SECOND SUPPLEMENT DATED JULY 25, 2017

to

OFFICIAL STATEMENT DATED JULY 14, 2017
AS SUPPLEMENTED BY A SUPPLEMENT DATED JULY 19, 2017
relating to

PENNSYLVANIA TURNPIKE COMMISSION

$750,510,000
Turnpike Subordinate Revenue Bonds, Series B of 2017

consisting of

$379,115,000	**$371,395,000**
Sub-Series B-1	**Sub-Series B-2**

and

$45,390,000
Motor License Fund-Enhanced Turnpike Subordinate
Special Revenue Refunding Bonds, First Series of 2017

The purpose of this Supplement is to supplement certain information contained in the Official Statement dated July 14, 2017 (the "**Official Statement**"), as supplemented by a Supplement dated July 19, 2017 (the "**First Supplement**" and, together with the Official Statement, the "**Amended Official Statement**") relating to the above-referenced Bonds. **This Second Supplement should be read in conjunction with the Amended Official Statement.** Terms used in this Second Supplement have the same meaning as in the Amended Official Statement, unless specifically otherwise defined herein.

The Amended Official Statement is supplemented by the addition of information relating to the CUSIP numbers assigned to two of the Subordinate Revenue Refunded Bonds.

All other provisions of the Amended Official Statement remain unchanged.

THE INFORMATION CONTAINED IN THIS SECOND SUPPLEMENT IS SUBJECT TO MORE COMPLETE INFORMATION CONTAINED IN THE AMENDED OFFICIAL STATEMENT. THIS SECOND SUPPLEMENT IS TO BE READ ONLY IN CONJUNCTION WITH THE AMENDED OFFICIAL STATEMENT. THIS SECOND SUPPLEMENT SHOULD NOT BE SEPARATED FROM THE AMENDED OFFICIAL STATEMENT, AND NEITHER THIS SECOND SUPPLEMENT, NOR THE AMENDED OFFICIAL STATEMENT, MAY BE RELIED UPON IN ANY WAY INDEPENDENT OF EACH OTHER.

Citigroup

PNC Capital Markets LLC **Wells Fargo Securities**

BNY Mellon Capital Markets, LLC **Stifel/Backstrom McCarley Berry & Co., LLC** **NW Capital Markets Inc.**

The portion of the table captioned "Summary of Subordinate Revenue Refunded Bonds" under "INTRODUCTION – Plan of Financing" relating to the Series B-2 of 2010 Bonds is deleted in its entirety and replaced with the following:

Series B-2 of 2010

Series	Maturity/ Sinking Fund Redemption Date	Coupon	Principal Amount	Call Date	CUSIP	Insured CUSIP
B-2 of 2010	12/1/2028	5.750%	17,200,000†	12/1/2020	709224TN9	709224UC1
B-2 of 2010	12/1/2031	6.000%	20,440,000†	12/1/2020		
B-2 of 2010	12/1/2032	6.000%	21,665,000†	12/1/2020		
B-2 of 2010	12/1/2033	6.000%	22,965,000†	12/1/2020		
B-2 of 2010	12/1/2034	6.000%	24,345,000†	12/1/2020	709224TW9	709224UD9

The heading "Insured CUSIP" in the table above relates to the CUSIP numbers assigned to certain of the bonds maturing on such dates in connection with procuring secondary market bond insurance for such bonds. The CUSIP numbers assigned to the Series B-2 of 2010 bonds maturing on December 1, 2028 and December 1, 2034, respectively, at the time a portion of the Series B-2 of 2010 bonds were refunded are shown in the column titled "CUSIP" in the table above. Additional CUSIP numbers may have been assigned to certain other Subordinate Revenue Refunded Bonds or Special Revenue Refunded Bonds in connection with secondary market events and no representation is made as to the existence or non-existence of such additional CUSIP numbers.

SUPPLEMENT DATED JULY 19, 2017

to

OFFICIAL STATEMENT DATED JULY 14, 2017

relating to

PENNSYLVANIA TURNPIKE COMMISSION

$750,510,000
Turnpike Subordinate Revenue Bonds, Series B of 2017

consisting of

$379,115,000	**$371,395,000**
Sub-Series B-1	**Sub-Series B-2**

and

$45,390,000
Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Refunding Bonds, First Series of 2017

The purpose of this Supplement is to supplement certain information contained in the Official Statement dated July 14, 2017 (the "**Official Statement**") relating to the above-referenced Bonds. **This Supplement should be read in conjunction with the Official Statement.** Terms used in this Supplement have the same meaning as in the Official Statement, unless specifically otherwise defined herein.

The Official Statement is supplemented by the addition of information relating to the election of officers of the Commission and the Commission's approval of a toll increase.

All other provisions of the Official Statement remain unchanged.

THE INFORMATION CONTAINED IN THIS SUPPLEMENT IS SUBJECT TO MORE COMPLETE INFORMATION CONTAINED IN THE ORIGINAL OFFICIAL STATEMENT. THIS SUPPLEMENT IS TO BE READ ONLY IN CONJUNCTION WITH THE ORIGINAL OFFICIAL STATEMENT. THIS SUPPLEMENT SHOULD NOT BE SEPARATED FROM THE ORIGINAL OFFICIAL STATEMENT, AND NEITHER THIS SUPPLEMENT, NOR THE ORIGINAL OFFICIAL STATEMENT, MAY BE RELIED UPON IN ANY WAY INDEPENDENT OF EACH OTHER.

Citigroup

PNC Capital Markets LLC **Wells Fargo Securities**

BNY Mellon Capital Markets, LLC **Stifel/Backstrom McCarley Berry & Co., LLC** **NW Capital Markets Inc.**

1. The footnote to the list of Commissioners on the page following the inside front cover page of the Official Statement is amended and restated in its entirety as follows:

The Commission elected officers on July 18, 2017. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – General".

2. The last paragraph in APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION under the caption "THE COMMISSION – General" is amended and restated in its entirety as follows:

> By law, when a vacancy on the Commission is filled, all offices of the Commission are deemed vacant. Following Mr. Wozniak's confirmation, the Commission elected new officers at its July 18, 2017 meeting. The following Commissioners were elected as officers:

Leslie S. Richards	Chair
William K. Lieberman	Vice Chair
Barry Drew	Secretary/Treasurer

3. APPENDIX A – "CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates" is amended by adding the sentence below at the end of the third paragraph and deleting the fourth paragraph.

- On July 18, 2017, the Commission approved a toll increase in the amount of 6% for both cash and E-ZPass users which will be effective January 2018 and apply to all portions of the Turnpike System, except as follows: (i) no toll increase for Delaware River Bridge E-Zpass and Toll-By-Plate customers, (ii) Clarks Summit & Keyser Avenue toll rates will increase in April 2018 with the conversion of these locations to Cashless Tolling, and (iii) Findlay Connector toll rates will increase in April 2018 or at the time of conversion to Cashless Tolling if different than April 2018, and will be as follows: (x) E-Zpass - $1.00 and (y) Toll-By-Plate - $1.50.

NEW ISSUE – BOOK–ENTRY–ONLY **Ratings: (See "Ratings" herein)**

In the opinion of Squire Patton Boggs (US) LLP and Houston Harbaugh, P.C., Co-Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the 2017 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax, and (ii) interest on the 2017 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Interest on the 2017 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax as a result of the inclusion of that interest in the calculation of a corporation's adjusted current earnings for purposes of the corporate alternative minimum tax.

*For a more complete discussion of the tax aspects, see "**TAX MATTERS**" herein.*

PENNSYLVANIA TURNPIKE COMMISSION

$750,510,000
Turnpike Subordinate Revenue Bonds, Series B of 2017
consisting of

PENNA TURN PIKE

$379,115,000
Sub-Series B-1 of 2017

$371,395,000
Sub-Series B-2 of 2017

And
$45,390,000
Motor License Fund-Enhanced Turnpike Subordinate
Special Revenue Refunding Bonds, First Series of 2017

Dated: Date of Delivery **Due: June 1, as shown on inside front cover**

The $795,900,000 Revenue Bonds consisting of $750,510,000 aggregate principal amount of the Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series B of 2017 (the "**2017B Subordinate Revenue Bonds**"), consisting of Turnpike Subordinate Revenue Bonds, Sub-Series B-1 of 2017 in the aggregate principal amount of $379,115,000 (the "**2017B-1 Subordinate Bonds**") and Turnpike Subordinate Revenue Bonds, Sub-Series B-2 of 2017 in the aggregate principal amount of $371,395,000 (the "**2017B-2 Subordinate Bonds**"), and the $45,390,000 aggregate principal amount of Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Refunding Bonds, First Series of 2017 (the "**2017 Special Revenue Bonds"** and together with the 2017B Subordinate Revenue Bonds, the "***2017 Bonds***"), each dated the date of delivery, are being issued pursuant to that certain Subordinate Trust Indenture, dated as of April 1, 2008 (the "**Original Subordinate Indenture**") between the Pennsylvania Turnpike Commission (the "**Commission**") and Wells Fargo Bank, N.A. (successor trustee to TD Bank, National Association), as trustee (the "**Trustee**") as heretofore amended and supplemented (collectively, the "**Original Indenture**"), and as further supplemented by that certain Supplemental Trust Indenture No. 27, dated as of July 1, 2017 ("**Supplemental Subordinate Indenture No. 27**" and, collectively with the Original Indenture, the "**Subordinate Indenture**"), all pursuant to, among other things, an Act of the General Assembly of Pennsylvania approved July 18, 2007, PL. 169, No. 44 ("**Act 44**"), the Act of November 25, 2013, P.L. 974, No. 89 ("**Act 89**"), and various other acts of the General Assembly of Pennsylvania.

The 2017 Bonds will mature on June 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 2017 Bonds will be payable on each June 1 and December 1, commencing on December 1, 2017. So long as Cede & Co. is the registered owner of the 2017 Bonds, payments of principal of and interest on the 2017 Bonds will be made directly by the Trustee, as paying agent (in such capacity, the "**Paying Agent**") under the Subordinate Indenture, as described herein. See "DESCRIPTION OF THE 2017 BONDS."

The 2017 Bonds will be subject to optional redemption and mandatory redemption prior to maturity as described herein.

THE 2017 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION, PAYABLE FROM THE REVENUES AND SOURCES SET FORTH IN THE SUBORDINATE INDENTURE, AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR PAYMENT OF THE 2017 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE 2017 BONDS. THE COMMISSION HAS NO TAXING POWER.

The 2017B Subordinate Revenue Bonds will be equally and ratably secured, along with other outstanding and additional Subordinate Revenue Bonds (herein defined) and certain other parity obligations, and the 2017 Special Revenue Bonds will be equally and ratably secured, along with other outstanding and additional Special Revenue Bonds (herein defined) and certain other parity obligations, pursuant to the pledge by the Commission of the trust estate under the Subordinate Indenture. The Subordinate Indenture pledges to the Trustee for the benefit of the 2017 Bonds, together with all outstanding and all additional Subordinate Indenture Bonds (herein described) and parity obligations, Commission Payments (herein defined). Commission Payments are paid from amounts paid from the General Reserve Fund (herein defined) after the payment of all outstanding Senior Indenture Parity Obligations (herein defined) issued under the Senior Indenture (herein defined), and thus the 2017 Bonds are subordinate to the payment of such Senior Indenture Parity Obligations. As more fully described herein, the 2017 Special Revenue Bonds are subordinate to the 2017B Subordinate Revenue Bonds and to all other Subordinate Revenue Bonds issued or to be issued under the Subordinate Indenture. However, under certain circumstances, payments of the 2017 Special Revenue Bonds for which funds are not available in the Commission Payments Fund (herein defined) may be made pursuant to Act 44 from funds transferred to the Trustee from the Commonwealth's Motor License Fund (described herein). The 2017B Subordinate Revenue Bonds are not payable from funds transferred from the Commonwealth's Motor License Fund.

The scheduled payment of principal of and interest on the 2017B-2 Subordinate Bonds maturing on June 1 of the years 2033, 2034, 2035 and 2037 (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY® MUNICIPAL

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 2017 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 Squire Patton Boggs (US) LLP, Washington, D.C. and Houston Harbaugh, P.C., Pittsburgh, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Dilworth Paxson LLP, Philadelphia, 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 Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Disclosure Counsel to the Commission. It is anticipated that the 2017 Bonds will be available for delivery in New York, New York on or about July 27, 2017.

