have significant potential to affect the future economic climate of the region, the highlight of which being the financial issues that plagued the city starting in 2012[78]. Because of these issues, Harrisburg became the first case in which a Securities Exchange Commission regulator has "charged a municipality for misleading statements made outside of its securities disclosure documents"[79]. Despite financial troubles in the past, the city is currently looking at a 10-year tax abatement for new development within the city (in an attempt to incentivize infill and redevelopment). Concerns have been raised due to the fact that nearly half of all assessed property in the city is exempt from current taxes primarily due to the capitol and other state-owned facilities[80]. At the same time, the city is attempting to move forward with a future land use plan and zoning code update, which has received pushback from local business owners and realtors for being more restrictive despite being a needed update to an outdated structure[81]. In light of these issues, it is unsurprising to find a lack of current or planned development projects.

Cumberland County, on the other hand, appears to have a more positive outlook for the immediate future, despite its proximity to financially troubled Harrisburg. Based on the County's register of Developments of Regional Impact (or DRIs - projects defined as containing at least 25 dwelling units or 20,000 sq. ft. of commercial/industrial uses) there are 549 single family and 218 multi-family housing units and 213,000 sq. ft. of commercial space in development[82]. Furthermore, there appears to be a potentially positive long-term growth environment within Cumberland County, and its townships are currently investigating ways to streamline the land development process to better accommodate future growth while simultaneously conserving community characteristics and the natural environment[83]. Based on conversations with Tri-County Planning Commission staff members, the regional governance is highly fragmented (there are over 100 municipalities)[84]. There is also evidence of potential increases of freight activity from major carriers such as FedEx, operating out of Harrisburg International Airport[85]. The current trends appear to show population shifting more into the suburbs of Carlisle in Cumberland County and away from Harrisburg.

As population moves away from Harrisburg, which will continue to be a major employment center as the largest city in the region and due to major government employment, travel distance throughout the region may increase. This holds the potential for increased traffic along the Turnpike, which forms

---

[77] Air National Guard. (2014, January 1). 193rd Special Operations Wing. Retrieved from: http://www.193sow.ang.af.mil/

[78] Malawskey, N. (2012, May 29). Harrisburg's eye-popping debt total is just one piece of city's bleak financial puzzle. Retrieved from: http://www.pennlive.com/midstate/index.ssf/2012/05/harrisburgs_eye-popping_debt_t.html

[79] Malanga, S. (2013, May 31). The many ways that cities cook their bond books. Retrieved from: http://www.wsj.com/news/articles/SB10001424127887324659404578501241181682894?mg=reno64-wsj&url=http://online.wsj.com/article/SB10001424127887324659404578501241181682894.html

[80] Vendel, C. (2014, October 20). Tax breaks for Harrisburg development will be topic of meeting. Retrieved from: http://www.pennlive.com/midstate/index.ssf/2014/10/tax_breaks_harrisburg_developm.html

[81] Vendel, C. (2014, June 26). Harrisburg business owners and Realtors fear impact of new zoning on development. Retrieved from: http://www.pennlive.com/midstate/index.ssf/2014/06/harrisburg_business_owners_and.html

[82] Cumberland County. (2014, January 1). 2014 Developments of Regional Impact. Retrieved from: http://www.ccpa.net/index.aspx?NID=3504

[83] Walmer, D. (2014, September 17). Panel discusses streamlined land development in Cumberland County. Retrieved from: http://cumberlink.com/news/local/panel-discusses-streamlined-land-development-in-cumberland-county/article_7809dd1e-3eb8-11e4-9dba-ab2ed1341ea3.html

[84] Tri-County Regional Planning Commission. Phone Call, January 21, 2015.

[85] Tri-County Regional Planning Commission. Phone Call, January 21, 2015.

an east-west spine through Cumberland and Dauphin counties. I-81 is roughly parallel to the Turnpike in this area and would also likely experience increased traffic volumes from these developments.

[THIS PAGE INTENTIONALLY LEFT BLANK]

PENNA

TURN
PIKE