The Commission acknowledges that the financing structure of the 2017 Bonds is derived from the Commission's sale of the 2017 Bonds pursuant to a Bond Purchase Agreement dated July 14, 2017 by and between the Commission and Citigroup Global Markets Inc., as Representative of the Underwriters.

Citigroup

PNC Capital Markets LLC **Wells Fargo Securities**

BNY Mellon Capital Markets, LLC **Stifel/Backstrom McCarley Berry & Co., LLC** **NW Capital Markets Inc.**

This Official Statement is dated July 14, 2017.

$750,510,000
Turnpike Subordinate Revenue Bonds, Series B of 2017
consisting of

$379,115,000
Turnpike Subordinate Revenue Bonds, Sub-Series B-1 of 2017

$119,195,000 Serial Bonds

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (709224)
2022	$ 310,000	5.000%	1.800%	114.779	VY2
2023	975,000	5.000%	2.000%	116.467	VZ9
2024	1,695,000	5.000%	2.140%	118.116	WA3
2025	2,470,000	5.000%	2.360%	118.801	WB1
2026	3,310,000	5.000%	2.570%	119.111	WC9
2027	4,210,000	5.000%	2.790%	118.906	WD7
2028	5,175,000	5.000%	2.950%	117.400*	WE5
2029	6,215,000	5.000%	3.070%	116.286*	WF2
2030	7,170,000	5.000%	3.180%	115.276*	WG0
2031	8,330,000	5.000%	3.280%	114.366*	WH8
2032	9,575,000	5.000%	3.320%	114.005*	WJ4
2033	10,905,000	5.000%	3.400%	113.286*	WK1
2034	12,330,000	5.000%	3.460%	112.751*	WL9
2035	13,850,000	5.000%	3.480%	112.573*	WM7
2036	15,470,000	5.000%	3.510%	112.307*	WN5
2037	17,205,000	5.000%	3.530%	112.130*	WP0

$116,250,000 Term Bonds due June 1, 2042; Interest Rate: 5.000%; Yield: 3.650%; Price: 111.075*; CUSIP† No. 709224 WQ8

$143,670,000 Term Bonds due June 1, 2047; Interest Rate: 5.250%; Yield: 3.610%; Price: 113.481*; CUSIP†- No. 709224 WR6

$371,395,000
Turnpike Subordinate Revenue Bonds, Sub-Series B-2 of 2017

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (709224)
2018	$ 190,000	5.000%	1.130%	103.241	WS4
2019	200,000	5.000%	1.370%	106.587	WT2
2020	210,000	5.000%	1.510%	109.679	WU9
2021	225,000	5.000%	1.670%	112.347	WV7
2022	235,000	5.000%	1.800%	114.779	WW5
2023	2,020,000	5.000%	2.000%	116.467	WX3
2024	260,000	5.000%	2.140%	118.116	WY1
2025	7,925,000	5.000%	2.360%	118.801	WZ8
2026	10,360,000	5.000%	2.570%	119.111	XA2
2027	15,070,000	5.000%	2.790%	118.906	XB0
2028	33,700,000	5.000%	2.950%	117.400*	XC8
2029	5,820,000	5.000%	3.070%	116.286*	XD6
2030	7,380,000	5.000%	3.180%	115.276*	XE4
2031	24,010,000	5.000%	3.280%	114.366*	XF1
2032	35,740,000	5.000%	3.320%	114.005*	XG9
2033±	37,570,000	5.000%	3.260%	114.547*	XH7
2034±	41,425,000	5.000%	3.320%	114.005*	XJ3
2035±	17,020,000	5.000%	3.360%	113.645*	XK0
2037±	42,370,000	4.000%	3.740%	102.120*	XL8
2038	44,185,000	4.000%	3.910%	100.725*	XM6
2039	45,480,000	4.000%	3.930%	100.562*	XN4

$45,390,000
Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Refunding Bonds, First Series of 2017

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† (709224)
2023	$ 2,820,000	5.000%	1.860%	117.310	XP9
2024	7,620,000	5.000%	2.020%	118.957	XQ7
2025	11,550,000	5.000%	2.230%	119.830	XR5
2026	9,600,000	5.000%	2.430%	120.339	XS3
2027	4,940,000	5.000%	2.590%	120.820	XT1
2028	8,860,000	5.000%	2.740%	119.381*	XU8

†CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a part of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of 2017 Bonds only at the time of issuance of the 2017 Bonds and the Commission, the Trustee and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2017 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2017 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2017 Bonds.
*Priced to first optional redemption date of June 1, 2027.
±Insured Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS*

PASQUALE T. DEON, SR.
Commissioner

BARRY DREW
Commissioner

WILLIAM K. LIEBERMAN
Commissioner

LESLIE S. RICHARDS
Secretary of Transportation

JOHN N. WOZNIAK
Commissioner

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

WELLS FARGO BANK, N.A.
Trustee, Escrow Agent and Paying Agent

PFM FINANCIAL ADVISORS LLC
Co-Financial Advisor

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

* There are currently no officers on the Commission. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – General".

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 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Commission and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as representations by, the Underwriters. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The 2017 Bonds are not and will not be registered under the Securities Act of 1933, or under any state securities laws, and the Subordinate Indenture has not been and will not be qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom. Neither the 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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the 2017 Bonds or the advisability of investing in the 2017 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2017 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 2017 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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OFFICIAL STATEMENT

PENNSYLVANIA TURNPIKE COMMISSION

$750,510,000
Turnpike Subordinate Revenue Bonds, Series B of 2017

consisting of

$379,115,000	**$371,395,000**
Sub-Series B-1 of 2017	**Sub-Series B-2 of 2017**

and

$45,390,000
PENNSYLVANIA TURNPIKE COMMISSION
Motor License Fund-Enhanced Turnpike Subordinate
Special Revenue Refunding Bonds, First Series of 2017

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the "**Commission**") in connection with the issuance of the $750,510,000 aggregate principal amount of the Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series B of 2017 (the "**2017B Subordinate Revenue Bonds**"), consisting of Turnpike Subordinate Revenue Bonds, Sub-Series B-1 of 2017 in the aggregate principal amount of $379,115,000 (the "**2017B-1 Subordinate Bonds**") and Turnpike Subordinate Revenue Bonds, Sub-Series B-2 of 2017 in the aggregate principal amount of $371,395,000 (the "**2017B-2 Subordinate Bonds**") and its $45,390,000 aggregate principal amount of Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Refunding Bonds, First Series of 2017 (the "**2017 Special Revenue Bonds**" and together with the 2017B Subordinate Revenue Bonds, the "**2017 Bonds**"), each dated the date of delivery.

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in either APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE" or APPENDIX E − "SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE SENIOR INDENTURE." All references herein to the Enabling Acts (as defined below), the 2017 Bonds, the Subordinate Indenture (as defined below) and the Disclosure Undertaking (as defined below) 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 Wells Fargo Bank, N.A., (successor to TD 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.

THIS OFFICIAL STATEMENT PROVIDES CERTAIN INFORMATION CONCERNING THE 2017 BONDS AS OF THE DATE OF THIS OFFICIAL STATEMENT. OWNERS AND PROSPECTIVE PURCHASERS OF THE 2017 BONDS SHOULD NOT RELY ON THIS OFFICIAL STATEMENT FOR INFORMATION CONCERNING THE 2017 BONDS ON AND AFTER ANY SUCH DATE, BUT SHOULD LOOK TO ANY REVISIONS, AMENDMENTS, SUPPLEMENTS OR

SUBSTITUTIONS HEREOF FOR INFORMATION CONCERNING THE 2017 BONDS ON OR AFTER ANY SUCH DATE.

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.

Subordinate Indenture and Enabling Acts

The 2017 Bonds are being issued pursuant to that certain Subordinate Trust Indenture dated as of April 1, 2008 (the "**Original Subordinate Indenture**") between the Commission and the Trustee, as heretofore amended and supplemented (collectively, the "**Original Indenture**"), and as further supplemented by that certain Supplemental Trust Indenture No. 27 dated as of July 1, 2017 ("**Supplemental Subordinate Indenture No. 27**" and, collectively with the Original Indenture, the "**Subordinate Indenture**"), all pursuant to, and as authorized by, 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; 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**") (all such Acts are referred to hereinafter collectively as the "**Enabling Acts**") and a Resolution adopted by the Commission on June 20, 2017.

Plan of Financing

The 2017B-1 Subordinate Bonds are being issued to finance a portion of the costs of (i) making payments to PennDOT (defined herein) in accordance with Act 44 and Act 89, to fund (a) certain grants to mass transit agencies, (b) various multi-modal capital projects, and (c) various alternative energy projects, (ii) funding necessary reserves to the extent required for the 2017B-1 Subordinate Bonds, and (iii) paying the costs of issuing the 2017B-1 Subordinate Bonds (collectively, the "**2017B Subordinate Bonds Capital Improvements Project**").

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The 2017B-2 Subordinate Bonds are being issued to provide funds, to finance the costs of (a) advance refunding the Commission's outstanding bonds listed below (the "**Subordinate Revenue Refunded Bonds**") and (b) paying the costs of issuing the 2017B-2 Subordinate Bonds (collectively, the "**2017 Subordinate Revenue Refunding Project**").

Summary of Subordinate Revenue Refunded Bonds

Series	Maturity/Sinking Fund Redemption Date	Coupon	Principal Amount	Call Date	CUSIP
		Series A-1 of 2008			
A-1 of 2008	6/1/2034	4.700%	$560,000[†]	6/1/2018	
A-1 of 2008	6/1/2035	4.700%	560,000[†]	6/1/2018	
A-1 of 2008	6/1/2036	4.700%	560,000[†]	6/1/2018	
A-1 of 2008	6/1/2037	4.700%	560,000[†]	6/1/2018	
A-1 of 2008	6/1/2038	4.700%	580,000[†]	6/1/2018	709223SH5
		Series A of 2009			
A of 2009	6/1/2030	5.000%	1,260,000[†]	6/1/2019	
A of 2009	6/1/2031	5.000%	2,900,000[†]	6/1/2019	
A of 2009	6/1/2032	5.000%	13,550,000[†]	6/1/2019	
A of 2009	6/1/2033	5.000%	14,245,000[†]	6/1/2019	
A of 2009	6/1/2034	5.000%	14,975,000[†]	6/1/2019	
A of 2009	6/1/2035	5.000%	15,745,000[†]	6/1/2019	709224VV8
		Series B of 2009			
B of 2009	6/1/2034	5.250%	1,365,000[†]	6/1/2019	
B of 2009	6/1/2035	5.250%	1,405,000[†]	6/1/2019	
B of 2009	6/1/2037	5.250%	42,830,000[†]	6/1/2019	
B of 2009	6/1/2038	5.250%	45,235,000[†]	6/1/2019	
B of 2009	6/1/2039	5.250%	47,770,000[†]	6/1/2019	709224TM1
		Series B-2 of 2010			
B-2 of 2010	12/1/2028	5.750%	17,200,000[†]	12/1/2020	709224UC1
B-2 of 2010	12/1/2031	6.000%	20,440,000[†]	12/1/2020	
B-2 of 2010	12/1/2032	6.000%	21,665,000[†]	12/1/2020	
B-2 of 2010	12/1/2033	6.000%	22,965,000[†]	12/1/2020	
B-2 of 2010	12/1/2034	6.000%	24,345,000[†]	12/1/2020	709224UD9
		Series C-2 of 2010			
C-2 of 2010	12/1/2027	5.350%	9,440,000[†]	12/1/2020	
C-2 of 2010	12/1/2028	5.350%	10,135,000[†]	12/1/2020	709224QW2
		Series A of 2011			
A of 2011	12/1/2026	5.250%	680,000	12/1/2020	709223F48
A of 2011	12/1/2026	5.125%	1,005,000	12/1/2020	709224TU3
A of 2011	12/1/2028	5.625%	5,205,000[†]	12/1/2020	
A of 2011	12/1/2029	5.625%	5,495,000[†]	12/1/2020	
A of 2011	12/1/2030	5.625%	5,805,000[†]	12/1/2020	709224TG4
		Series A of 2012			
A of 2012	12/1/2023	5.000%	1,730,000	12/1/2021	709223U82
A of 2012	12/1/2025	5.000%	3,755,000	12/1/2021	709223T84
A of 2012	12/1/2026	5.000%	3,825,000	12/1/2021	709223T92
		Series B of 2015			
B of 2015	12/1/2025	5.000%	3,705,000	12/1/2020	709224JL4
B of 2015	12/1/2026	5.000%	4,300,000	12/1/2020	709224JM2
B of 2015	12/1/2027	5.000%	4,935,000	12/1/2020	709224JN0

[†]Denotes Sinking Fund Payment

The 2017 Special Revenue Bonds are being issued to provide funds, to finance the costs of (a) advance refunding the Commission's outstanding bonds listed below (the "**Special Revenue Refunded Bonds**" and, together with the Subordinate Revenue Refunded Bonds, the "**Refunded Bonds**"); and (b) paying the costs of issuing the 2017 Special Revenue Bonds (collectively, the "**2017 Special Revenue Refunding Project**").

Summary of Special Revenue Refunded Bonds

Series	Maturity/Sinking Fund Redemption Date	Coupon	Principal Amount	Call Date	CUSIP
		Series B-2 of 2010			
B-2 of 2010	12/1/2028	5.000%	5,220,000†	12/1/2020	709224TT6
		Series A of 2011			
A of 2011	12/1/2028	5.250%	4,015,000	12/1/2020	709223H38
		Series B of 2011			
B of 2011	12/1/2023	5.000%	2,050,000	12/1/2021	709223N72
B of 2011	12/1/2024	5.000%	2,265,000	12/1/2021	709223Q38
B of 2011	12/1/2025	5.000%	2,485,000	12/1/2021	709223Q46
B of 2011	12/1/2026	5.000%	2,750,000	12/1/2021	709223P21
B of 2011	12/1/2027	5.000%	3,010,000	12/1/2021	709223P39
		Series A of 2012			
A of 2012	12/1/2023	5.000%	1,205,000	12/1/2021	709223Y39
A of 2012	12/1/2024	5.000%	1,700,000	12/1/2021	709223Y47
A of 2012	12/1/2025	5.000%	2,165,000	12/1/2021	709223W80
A of 2012	12/1/2026	5.000%	2,395,000	12/1/2021	709223W98
A of 2012	12/1/2027	5.000%	2,380,000	12/1/2021	709223Y54
		Series B of 2012			
B of 2012	12/1/2024	5.000%	1,825,000	12/1/2022	7092234T5
B of 2012	12/1/2025	5.000%	2,190,000	12/1/2022	7092234F5
B of 2012	12/1/2026	5.000%	2,415,000	12/1/2022	7092234G3
		Series A of 2013			
A of 2013	12/1/2024	5.000%	2,165,000	12/1/2022	7092235Z0
A of 2013	12/1/2025	5.000%	1,555,000	12/1/2022	7092235M9
A of 2013	12/1/2026	5.000%	2,360,000	12/1/2022	7092236B2
		Series B of 2013			
B of 2013	12/1/2025	5.000%	3,410,000	12/1/2023	709224BL2

†Denotes Sinking Fund Payment

Concurrently, with the issuance and delivery of the 2017 Bonds, (a) a portion of the proceeds of the 2017B-2 Subordinate Bonds and other available moneys will be irrevocably deposited in an escrow fund for the Subordinate Revenue Refunded Bonds established pursuant to an escrow deposit agreement (the "**Subordinate Revenue Refunded Bonds Escrow Agreement**") between the Commission and Wells Fargo Bank, N.A. (in its capacity as escrow agent thereunder for the Subordinate Revenue Refunded Bonds), and except for a portion thereof remaining uninvested, invested in Government Obligations (consisting of United States Treasury open market securities or State and Local Government Series) the maturing principal of and interest on which will be sufficient to pay the principal of and interest on the Subordinate Revenue Refunded Bonds to their redemption dates and on the redemption date to pay the redemption price of the remaining outstanding Subordinate Revenue Refunded Bonds, and (b) a portion of the proceeds of the 2017 Special Revenue Bonds will be deposited in an escrow fund for the Special Revenue Refunded Bonds established pursuant to an escrow deposit agreement (the "**Special Revenue Refunded Bonds Escrow Agreement**" and together with the Subordinate Revenue Refunded Bonds Escrow Agreement, the "**Escrow Agreements**") between the Commission and Wells Fargo Bank, N.A. (in its capacity as escrow agent thereunder for the Special Revenue Refunded Bonds), and except for a portion thereof remaining uninvested, invested in Government Obligations (consisting of United States

Treasury open market securities or State and Local Government Series) the maturing principal of and interest on which will be sufficient to pay the principal of and interest on the Special Revenue Refunded Bonds to their redemption dates and on the redemption date to pay the redemption price of the remaining outstanding Special Revenue Refunded Bonds. See also “VERIFICATION OF MATHEMATICAL CALCULATIONS” herein.

Upon the deposit of funds for the advance refunding of the Refunded Bonds, as set forth in the immediately preceding paragraph, the Refunded Bonds will be deemed to be no longer outstanding under the Subordinate Indenture.

Security

THE 2017 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE FROM THE REVENUES AND SOURCES SET FORTH IN THE SUBORDINATE INDENTURE AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH. THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE 2017 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF ANY OF THE 2017 BONDS. THE COMMISSION HAS NO TAXING POWER.

THE 2017 BONDS AND ALL OTHER SUBORDINATE INDENTURE BONDS ARE SUBORDINATED IN RIGHT OF PAYMENT TO THE PRIOR RIGHT OF PAYMENT OF ALL SENIOR INDENTURE PARITY OBLIGATIONS. THE PAYMENT OF THE 2017 BONDS AND ALL OTHER SUBORDINATE INDENTURE BONDS IS DEPENDENT UPON THE SUFFICIENCY OF FUNDS AVAILABLE TO BE RELEASED FROM THE SENIOR INDENTURE AFTER THE PAYMENT OF ALL AMOUNTS DUE IN RESPECT OF THE SENIOR INDENTURE PARITY OBLIGATIONS AS PROVIDED IN THE SENIOR INDENTURE, ALL AS FURTHER DESCRIBED HEREIN.

Security for the 2017B Subordinate Revenue Bonds.

The 2017B Subordinate Revenue Bonds are being issued under the Subordinate Indenture as “Revenue Bonds” (referred to for purposes of this Official Statement as “**Subordinate Revenue Bonds**”) and will be equally and ratably secured, along with each other series of Subordinate Revenue Bonds issued pursuant to the Subordinate Indenture and certain other obligations incurred as “Revenue Bonds Parity Obligations” under the Subordinate Indenture (referred to for purposes of this Official Statement as “**Subordinate Revenue Bonds Parity Obligations**”), by a pledge by the Commission of the Trust Estate consisting primarily of Commission Payments from amounts released from the General Reserve Fund after the payment of all Senior Indenture Parity Obligations (as defined in APPENDIX E) issued under the Amended and Restated Trust Indenture, originally dated as of July 1, 1986 and amended and restated as of March 1, 2001 (as it may be further amended, supplemented or replaced, the “**Senior Indenture**”), between the Commission and U.S. Bank National Association, as successor trustee (the “**Senior Trustee**”), relating to the Commission’s mainline toll revenue bonds. All Commission Payments released from the General Reserve Fund under the Senior Indenture are deposited into the Commission Payments Fund under the Subordinate Indenture and are available for the payment of all Subordinate Revenue Bonds Parity Obligations in accordance with the Subordinate Indenture.

The 2017B Subordinate Revenue Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund as more fully described in “SECURITY FOR THE 2017 BONDS - Debt Service Reserve Fund.”

As of the date of this Official Statement, the Commission has $4,789,282,508.05 aggregate principal amount of Subordinate Revenue Bonds outstanding (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds) under the Subordinate Indenture. The foregoing amount includes $341,850,000 of floating rate notes ("**FRNs**"). The Commission has entered into an interest rate exchange agreement with respect to certain Subordinate Revenue Bonds with an outstanding notional amount of $291,850,000. See "SECURITY FOR THE 2017B SUBORDINATE REVENUE BONDS – Subordinate Revenue bonds." Upon the issuance of the 2017B Subordinate Revenue Bonds and the refunding of the Subordinate Revenue Refunded Bonds, the Commission will have $5,169,062,508.05 aggregate principal amount of Subordinate Revenue Bonds outstanding (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds) under the Subordinate Indenture.

Security for the 2017 Special Revenue Bonds.

The 2017 Special Revenue Bonds are being issued under the Subordinate Indenture as "Special Revenue Bonds" (referred to for purposes of this Official Statement as "**Special Revenue Bonds**") which are subordinate to the Senior Indenture Parity Obligations, the 2017B Subordinate Revenue Bonds and all other Subordinate Revenue Bonds Parity Obligations. Under certain circumstances, payments on the 2017 Special Revenue Bonds for which funds are not available in the Commission Payments Fund may be paid, pursuant to Act 44, from funds transferred to the Trustee from the Commonwealth's Motor License Fund (described herein). The 2017 Special Revenue Bonds will be equally and ratably secured, along with each other series of Special Revenue Bonds issued pursuant to the Subordinate Indenture and any other obligations incurred as "Special Revenue Bonds Parity Obligations" under the Subordinate Indenture.

The 2017 Special Revenue Bonds are not secured by the Debt Service Reserve Fund Bonds under the Subordinate Indenture.

As of the date of this Official Statement, the Commission has $994,772,875.85 aggregate principal amount of Special Revenue Bonds outstanding (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds) under the Subordinate Indenture. Upon the issuance of the 2017 Special Revenue Bonds and the refunding of the Special Revenue Refunded Bonds, the Commission will have $992,602,875.85 aggregate principal amount of Special Revenue Bonds outstanding (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds) under the Subordinate Indenture.

See "SECURITY FOR THE 2017 BONDS — Special Revenue Bonds" for a description of the Special Revenue Bonds. See also APPENDIX H — "CERTAIN INFORMATION REGARDING COMMONWEALTH MOTOR LICENSE FUND."

DESCRIPTION OF THE 2017 BONDS

General

The 2017 Bonds are being issued by the Commission pursuant to the Enabling Acts and the Subordinate Indenture and will be dated the date of their issuance and delivery.

THE 2017 BONDS ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

The 2017 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 2017 Bonds will accrue from their date of delivery and will be payable semiannually to maturity (or earlier redemption) on June 1 and December 1, commencing on December 1, 2017 (each an "**Interest Payment Date**" with respect to the 2017 Bonds).

The 2017 Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. As provided in the Subordinate Indenture, the principal or redemption price of the 2017 Bonds is payable at the designated trust office of the Trustee (initially its corporate trust office located in Philadelphia, Pennsylvania). Interest on the 2017 Bonds shall be paid to the person whose name appears on the bond registration books of the Trustee as the holder thereof as of the close of business on the Record Date for each Interest Payment Date. Payment of the interest on the 2017 Bonds shall be made by check mailed to such holder at its address as it appears on such registration books or, upon the written request of any holder of at least $1,000,000 in aggregate principal amount of 2017 Bonds, submitted to the Trustee no later than ten (10) Business Days prior to the Record Date, by wire transfer in immediately available funds to an account within the United States designated by such holder.

Defaulted Interest with respect to any 2017 Bond shall cease to be payable to the Owner of such 2017 Bond on the relevant Record Date and shall be payable to the Owner in whose name such 2017 Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest. The Commission shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2017 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, in immediately available funds, 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 2017 Bonds entitled to such Defaulted Interest. Following receipt of such funds or upon satisfactory arrangement for the deposit of such funds, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Commission of such Special Record Date and, in the name and at the expense of the Commission, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a 2017 Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than ten (10) days prior to such Special Record Date.

Upon original issuance, the 2017 Bonds will be registered in the name of and held by Cede & Co., as registered holder and nominee for DTC. The 2017 Bonds initially will be issued as one fully registered certificate for each maturity and interest rate of each series or sub-series, as applicable. Purchases of the 2017 Bonds will initially be made in book-entry form. See "Book-Entry Only System" herein. As long as the 2017 Bonds are registered in the name of DTC or its nominee, Cede & Co., payments of the principal of, redemption premium, if any, and interest on the 2017 Bonds, if any, will be paid directly to Cede & Co. by wire transfer by Wells Fargo Bank, N.A., Philadelphia, Pennsylvania, as Paying Agent (the "**Paying Agent**"), on each Interest Payment Date. While the book-entry only system is in effect, transfers and exchanges of the 2017 Bonds will be effected through DTC's book-entry system.

DTC may determine to discontinue providing its service with respect to the 2017 Bonds at any time by giving notice to the Commission and discharging its responsibilities with respect thereto under applicable law, or the Commission may determine to discontinue the system of book-entry-only transfers through DTC (or a successor securities depository). Under such circumstances, 2017 Bonds will be authenticated and delivered as provided in the Subordinate Indenture to the Beneficial Owners of the 2017 Bonds, who shall then become the registered owners thereof.

Redemption of 2017 Bonds

The 2017 Bonds are subject to optional redemption as set forth below.

Optional Redemption of 2017B-1 Subordinate Revenue Bonds.

The 2017B-1 Subordinate Revenue Bonds maturing on or after June 1, 2028, are subject to redemption prior to maturity at the option of the Commission at any time on or after June 1, 2027, as a whole or in part by lot at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Optional Redemption of 2017B-2 Subordinate Revenue Bonds.

The 2017B-2 Subordinate Revenue Bonds maturing on or after June 1, 2028, are subject to redemption prior to maturity at the option of the Commission at any time on or after June 1, 2027, as a whole or in part by lot at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption of 2017B-1 Subordinate Revenue Bonds

The 2017B-1 Subordinate Bonds maturing on June 1, 2042 and June 1, 2047 are subject to mandatory sinking fund redemption prior to maturity by the Commission in part on June 1 of the respective years and in the principal amounts each year set forth in the tables below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

2017B-1 Subordinate Bonds Maturing June 1, 2042

Year	Amount
2038	$19,050,000
2039	21,015,000
2040	23,115,000
2041	25,345,000
2042*	27,725,000

*Final Maturity

2017B-1 Subordinate Bonds Maturing June 1, 2047

Year	Amount
2043	$30,290,000
2044	33,065,000
2045	36,025,000
2046	39,175,000
2047*	5,115,000

*Final Maturity

Optional Redemption of 2017 Special Revenue Bonds.

The 2017 Special Revenue Bonds maturing on June 1, 2028, are subject to redemption prior to maturity at the option of the Commission at any time on or after June 1, 2027, as a whole or in part by lot at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Selection of 2017 Bonds to be Redeemed

Any partial redemption of the 2017 Bonds may be in any order of maturity and in any principal amount, maturity and interest rate within a series or sub-series as designated by the Commission and, in the case of any 2017 Bonds subject to mandatory redemption, the Commission shall be entitled to designate whether such payments shall be credited against principal amounts due at maturity or against particular scheduled mandatory redemption obligations with respect to such series or sub-series of 2017 Bonds.

The portion of any 2017 Bond to be redeemed shall be an Authorized Denomination (as defined in the Subordinate Indenture) or any multiple thereof and in selecting 2017 Bonds for redemption, each 2017 Bond of a series or sub-series shall be considered as representing that number of 2017 Bonds of such series or sub-series which is obtained by dividing the principal amount of such 2017 Bond by the minimum Authorized Denomination. If a portion of a 2017 Bond shall be called for redemption, a new 2017 Bond of the same series or sub-series and maturity in principal amount equal to the unredeemed portion thereof shall be issued to the bondholder thereof upon the surrender of such 2017 Bond. If for any reason the principal amount of 2017 Bonds called for redemption would result in a redemption of 2017 Bonds less than the Authorized Denomination, the Trustee, to the extent possible within the principal amount of such bonds to be redeemed, is authorized to adjust the selection of 2017 Bonds for such purpose in order to minimize any such redemption.

So long as the 2017 Bonds are issued as book-entry bonds through the Securities Depository, the particular bonds of any maturity and interest rate to be redeemed shall be selected by the Securities Depository in accordance with its stated procedures, or, otherwise, as determined by the Trustee by lot.

Notice of Redemption. The Trustee, at the expense of the Commission, shall send notice of any redemption, identifying the 2017 Bonds to be redeemed, the redemption date and the method and place of payment and the information set forth in the following paragraph, by first class mail to each holder of a 2017 Bond called for redemption to the holder's address listed on the Bond Register. Such notice shall be sent by the Trustee by first class mail between thirty (30) and sixty (60) days prior to the scheduled redemption date. While the 2017 Bonds are in the book-entry-only system, the Trustee is only required to provide notice to the Securities Depository pursuant to its stated procedures.

In addition to the foregoing, the redemption notice shall contain with respect to each 2017 Bond being redeemed (1) the CUSIP number, (2) the date of issue, (3) the series or sub-series, as applicable, (4) the interest rate, (5) the maturity date, and (6) any other descriptive information determined by the Trustee to be needed to identify the 2017 Bonds. If a redemption is a Conditional Redemption (as defined hereinafter), the notice shall so state. The Trustee also shall send each notice of redemption to (i) any Rating Agency then rating the 2017 Bonds to be redeemed, (ii) all of the registered clearing agencies known to the Trustee to be in the business of holding substantial amounts of bonds of a type similar to the 2017 Bonds, (iii) the Municipal Securities Rulemaking Board Electronic Municipal Market Access website and any similar entities which are required recipients by reason of continuing disclosure undertakings or regulatory requirements, such services to be identified by the Trustee, and (iv) one or more other national information services that disseminate notices of redemption of bonds such as the 2017 Bonds, such services to be identified by the Trustee.

In the case of an optional redemption of 2017 Bonds, the notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (2) that the Commission retains the right to rescind such notice at any time prior to the scheduled redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice (in either case, a "**Conditional Redemption**"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded.

Purchase of 2017 Bonds at Any Time. The Trustee, upon the written request of the Commission, shall purchase 2017 Bonds as specified by the Commission in the open market at a price not exceeding the price specified by the Commission. Such purchase of 2017 Bonds shall be made with funds available under the Subordinate Indenture or provided by the Commission in such written request. Upon purchase by the Trustee, such 2017 Bonds shall be treated as delivered for cancellation under the terms of the Subordinate Indenture. Nothing in the Subordinate Indenture shall prevent the Commission from purchasing 2017 Bonds in the open market without the involvement of the Trustee and delivering such 2017 Bonds to the Trustee for cancellation under the Subordinate Indenture. The principal amounts of 2017 Bonds to be redeemed by optional redemption may be reduced by the principal amount of 2017 Bonds purchased by the Commission and delivered to the Trustee for cancellation at least fifteen (15) days prior to the last date on which notice of redemption can be mailed.

Registration, Transfer and Exchange

The Trustee shall act as initial registrar for the 2017 Bonds (the "**Bond Registrar**") and in such capacity shall maintain a register (the "**Bond Register**") for the registration and transfer of 2017 Bonds. Upon surrender of any 2017 Bonds at the designated office of the Trustee, as the Bond Registrar, together with an assignment duly executed by the current holder of such 2017 Bonds or such holder's duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, such 2017 Bonds may, at the option of the holder, be exchanged for an equal aggregate principal amount of 2017 Bonds of the same series or sub-series, as applicable, and maturity, of Authorized Denominations and bearing interest at the same rate and in the same form as the 2017 Bonds surrendered for exchange, registered in the name or names designated on the assignment. The Commission shall execute and the Trustee shall authenticate any 2017 Bonds whose execution and authentication is necessary to provide for exchange of 2017 Bonds and the Commission may rely on a representation from the Trustee that such execution is required.

As long as the 2017 Bonds are "Book Entry Bonds" (as described in Article IV of the Supplemental Subordinate Indenture No. 27), the Trustee shall follow the procedures of the Securities Depository with respect to the transfer or exchange of the 2017 Bonds. At such time as the 2017 Bonds are no longer Book Entry Bonds, the Trustee shall not be required to exchange or register the transfer of 2017 Bonds after giving notice calling such 2017 Bonds for redemption, in whole or in part.

The Trustee may make a charge to any 2017 Bondholder requesting any exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto and the Commission may charge such amount as it deems appropriate for each new 2017 Bond delivered upon such exchange or transfer, which charge or charges shall be paid before any new 2017 Bond shall be delivered.

Prior to due presentment for registration of transfer of any of 2017 Bond, the Trustee shall treat the Person shown on the Bond Register as owning a 2017 Bond as the 2017 Bondholder and the Person exclusively entitled to payment of principal thereof, redemption premium, if any, and interest thereon, if any, and, except as otherwise expressly provided herein, the exercise of all other rights and powers of the owner thereof, and neither the Commission, the Trustee nor any agent of the Commission or the Trustee shall be affected by notice to the contrary.

The Subordinate Indenture, and all provisions thereof, are incorporated by reference in the text of the 2017 Bonds, and the 2017 Bonds provide that each registered owner, Beneficial Owner, Participant or Indirect Participant (as each is defined below) by acceptance of a 2017 Bond (including receipt of a book-entry credit evidencing an interest therein) assents to all of such provisions as an explicit and material portion of the consideration running to the Commission to induce it to issue such 2017 Bond.

Book-Entry Only System

The Depository Trust Company ("**DTC**"), New York, New York, will act as securities depository for the 2017 Bonds. The 2017 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 2017 Bond certificate will be issued in the aggregate principal amount of each maturity of each series or sub-series, as applicable, of the 2017 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 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 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 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 2017 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 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 2017 Bonds within a maturity of a series or sub-series, as applicable, are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity and series or sub-series, as applicable, to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2017 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 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2017 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, 2017 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, 2017 Bond certificates will be printed and delivered to DTC.

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

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY 2017 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 SUBORDINATE INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF BOOK-ENTRY 2017 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY 2017 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY 2017 BONDS.

In the event that the Book-Entry Only System is discontinued and the Beneficial Owners become Registered Owners of the 2017 Bonds, the 2017 Bonds will be transferable in accordance with the provisions of the Subordinate 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 APPENDIX A hereto.

The present Pennsylvania Turnpike 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 Greater 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 68 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 11 interchanges are situated on the Northeast Extension. The additional 25 interchanges are located on the three extensions previously noted. There are 17 service plazas along the System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. Compressed natural gas refueling and electric recharging services are now available at select locations along the System.

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 Senior Revenue Bonds (also referred to herein as the "**Turnpike Revenue Bonds**") issued under the Senior Indenture and other parity obligations under the Senior Indenture (including certain interest rate swap agreements), which are subject to or may be issued under the terms of the Senior Indenture. As of the date of this Official Statement, $4,895,850,000 in aggregate principal amount of fixed and variable rate Turnpike Revenue Bonds are Outstanding under the Senior Indenture. The foregoing amount includes certain notes evidencing and securing $200,000,000 in loans (issued in four tranches) through the Immigrant Investor Program (known as the EB-5 visa program) administered by U.S. Citizenship and Immigration Services, the proceeds of which are being used to fund a portion of the I-95 Interchange project (the "**EB-5 Loans**"). See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – Certain Financial Information" for additional information on the EB-5 Loans (and for information on an expected additional borrowing under the Immigrant Investor Program of up to $800,000,000). Also included in the principal amount outstanding under the Senior Indenture is $1,010,815,000 aggregate principal amount of floating rate notes. 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 $978,836,000. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION — CERTAIN FINANCIAL INFORMATION." The Tolls are not pledged to secure the Subordinate Revenue Bonds, the Special Revenue Bonds, the Oil Franchise Tax Revenue Bonds (as defined below) or 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, including the 2017B 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 and Act 89. For a discussion of the Commission's revenue sources, including current rates, 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**"), $647,260,866.80 of which are outstanding as of the date of this Official Statement (including compounded amounts as of June 1, 2017 for outstanding 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 2017B Bonds, other Subordinate Revenue Bonds, the Special Revenue Bonds, the Turnpike Revenue 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**"), $394,695,000 of which are outstanding as of the date of this Official Statement. 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 2017B Subordinate Revenue Bonds, other Subordinate Revenue Bonds, the Special Revenue Bonds, the Turnpike Revenue Bonds or the Oil Franchise Tax Revenue Bonds.

Neither the Turnpike Revenue 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

The Pennsylvania legislature enacted comprehensive transportation legislation in 2013. Act 89 of 2013, among other things, made significant changes to the Commission's funding obligations under Act 44. For a discussion of such legislative changes under Act 89 and their impact on Act 44 and the Commission generally, see APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION."

Traffic and Revenue Study

Attached hereto as APPENDIX G is the Pennsylvania Turnpike 2015 Traffic and Revenue Forecast Study (the "**2015 Traffic Study**") prepared by CDM Smith, together with a "bring down" letter developed by CDM Smith dated March 4, 2016 (the "**2016 Bring Down Letter**"), as updated by a "bring down" letter developed by CDM Smith dated May 3, 2017 (the "**2017 Bring Down Letter**," and together with the 2015 Traffic Study and the 2016 Bring Down Letter, the "**Traffic Study**"). The Traffic Study, which should be reviewed in its entirety, updates the study conducted by CDM Smith (formerly Wilbur Smith Associates) 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.

Total adjusted gross toll revenue is estimated to increase from $1.03 billion in Fiscal Year 2015-16 to $4.2 billion by Fiscal Year 2043-44, representing 5.6% annualized growth. Traffic data for the Fiscal Year ended May 31, 2016 indicates a 10.5% increase in adjusted gross toll revenue, with an increase in traffic volume of 3.1%, as compared to the same period in Fiscal Year 2014-15. Preliminary, unaudited traffic data for Fiscal Year 2017 indicates an 7.7% increase in adjusted gross toll revenue, with a 0.7% increase in traffic volume, as compared to audited data for Fiscal Year 2016, 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" and APPENDIX G – "TRAFFIC AND REVENUE STUDY."

PLAN OF FINANCING

The 2017B-1 Subordinate Bonds are being issued to provide funds to finance the costs of the 2017B Subordinate Bonds Capital Improvements Project. The 2017B-2 Subordinate Bonds are being issued to provide funds to finance the costs of the 2017 Subordinate Revenue Refunding Project. The 2017 Special Revenue Bonds are being issued to provide funds to finance the costs of the 2017 Special Revenue Refunding Project.

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ESTIMATED SOURCES AND USES OF FUNDS

	Sub-Series B-1 Bonds	Sub-Series B-2 Bonds	2017 Special Revenue Bonds	Total
Sources:				
Par Amount of 2017 Bonds	$379,115,000.00	$371,395,000.00	$45,390,000.00	$795,900,000.00
Original Issue Premium	48,948,013.10	38,258,035.85	8,921,239.00	96,127,287.95
Release of funds from the Debt Service Fund		3,122,362.04	371,472.50	3,493,834.54
Total Sources	$428,063,013.10	$412,775,397.89	$54,682,711.50	$895,521,122.49
Uses:				
Act 44 and Act 89 Payments[1]	$400,000,000.00			$400,000,000.00
Deposit to Debt Service Reserve Fund	26,200,424.41			26,200,424.41
Deposit to Special Revenue Bonds Funded Debt Service Sub-Account			$10,509.09	10,509.09
Deposit to the escrow account for the refunding of the Subordinate Revenue Refunded Bonds		$410,144,367.36		410,144,367.36
Deposit to the escrow account for the refunding of the Special Revenue Refunded Bonds			54,469,026.53	54,469,026.53
Costs of Issuance[2]	1,862,588.69	2,631,030.53	203,175.88	4,696,795.10
Total Uses	$428,063,013.10	$412,775,397.89	$54,682,711.50	$895,521,122.49

[1] Proceeds will be used to make the Act 44 and Act 89 Payments due in July 2017 and January 2018, and to make a portion of the Act 44 and Act 89 Payments, in the amount of $87.5 million each, due in October 2017 and April 2018. The balance of the Act 44 and Act 89 Payments due in October 2017 and April 2018, in the amount of $25 million each, will be funded by an equity contribution by the Commission.

[2] Includes underwriters' discount, fees and expenses of co-bond counsel, disclosure counsel and counsel to the underwriters, rating agency fees, printing expenses, fees and expenses of the financial advisors, trustee fees, escrow agent fees, verification agent fees, bond insurance premium, and other miscellaneous costs and expenses.

SECURITY FOR THE 2017 BONDS

2017B Subordinate Revenue Bonds — General

The 2017B Subordinate Revenue Bonds are limited obligations of the Commission. The 2017B Subordinate Revenue Bonds will be secured, along with the Commission's Outstanding Subordinate Revenue Bonds Parity Obligations under the Subordinate Indenture, except as otherwise noted below, by the pledge by the Commission to the Trustee of (1) the Commission Payments (as described below), (2) all monies deposited into accounts or funds (other than the Rebate Fund), created by the Subordinate Indenture and held by or on behalf of the Trustee, (3) any insurance proceeds and other moneys required to be deposited therein, (4) all payments received by the Commission pursuant to Parity Swap Agreements and (5) all investment earnings on all moneys held in accounts and funds established by the Subordinate Indenture, other than the Rebate Fund (collectively, the "**Trust Estate**"). "Commission Payments" consist of certain payments made by the Commission from funds on deposit in the General Reserve Fund established under the Senior Indenture to the extent such funds may be released from the General Reserve Fund in accordance with the terms of the Senior Indenture. The Subordinate Indenture does not create a lien on the General Reserve Fund. Under the Senior Indenture, holders of the Senior Indenture Parity Obligations are granted a lien on the Tolls, certain other revenues and funds established under the Senior Indenture, including the General Reserve Fund, and pledged by the Commission as part of the Senior Trust Estate (as defined in APPENDIX E). The Subordinate Indenture does not create any lien on Tolls, other revenues and funds established under the Senior Indenture. See "SECURITY FOR THE 2017 BONDS — Commission Payments" below.

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

The 2017B Subordinate Revenue Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by money on deposit in the Debt Service Reserve Fund. Upon the issuance of the 2017B Subordinate Revenue Bonds, the money on deposit in the Debt Service Reserve Fund will equal the Debt Service Reserve Fund Requirement with respect to all outstanding Debt Service Reserve Fund Bonds, including the 2017B Subordinate Revenue Bonds.

Special Revenue Bonds — General

The 2017 Special Revenue Bonds are limited obligations of the Commission and are secured, along with all Special Revenue Bonds and other Special Revenue Bonds Parity Obligations, by the Trust Estate under the Subordinate Indenture (other than the Motor License Repayment Fund, the Revenue Bonds Account and the Debt Service Reserve Fund and earnings thereon), but are junior and subordinate in right of payment to the 2017B Subordinate Revenue Bonds and all other Subordinate Revenue Bonds issued or to be issued under the Subordinate Indenture and Subordinate Revenue Bonds Parity Obligations in that Commission Payments must be applied to all such obligations before being used to pay 2017 Special Revenue Bonds. If Commission Payments are not sufficient to make payments with respect to the Special Revenue Bonds, however, then Act 44 directs the Treasurer of the Commonwealth to transfer certain funds from the Commonwealth's Motor License Fund to the Trustee to fund such payments. See "Special Revenue Bonds" and "MOTOR LICENSE FUND" below and APPENDIX H - "CERTAIN INFORMATION REGARDING COMMONWEALTH MOTOR LICENSE FUND."

The 2017 Special Revenue Bonds are not "Debt Service Reserve Fund Bonds" under the Subordinate Indenture and, therefore, the 2017 Special Revenue Bonds are not secured by the Debt Service Reserve Fund created under the Subordinate Indenture.

The 2017 Special Revenue Bonds, and all other outstanding Special Revenue Bonds, are secured by the Special Revenue Bonds Receipts Account and by the Special Revenue Bonds Funded Debt Service Sub-Account created within the Debt Service Fund under the Subordinate Indenture. See "SECURITY FOR THE 2017 BONDS - Special Revenue Bonds" and "SECURITY FOR THE 2017 BONDS - Debt Service Fund" herein.

Limitation

TOLL REVENUES, OIL FRANCHISE TAX REVENUES AND REGISTRATION FEE REVENUES AS WELL AS OTHER SOURCES OF THE COMMISSION'S REVENUES ARE NOT

PLEDGED UNDER THE SUBORDINATE INDENTURE AS PART OF THE TRUST ESTATE. THE TRUST ESTATE IS LIMITED TO FUNDS AVAILABLE AND TRANSFERRED TO THE TRUSTEE FROM THE GENERAL RESERVE FUND UNDER THE SENIOR INDENTURE AND CERTAIN OTHER AMOUNTS ON DEPOSIT WITH THE TRUSTEE. THE TRUST ESTATE AS DEFINED IN THE SUBORDINATE INDENTURE ALSO EXCLUDES ALL MONIES HELD IN THE REBATE FUND ESTABLISHED UNDER THE SUBORDINATE INDENTURE.

THE 2017 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FULL 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 2017 BONDS. THE COMMISSION HAS NO TAXING POWER.

Senior Revenue Bonds and Other Senior Parity Obligations

The Commission has previously issued Senior Revenue Bonds under the Senior Indenture, $4,895,850,000 of which are outstanding as of the date of this Official Statement. The foregoing amount includes certain notes evidencing and securing $200,000,000 in EB-5 Loans. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION" for additional information on the EB-5 Loans (and for information on an expected additional borrowing under the Immigrant Investor Program of up to $800,000,000). Under the terms of the Senior Indenture the Commission may issue additional Senior Revenue Bonds. Also included in the principal amount outstanding under the Senior Indenture is $1,010,815,000 aggregate principal amount of FRNs. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST DUE AND PAYABLE ON ALL SUCH SENIOR REVENUE BONDS WILL BE PAID PRIOR TO THE PAYMENT OF COMMISSION PAYMENTS WITH RESPECT TO THE SUBORDINATE INDENTURE BONDS, INCLUDING THE 2017 BONDS, EXCEPT TO THE EXTENT ANY SPECIAL REVENUE BONDS ARE PAID FROM AMOUNTS TRANSFERRED TO THE TRUSTEE FROM THE MOTOR LICENSE FUND. See "Commission Payments" below.

In addition to the Outstanding Senior Revenue Bonds, the Commission has entered into various interest rate exchange agreements with an outstanding notional amount of $978,836,000 that constitute Senior Indenture Parity Swap Agreements (as defined in APPENDIX E) under the Senior Indenture. Under the terms of the Senior Indenture, amounts payable under Senior Indenture Parity Swap Agreements, including certain termination payments, are secured on a parity with the Senior Revenue Bonds by the Senior Trust Estate. Under the terms of the Senior Indenture, the Commission may enter into additional Senior Indenture Parity Swap Agreements. ALL AMOUNTS PAYABLE UNDER ALL SUCH SENIOR PARITY SWAP AGREEMENTS, INCLUDING CERTAIN TERMINATION PAYMENTS, WILL BE PAID PRIOR TO THE PAYMENT OF COMMISSION PAYMENTS WITH RESPECT TO THE SUBORDINATE INDENTURE BONDS, INCLUDING THE 2017 BONDS, EXCEPT TO THE EXTENT ANY SPECIAL REVENUE BONDS ARE PAID FROM AMOUNTS TRANSFERRED TO THE TRUSTEE FROM THE MOTOR LICENSE FUND. See "Commission Payments" below, and "THE PENNSYLVANIA TURNPIKE – CERTAIN FINANCIAL INFORMATION - Financial Policies and Guidelines" in APPENDIX A.

Subordinate Revenue Bonds

Act 44 authorizes the Commission to issue bonds for the purpose of paying costs of the Pennsylvania Department of Transportation ("**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 Amended Funding Agreement (as such term is defined in the Subordinate Indenture). As of the date of this Official Statement, there are $4,789,282,508.05 aggregate principal amount of

Subordinate Revenue Bonds outstanding under the Subordinate Indenture (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). Upon the issuance of the 2017B Subordinate Revenue Bonds and the refunding of the Subordinate Revenue Refunded Bonds, the Commission will have $5,169,062,508.05 of Subordinate Revenue Bonds outstanding under the Subordinate Indenture (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). The foregoing amount includes $341,850,000 of FRNs. The Commission has entered into an interest rate exchange agreement with respect to certain Subordinate Revenue Bonds with an outstanding notional amount of $291,850,000. Upon the fulfillment of conditions set forth in the Subordinate Indenture, the Commission may issue additional Subordinate Revenue Bonds under the terms of the Subordinate Indenture which will have an equal claim to the Trust Estate with the 2017B Subordinate Revenue Bonds. However, all such additional Subordinate Revenue Bonds issued under the terms of the Subordinate Indenture shall be subordinate to the payment of all Senior Indenture Parity Obligations issued pursuant to the Senior Indenture. See APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Special Revenue Bonds

Under Act 44, the Commission is authorized to issue Special Revenue Bonds (as defined in §9511.2 of Act 44) up to an aggregate principal amount of $5 billion (not to exceed $600 million per year), exclusive of original issue discount, for the purpose of paying bond-related expenses and costs of PennDOT (specifically, highway, bridge and other capital projects). As of the date of this Official Statement, there are $994,772,875.85 aggregate principal amount of Special Revenue Bonds outstanding under the Subordinate Indenture (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). Upon the issuance of the 2017 Special Revenue Bonds and the refunding of the Special Revenue Refunded Bonds, the Commission will have $992,602,875.85 of Special Revenue Bonds outstanding under the Subordinate Indenture (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). Special Revenue Bonds (including the 2017 Special Revenue Bonds) are subordinate to Subordinate Revenue Bonds (including the 2017B Subordinate Revenue Bonds) with respect to the Trust Estate, including Commission Payments, except with respect to the Special Revenue Bonds Receipts Account and the Special Revenue Bonds Funded Debt Service Sub-Account, all as further provided in the Subordinate Indenture. The Commission may issue additional Special Revenue Bonds under the Subordinate Indenture, which additional Special Revenue Bonds would be subordinate to the Subordinate Revenue Bonds but on parity with other Special Revenue Bonds Parity Obligations. In the event the Commission does not make a required deposit for payments of debt service on Special Revenue Bonds with the Trustee, such deposit is to be made from funds available for such purpose on deposit in the Commonwealth's Motor License Fund. The Commonwealth has no obligation to provide any funds, other than available funds on deposit in the Motor License Fund, for the payment of any Special Revenue Bonds. Pursuant to Act 89, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation to PennDOT that commenced on or after July 1, 2014, although Special Revenue Bonds may be issued for refunding purposes. The Commission may issue additional Special Revenue Bonds to fund any portion of its annual payment obligations that became due prior to July 1, 2014. See "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION - Act 44 − Statutory Limitations on the Incurrence of Special Revenue Bonds" in APPENDIX A for a more detailed discussion of Special Revenue Bonds and the Commission's reimbursement obligations related to withdrawals from the Motor License Fund.

In connection with the issuance by the Commission of the initial series of Special Revenue Bonds, a Memorandum of Agreement (the "**Memorandum of Agreement**") was executed by PennDOT, the Office of the Budget of the Commonwealth and the State Treasurer of the Commonwealth. In the Memorandum of Agreement, the State Treasurer agreed to create a separate account, designated the "PTC Special Revenue Bonds Account," within the Motor License Fund and to use its best efforts to maintain in such account an amount equal to the then maximum annual debt service on all outstanding Special Revenue Bonds (the "**Account Requirement**"). Although funds in such account are not pledged to the

Trustee, the State Treasurer agrees in the Memorandum of Agreement not to use such account for any other purpose if other funds are available in the Motor License Fund. The Subordinate Indenture requires the Trustee to provide immediate notice to PennDOT, with a copy to the State Treasurer, of any failure by the Commission to make a required monthly deposit into the Commission Payments Fund with respect to the Special Revenue Bonds (a "**Required Monthly Deposit**") in full when due under the Subordinate Indenture. The Memorandum of Agreement provides that, before the end of the second business day following the day PennDOT receives such notice from the Trustee that the Commission has failed to timely make a Required Monthly Deposit and stating the amount of the shortfall, PennDOT shall prepare and deliver to the Pennsylvania Department of Transportation Comptroller in the Office of the Budget (the "**Comptroller**") a notice stating in what amount a payment shall be made to the Trustee on behalf of the Commission, which amount shall be equal to the amount of such shortfall. Before the end of the second business day following the Comptroller's receipt of the notice from PennDOT, the Comptroller shall prepare a pay dated voucher transmittal in the amount of the shortfall and deliver the voucher transmittal to the State Treasurer for payment. Before the end of the fourth business day following the State Treasurer's receipt of the voucher transmittal from the Comptroller, the State Treasurer shall cause a wire transfer in the amount of the shortfall to be made to the Trustee from funds on deposit to the credit of the Motor License Fund, excluding the PTC Special Revenue Bonds Account. If funds are not available in the Motor License Fund to pay the Trustee, funds on deposit in the PTC Special Revenue Bonds Account shall be utilized. If the balance in the PTC Special Revenue Bonds Account is reduced below the Account Requirement, the State Treasurer agrees to cause the first monies available from designated sources in the Motor License Fund to be deposited in such Account in order to restore the balance therein to the Account Requirement in the order of priority described in the Memorandum of Agreement (first, from the Liquid Fuels and Fuels Tax, second, from the Oil Company Franchise Tax, and third, from various vehicle registration fees and other miscellaneous fees and income).

In Act 44, the Commonwealth has pledged to each entity that acquires a Special Revenue Bond issued by the Commission that the Commonwealth will not limit or alter the rights vested in the Commission or the Trustee for the Special Revenue Bonds to the appropriation and distribution of the money in the Motor License Fund for the Special Revenue Bonds as described in Act 44. 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 Commission covenants under the Subordinate Indenture, as required by Act 44, that (i) it will not issue Special Revenue Bonds in an aggregate amount exceeding $5,000,000,000, unless otherwise authorized by Act of the Pennsylvania General Assembly and (ii) it will not issue Special Revenue Bonds in an amount exceeding $600,000,000 in any calendar year unless otherwise authorized by Act of the Pennsylvania General Assembly. As stated above, Act 89 does not permit the issuance of Special Revenue Bonds to fund the Commission's payment obligation to PennDOT commencing July 1, 2014.

In the event of an amendment to Act 44 or enactment of other legislation providing that the Motor License Fund will become the primary payment source for debt service on the Special Revenue Bonds, the Commission may elect to substitute the Motor License Fund for the Commission Payments as the primary source of payment of debt service on the Special Revenue Bonds; provided, however, that the Commission may make such election only if it (i) obtains confirmation from the rating agencies that such change will not adversely affect the ratings on the Special Revenue Bonds and on the Subordinate Revenue Bonds that remain outstanding after such change and (ii) causes to be delivered an opinion of Bond Counsel that such change will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Special Revenue Bonds.

The Commission covenants under the Subordinate Indenture that it will seek to enforce the covenants of the Commonwealth in Act 44 with respect to the Special Revenue Bonds and the Commonwealth's Motor License Fund. The Trustee may, and the Trustee, upon receipt of written direction from the holders of not less than twenty-five percent (25%) in principal amount of the Special

Revenue Bonds then outstanding and upon being indemnified to its satisfaction shall, institute and prosecute in a court of competent jurisdiction any appropriate action to enforce the covenants of the Commonwealth in Act 44.

The Commission covenants under the Subordinate Indenture that it will seek to continue the Commonwealth's Motor License Fund in full force and effect without change which would materially adversely affect the Special Revenue Bonds. The Commission shall take such action as may be desirable or necessary to prevent or remedy the occurrence of any such change by petitioning the Governor and the General Assembly and taking appropriate legal action.

Parity Swap Agreements

In addition to additional Subordinate Revenue Bonds and Special 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. The Commission has not entered into any such Parity Swap Agreements under the Subordinate Indenture. Under the terms of the Subordinate Indenture, amounts payable under Parity Swap Agreements entered into by the Commission, including certain termination payments, may be secured on a parity with Subordinate Revenue Bonds, including the 2017B Subordinate Revenue Bonds. See APPENDIX C — "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Obligations Secured by Other Revenue Sources

As of the date of this Official Statement, the Commission has $647,260,866.80 aggregate principal amount of Oil Franchise Tax Revenue Bonds outstanding (including compounded amounts as June 1, 2017 for outstanding capital appreciation bonds), and $394,695,000 aggregate principal amount of Registration Fee Revenue Bonds outstanding. The Commission has entered into various interest rate exchange agreements with respect to certain Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds with an aggregate outstanding notional amount of $631,425,000. See APPENDIX A — "THE PENNSYLVANIA TURNPIKE COMMISSION — CERTAIN FINANCIAL INFORMATION - Financial Policies and Guidelines - Disclosure and Financial Reporting." Neither the Oil Franchise Tax Revenue Bonds nor the Registration Fee Revenue Bonds are secured by or have any interest in the Trust Estate under the Subordinate Indenture. Furthermore, neither the Oil Franchise Tax Revenues nor the Registration Fee Revenues are pledged to secure the 2017B Subordinate Revenue Bonds, other Subordinate Revenue Bonds or Special Revenue Bonds or the Senior Indenture Parity Obligations.

Rate Covenant

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

The Commission Payments made from the Senior Trustee to the Trustee are based on the coverage levels established by the Rate Covenant described above; therefore, in each Fiscal Year the Commission has covenanted to transfer Commission Payments in amounts sufficient to meet its Rate Covenant as described above. Notwithstanding the provisions of the Rate Covenant, however, any balance in the General Reserve Fund which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Senior Indenture Debt Service Fund (as herein defined) is available to make Commission Payments to the Trustee for the payment of Debt Service on Outstanding Subordinate Revenue Bonds and Subordinate Revenue Bonds Parity Obligations as well as Outstanding Special Revenue Bonds, Special Revenue Bonds Parity Obligations and other Subordinated Indebtedness. See "SECURITY FOR THE 2017 BONDS — Certain Provisions of the Senior Indenture," "SECURITY FOR THE 2017 BONDS — Commission Payments" and APPENDIX A — "THE PENNSYLVANIA TURNPIKE COMMISSION — THE COMMISSION — Enabling Acts - Act 44 and the Act 44 Funding Agreement, Act 89 and Payments to PennDOT for Roads, Bridges and Transit."

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

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

In preparing its recommendations, the Consultant may rely upon written estimates of Revenues prepared by the other Consultants of the Commission. Copies of such written estimates signed by such Consultants shall be attached to such recommendations. The Commission has covenanted that promptly after receipt of such recommendations and the adoption of any revised schedules of Tolls, certified copies thereof will be filed with the Trustee.

The ability of the Commission to collect Tolls in an amount sufficient to comply with the Rate Covenant could be adversely affected by many factors, some of which are beyond the Commission's control. See "CERTAIN RISK FACTORS" and APPENDIX A — "THE PENNSYLVANIA TURNPIKE COMMISSION — CERTAIN FINANCIAL INFORMATION — Toll Schedule and Rates."

The Commission has agreed 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 Tolls or other new Toll collection technologies, traffic management systems, and similar classifications. The Commission has agreed that it shall not grant free passage or reduced Tolls within a class, except in the limited manner permitted by the 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 the Army, Air Force, Navy, Coast Guard, Marine Corps or National Guard or any branch thereof in time of war or other emergency.

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

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

Certain Provisions of the Senior Indenture

THIS DISCUSSION DESCRIBES CERTAIN PROVISIONS OF THE SENIOR INDENTURE:

In addition to any other funds created by an indenture supplemental to the Senior Indenture, the following funds and accounts exist under the Senior Indenture: (a) a Construction Fund; (b) a Revenue Fund (herein, the "**Senior Indenture Revenue Fund**"); (c) a Debt Service Fund (herein, the "**Senior Indenture Debt Service Fund**"); (d) a Debt Service Reserve Fund (herein, the "**Senior Indenture Debt Service Reserve Fund**"); (e) a Reserve Maintenance Fund (herein, the "**Senior Indenture Reserve Maintenance Fund**"); (f) a General Reserve Fund; (g) a Rebate Fund (herein, the "**Senior Indenture Rebate Fund**"); and (h) an Operating Account to be held by the Commission in the name of the Commission outside of the Senior Indenture (herein, the "**Senior Indenture Operating Account**").

The Commission covenants that all Revenues (as defined in APPENDIX E hereto) will be deposited daily, as far as practicable, with the Senior Trustee or in the name of the Senior Trustee with a depositary or depositaries of the Senior Trustee, to the credit of the Senior Indenture Revenue Fund.

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

(i) Senior Indenture Rebate Fund;

(ii) Senior Indenture Operating Account;

(iii) Senior Indenture Debt Service Fund;

(iv) Senior Indenture Reserve Maintenance Fund;

(v) Senior Indenture Debt Service Reserve Fund; and

(vi) General Reserve Fund (after retaining in the Senior Indenture Revenue Fund such funds identified by the Commission for future transfers to the Senior Indenture Debt Service Fund established under the Senior Indenture).

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

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

(a) To purchase or redeem Senior Revenue Bonds;

(b) To secure and pay the principal or redemption price of and interest on any Senior Indenture Subordinated Indebtedness (as defined in APPENDIX E);

(c) To make payments into the Construction Fund established under the Senior Indenture;

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

(e) To further any corporate purpose.

The Senior Trustee is authorized under the Senior Indenture to apply monies on deposit in the General Reserve Fund for any of such purposes upon receipt of a requisition signed by a Commission Official.

Under the terms of the Subordinate Indenture, the Commission covenants to instruct the Senior Trustee to pay to the Trustee out of the General Reserve Fund established under the Senior Indenture such amounts as are required by the Subordinate Indenture or by a indenture supplemental to the Subordinate Indenture to pay, at the times specified, debt service on all outstanding Subordinate Indenture Bonds (including the 2017B Subordinate Revenue Bonds) and all Parity Obligations issued under the Subordinate Indenture. See “SECURITY FOR THE 2017 BONDS – Commission Payments.”

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

General Reserve Fund Balances
as of May 31*

2017	2016	2015	2014	2013
$376,426,649	$336,521,619	$235,603,195	$200,745,775	$255,204,660

Balances in the General Reserve Fund may be applied in the future for capital expenditures of the Commission and for other general corporate purposes, including making Commission Payments as described below.

The Senior Indenture contains a rate covenant, as described in APPENDIX E.

Commission Payments

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

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

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

(a) On or before the first Business Day of each calendar month commencing on the first Business Day of the sixth month prior to the next succeeding Interest Payment Date, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of 115% of the interest due on any Fixed Rate Bonds (or the monthly interest due on any Variable Rate Bonds) issued as Subordinate Revenue Bonds (including

* Balances in the General Reserve Fund can vary substantially, both month to month and year to year, due not only to variations in revenues, but also to the timing of expenditures, particularly capital expenditures, the Commission's equity contribution towards its Act 44 payment and the Commission's deposit to the Pennsylvania Turnpike Commission Retiree Medical Trust. (See APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN OTHER INFORMATION – Other Post-Employment Benefit Liabilities.) Further, based on actual expenditures through Fiscal Year 2017, the Commission has utilized $220 million in General Reserve Fund balances to augment its Act 44 payments, and to make contributions to the Retiree Medical Trust of $93.6 million in excess of its annual required contribution The Commission expects its contribution to the Retiree Medical Trust to be lower in future fiscal years. The Commission intends to continue to utilize $50 million annually in General Reserve Fund balances to support its Act 44 payment, consistent with assumptions made in its Amended Act 44 Financial Plan.

the 2017B Subordinate Revenue Bonds), on the next succeeding Interest Payment Date, such amount to be calculated based on the applicable Assumed Variable Rate for such Variable Rate Bonds, including any amount due to the Bond Insurer in respect thereto (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to the first Interest Payment Date for the applicable Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 115% of the interest amount owed on such first Interest Payment Date (to be calculated based on the applicable Assumed Variable Rate for such Variable Rate Bonds) divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first Interest Payment Date), which amount shall be deposited promptly in the Commission Payments Fund;

(b) On or before the first Business Day of each calendar month commencing on the first Business Day of the twelfth month prior to the next succeeding principal payment date, an amount which equals one-twelfth (1/12) of the amount necessary to pay and for the purpose of paying, 115% of the principal amount (or Compounded Amount, if applicable) of any Fixed Rate Bonds or Variable Rate Bonds issued as Subordinate Revenue Bonds (including the 2017B Subordinate Revenue Bonds) maturing on the next succeeding maturity date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to the first date on which principal (or Compounded Amount, if applicable) is due on such Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 115% of the principal amount (or Compounded Amount, if applicable) owed on such first principal maturity date divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first principal maturity date), which amount shall be deposited promptly in the Commission Payments Fund;

(c) On or before the first Business Day of each calendar month commencing on the first Business Day of the twelfth month prior to the next succeeding mandatory sinking fund installment date, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, 115% of the principal amount of any mandatory sinking fund installment of Fixed Rate Bonds or Variable Rate Bonds issued as Subordinate Revenue Bonds (including the 2017B Subordinate Revenue Bonds) payable on the next succeeding mandatory sinking fund installment date, which amount shall be deposited promptly in the Commission Payments Fund;

(d) On or before the 10th calendar day of each calendar month commencing on the 10th calendar day of the sixth month prior to the next succeeding Interest Payment Date, but not before the payments required by clauses (a) through (c) above, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of 100% of the interest due on any Fixed Rate Bonds (or the monthly interest due on any Variable Rate Bonds) issued as Special Revenue Bonds (including the 2017 Special Revenue Bonds), on the next succeeding Interest Payment Date, such amount to be calculated based on the applicable Assumed Variable Rate for any Variable Rate Bonds, including any amount due to any Bond Insurer in respect thereto (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to the first Interest Payment Date for the applicable Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 100% of the interest amount owed on such first Interest Payment Date (to be calculated at the applicable Assumed Variable Rate for such Variable Rate Bonds) divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first Interest Payment Date), which amount shall be deposited promptly in the Commission Payments Fund;

(e) On or before the 10th calendar day of each calendar month commencing on the 10th calendar day of the twelfth month prior to the next succeeding principal payment date, but not before the payments required by clauses (a) through (d) above, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, 100% of the principal amount (or Compounded Amount, if applicable) of any Fixed Rate Bonds or Variable Rate Bonds issued as Special Revenue Bonds (including the 2017 Special Revenue Bonds) maturing on the next succeeding maturity date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to the first date on which principal (or Compounded Amount, if applicable) is due on such Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 100% of the principal amount (or Compounded Amount, if applicable) owed on such first principal maturity date divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first principal maturity date), which amount shall be deposited promptly in the Commission Payments Fund; and

(f) On or before the 10th calendar day of each calendar month commencing on the 10th calendar day of the twelfth month prior to the next succeeding mandatory sinking fund installment date, but not before the payments required by clauses (a) through (e) above, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, 100% of the principal amount of any mandatory sinking fund installment of Fixed Rate Bonds or Variable Rate Bonds issued as Special Revenue Bonds (including the 2017 Special Revenue Bonds) payable on the next succeeding mandatory sinking fund installment date, which amount shall be deposited promptly in the Commission Payments Fund.

Commission Payments Fund

All Commission Payments will be deposited 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 Commission Payments Fund created under the Subordinate Indenture (the "**Commission Payments Fund**"). The monies in the Commission Payments Fund are to be held by the Trustee in trust and applied in accordance with the Subordinate Indenture.

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

(a) Rebate Fund;

(b) Administrative Expenses Fund;

(c) Revenue Bonds Account of the Debt Service Fund;

(d) Special Revenue Bonds Account of the Debt Service Fund;

(e) Debt Service Reserve Fund, if applicable;

(f) Motor License Fund Repayment Fund; and

(g) Residual Fund.

Administrative Expenses Fund

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

Debt Service Fund

A Debt Service Fund is created pursuant to the Subordinate Indenture, and within the Debt Service Fund there are established two separate accounts known as the "Revenue Bonds Account" and the "Special Revenue Bonds Account". Each such Account shall have an "Interest Sub-Account" and a "Principal Sub-Account" for each series or sub-series of tax-exempt and taxable Subordinate Indenture Bonds of such class issued pursuant to the Subordinate Indenture. The Trustee shall make deposits, on the dates required for such deposits, from the Commission Payments Fund into the Revenue Bonds Account and the Special Revenue Bonds Account of the Debt Service Fund of such required amounts to the appropriate sub-accounts. There is also created pursuant to the Subordinate Indenture a Special Revenue Bonds Receipts Account (the "**Special Revenue Bonds Receipts Account**"). Any payments by the Commonwealth out of the Commonwealth's Motor License Fund pursuant to Act 44 with respect to any Special Revenue Bonds shall be deposited into the Special Revenue Bonds Receipts Account solely for payment by the Trustee of principal and interest on Special Revenue Bonds.

There is further created pursuant to the Subordinate Indenture a "Special Revenue Bonds Funded Debt Service Sub-Account" of the Special Revenue Bonds Account of the Debt Service Fund. In the event of any failure by PennDOT or the Treasurer of the Commonwealth to deposit funds transferred from the Motor License Fund into the Special Revenue Bonds Receipts Account for the payment of any interest or principal due on Special Revenue Bonds, then the Trustee shall withdraw such amounts from the Special Revenue Bonds Funded Debt Service Sub-Account and transfer the monies to the Special Revenue Bonds Interest Sub-Account or the Principal Sub-Account, as appropriate, on the applicable Interest Payment Date, principal payment date or mandatory sinking fund installment date. If monies are received from the Motor License Fund subsequent to payments being made from the Special Revenue Bonds Funded Debt Service Sub-Account, then such Motor License Fund monies shall be transferred from the Special Revenue Bonds Receipts Account to the Special Revenue Bonds Funded Debt Service Sub-Account to restore any deficiency thereunder.

The Special Revenue Bonds Funded Debt Service Sub-Account and the Special Revenue Bonds Receipts Account secure Special Revenue Bonds on a parity basis.

On the date of issuance of any series or sub-series of Special Revenue Bonds, the Commission shall deposit, or cause to be deposited, into the Special Revenue Bonds Funded Debt Service Sub-Account, an amount which, together with funds on deposit therein, shall be equal to one-half Maximum Annual Debt Service on all Outstanding Special Revenue Bonds, including those Special Revenue Bonds being issued at the time of the deposit. Such amount shall be the "Special Revenue Bonds Funded Debt Service Sub Account Requirement." The Commission has no obligation to maintain the balance in the Special Revenue Bonds Funded Debt Service Sub-Account equal to the Special Revenue Bonds Funded Debt Service Sub-Account Requirement nor to replenish any funds withdrawn from the Special Revenue Bonds Funded Debt Service Sub-Account from any funds of the Commission, including Commission Payments. Funds on deposit in the Special Revenue Bonds Receipts Account, to the extent not required to make a deposit to the debt service sub-accounts, shall be transferred to the Special Revenue Bonds Funded Debt Service Sub-Account to restore deficiencies therein.

Under and pursuant to Supplemental Subordinate Indenture No. 27, (a) a 2017B-1 Subordinate Bonds Interest Sub-Account, a 2017B-2 Subordinate Bonds Interest Sub-Account, a 2017B-1 Subordinate Bonds Principal Sub-Account and a 2017B-2 Subordinate Bonds Principal Sub-Account of the Revenue Bonds Account of the Debt Service Fund have been created for deposit and disbursement of funds for interest and principal payments on the 2017 Subordinate Revenue Bonds pursuant to the provisions of the Subordinate Indenture, and (b) a 2017 Special Revenue Bonds Interest Sub-Account and a 2017 Special Revenue Bonds Principal Sub-Account of the Revenue Bonds Account of the Debt Service Fund have been created for deposit and disbursement of funds for interest and principal payments on the 2017 Special Revenue Bonds pursuant to the provisions of the Subordinate Indenture.

The Trustee and the Commission may create such additional accounts and sub-accounts in the Debt Service Fund as they deem necessary or appropriate, including, but not limited to, (a) an account into which drawings on a Credit Facility are to be deposited and from which principal (including redemption price) and Purchase Price of and interest on the series of Subordinate Indenture Bonds secured by such Credit Facility are to be paid (and upon such payment, amounts on deposit in the Principal and Interest Accounts for such Subordinate Indenture Bonds shall be used to repay the provider of the Credit Facility for such payments), and (b) an account into which payments by the Commission to any Parity Swap Counterparty are to be deposited and from which payments to such Parity Swap Counterparty are to be paid.

The moneys in the Interest and Principal Sub-Accounts shall be held by the Trustee in trust for the benefit of the applicable series or sub-series of Subordinate Indenture Bonds, to the extent the foregoing are payable from such accounts, and, to said extent and pending application, shall be subject to a lien and charge in favor of the Owners of the applicable series or sub-series of Subordinate Indenture Bonds until paid out or transferred as hereinafter provided. There shall be withdrawn from the Interest Account 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 Subordinate Indenture 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 applicable supplemental indenture.

For any Debt Service Reserve Fund Bonds, if at the time the Trustee is required to make a withdrawal from the Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys on deposit in the Debt Service Reserve Fund and transfer the same to the appropriate account of the Debt Service Fund. See "SECURITY FOR THE 2017 BONDS - Special Revenue Bonds" above, for a discussion of the procedures to be followed by the Trustee in the event that there are insufficient funds available to the Trustee to make the required payments or deposits associated with the Special Revenue Bonds.

Debt Service Reserve Fund

A Debt Service Reserve Fund has been established under the Subordinate Indenture to provide additional security for Debt Service Reserve Fund Bonds. The Debt Service Reserve Fund secures Debt Service Reserve Fund Bonds on a parity basis. The 2017B Subordinate Revenue Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund. Upon the deposit of additional monies in the Debt Service Reserve Fund in connection with the issuance of the 2017B Subordinate Revenues Bonds, as described in "PLAN OF FINANCE", the balance on deposit in the Debt Service Reserve Fund will be sufficient to fulfill the Debt Service Reserve Fund Requirement of the Subordinate Indenture with respect to the 2017B Subordinate Revenue Bonds and all other outstanding Debt Service Reserve Fund Bonds. Upon the issuance of the 2017B Subordinate Revenue Bonds and the refunding of the Subordinate Revenue Refunded Bonds, the Commission will have $4,827,212,508.05 of outstanding Debt Service Reserve Fund Bonds under the Subordinate Indenture (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). **The currently outstanding Special Revenue Bonds and the 2017 Special Revenue Bonds are not Debt Service Reserve Fund Bonds under the Subordinate Indenture**.

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

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

Subject to the preceding paragraph, to the extent accounts are created in the Debt Service Reserve Fund for Debt Service Reserve Fund Bonds, the funds and DSRF Security (as defined below) held therein shall be available to make payments required under the Subordinate 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, and maturing principal (or Compounded Amount, if applicable) and mandatory sinking fund redemption price of, Debt Service Reserve Fund Bonds whenever and to the extent that the moneys held for the credit of the Debt Service Fund shall be insufficient for such purpose. If at any time the moneys and the principal amount of any DSRF Security held in the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, the Commission shall direct whether such excess moneys shall be transferred by the Trustee to the credit of the Commission Payments Fund or used to reduce the principal amount of any DSRF Security.

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

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

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

If the DSRF Security shall cease to satisfy the requirements set forth in the second preceding paragraph regarding Rating Agency confirmation, 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.

As of the date of issuance of the 2017B Subordinate Revenue Bonds, it is not expected that any portion of the Debt Service Reserve Fund Requirement will be satisfied with any DSRF Security.

Motor License Fund Repayment Fund

Under the terms of the Subordinate Indenture, there is created a Motor License Fund Repayment Fund. Based on such time schedule as agreed to by the Commission and PennDOT and furnished to the Trustee, the Trustee shall deposit into the Motor License Fund Repayment Fund from the Commission Payments Fund and the Residual Fund such amounts as are necessary and available to repay to the Commonwealth's Motor License Fund any debt service payments with respect to any Special Revenue Bonds which are made out of such Motor License Fund. The failure to make any such payments shall not be an Event of Default under the Subordinate Indenture. The Subordinate Revenue Bonds are not payable from funds held in the Motor License Fund Repayment Fund, as the 2017B Subordinate Revenue Bonds do not constitute Special Revenue Bonds. The 2017 Special Revenue Bonds constitute Special Revenue Bonds.

Residual Fund

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

Moneys in the Residual Fund may be expended by the Commission to restore deficiencies in any funds or accounts created under the Subordinate Indenture (including without limitation the Revenue Bonds Principal and Interest Sub-Accounts) and, absent any such deficiency, for any of the following purposes, with no one item having priority over any of the others: (a) to purchase or redeem Subordinate Indenture Bonds; (b) to secure and pay the principal or redemption price of and interest on any Parity Obligations; or (c) to further any corporate purpose.

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

Future Commission Financings

See APPENDIX A − "THE PENNSYLVANIA TURNPIKE COMMISSION - CERTAIN FINANCIAL INFORMATION − Future Financing Considerations" for a discussion of future financings planned or contemplated by the Commission.

MOTOR LICENSE FUND

The Commonwealth's Motor License Fund is a constitutionally-established special revenue fund consisting of monies received from liquid fuels taxes, oil company franchise taxes, fuels tax, motor carriers road tax, licenses and fees on motor vehicles, aviation fuel tax revenues, federal aid for highway and aviation purposes, contributions from local subdivisions for highway projects and other miscellaneous highway revenues.

The Motor License Fund provides for highway and bridge improvement, design, maintenance and purchase of rights-of-way, as well as aviation activities and PennDOT licensing and safety activities. It also finances State Police highway patrol operations and pays subsidies to local subdivisions for construction and maintenance of roads.

The Pennsylvania Constitution requires that: "[a]ll proceeds from gasoline and other motor fuel excise taxes, motor vehicle registration fees and license taxes, operators' license fees and other excise taxes imposed on products used in motor transportation after providing therefrom for (a) cost of administration and collection, (b) payment of obligations incurred in the construction and reconstruction of public highways and bridges shall be appropriated by the General Assembly to agencies of the State or political subdivisions thereof; and used solely for construction, reconstruction, maintenance and repair of and safety on public highways and bridges ... ." The Motor License Fund was created to accommodate this constitutional requirement. The major tax sources for the Motor License Fund are the liquid fuels taxes and the oil company franchise tax.

Act 44 provides a specific order of priority of three categories of revenue sources composed of taxes and fees that the State Treasurer is to use in making payments in respect of Special Revenue Bonds. The first category is the permanent state tax of 12 cents a gallon or fractional part thereof upon all liquid fuels and fuels used or sold by distributors with the Commonwealth. The second category includes the oil company franchise tax of 60 mills on all liquid fuels and fuels; 74% of an additional tax of 55 mills on all liquid fuels and fuels; and 88% of an additional tax of 38.5 mills on all liquid fuels and fuels. The third category includes funds deposited into the Motor License Fund from annual registration fees imposed on various types of vehicles operating in Pennsylvania, net of the $28,000,000 appropriated to the Commission from the proceeds of the annual vehicle registration fees.

In 2016, there were 12.007 million registered motor vehicles within the Commonwealth, and total Motor License Fund revenues available under Act 44 exceeded $3.378 billion in Fiscal Year 2015-2016. Various legislative proposals introduced or expected to be introduced in the Pennsylvania General

Assembly could affect the revenues deposited into the Motor License Fund and/or the application of such revenues. See “THE COMMISSION – Enabling Acts” and “ – Pending Legislation and Recent Developments” in APPENDIX A hereto.

See APPENDIX H hereto for additional financial information concerning the Motor License Fund.

CERTAIN RISK FACTORS

Many factors could affect the sufficiency of the Trust Estate to meet debt service payments on the 2017 Bonds, some of which are discussed below. Potential investors must carefully consider the following factors in order to understand the structure and characteristics of the 2017 Bonds and the potential merits and risks of an investment in the 2017 Bonds. Potential investors must review and be familiar with a variety of risk factors in deciding whether to purchase any 2017 Bonds. 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 Amended Funding Agreement (as such term is defined in the Subordinate Indenture), 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 Amended Funding Agreement (as such term is defined in the Subordinate Indenture), 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 2017 Bonds. But see APPENDIX A – “THE PENNSYLVANIA TURNPIKE COMMISSION - CERTAIN FINANCIAL INFORMATION - Performance Audit by the Auditor General.”

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. See APPENDIX G - “TRAFFIC AND REVENUE STUDY.” 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. But see APPENDIX A – “THE

PENNSYLVANIA TURNPIKE COMMISSION - CERTAIN FINANCIAL INFORMATION - Performance Audit by the Auditor General."

Investors in the 2017 Bonds bear greater risk of nonpayment because the priority of payment of interest and principal on the 2017 Bonds is subordinate to the Senior Indenture Parity Obligations under the Senior Indenture; the 2017 Special Revenue Bonds are subordinate to the 2017B Subordinate Revenue Bonds

The 2017 Bonds are subordinate in right of payment from the General Reserve Fund to the payment of all Senior Indenture Parity Obligations under the Senior Indenture. The 2017 Bonds are not secured by the General Reserve Fund established under the Senior Indenture. In addition, it is probable that additional Senior Revenue Bonds and other senior obligations may be issued in the future by the Commission under the Senior Indenture, which would increase the amount of Senior Indenture Parity Obligations to which the payment on the 2017 Bonds are subordinated, thus increasing the risk of nonpayment to the 2017 Bondholders.

In addition, as described herein, the payment of debt service on the 2017 Special Revenue Bonds is junior in right of payment to the payment of debt service on the 2017B Subordinate Revenue Bonds and all other Subordinate Revenue Bonds issued or to be issued under the Subordinate Indenture.

The Trust Estate will have limited assets from which to make payments on the 2017 Bonds, which may result in losses

The Trust Estate will not include significant assets. The Trust Estate consists primarily of an obligation of the Commission to make periodic payments from funds available in the General Reserve Fund after satisfaction of Senior Indenture Parity Obligations and the maintenance of any reserve fund established under the Senior Indenture. Consequently, holders of the 2017 Bonds must rely upon the obligation of the Commission to make such payments from the General Reserve Fund and to set Tolls at sufficient levels to generate the necessary excess cash in the General Reserve Fund for such payments.

If the Commission experiences financial problems, delays in payment or losses on the 2017 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 2017 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;
- Work stoppage, slowdown or action by unionized employees;
- Increased mass transit systems;
- Complete or partial destruction or temporary closure of the System due to events beyond the control of the Commission;
- Increased unfunded pension benefits;
- Increased unfunded healthcare and other non-pension post-employment benefits;

- Failure to pay the purchase price on outstanding floating rates notes or other variable rate obligations issued by the Commission subject to maturity or mandatory tender; 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; and
- Counterparty risk related to swaps used by the Commission to hedge its cost of funds.

The 2017 Bonds may be repaid early due to the exercise of the redemption option. If this happens, yield may be affected and 2017 Bondholders will bear reinvestment risk

The 2017 Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2017 Bonds. Bondholders bear the risk that monies received upon such redemption cannot be reinvested in comparable securities or at comparable yields.

Litigation and Other Actions Against the Commission

The Commission is subject to litigation from time to time and may be subject to litigation and other actions in the future which could adversely affect the financial position of the Commission. The Commission cannot predict when or if any action will be brought against the Commission in the future, and, if brought, whether any action would be successful or result in monetary damages or other relief being imposed upon the Commission. See "LITIGATION" below. See also APPENDIX A — "THE PENNSYLVANIA TURNPIKE COMMISSION — THE COMMISSION – Recent Developments and Pending Legislation - Recent Judicial Holding in the United States District Court, Southern District of New York" and "−Statewide Investigating Grand Jury and Recent Criminal Charges." See also "CERTAIN RISK FACTORS – Recent Developments and Pending Legislation – Recent Judicial Holding in the United States District Court, Southern District of New York" below.

Recent Judicial Holding in the United States District Court, Southern District of New York

On August 10, 2016, several plaintiffs, including the American Trucking Associations, Inc., were successful in challenging the constitutionality of the New York State Thruway Authority's use of New York Thruway toll revenue to maintain a canal system holding that "to the extent that toll revenues collected from interstate truckers are used to maintain the Canal System - which has great economic, historic and recreational value for the State of New York and many of its constituent communities, but no transportation or other associated value to plaintiffs—the incorporation of those expenses into the Thruway's toll rates, and their collection from the plaintiffs, violates the Dormant Commerce Clause" of the United States Constitution.

On February 28, 2017, the above referenced ruling was reversed after the New York State Thruway Authority moved to dismiss based on new arguments, including that the Intermodal Surface Transportation

Efficiency Act of 1991 enacted by the United States Congress authorizes the use of Thruway toll revenue to maintain the canal system. In vacating its original ruling and granting the dismissal, the court held, among other things, that the "Authority's expenditure of excess funds on canal development project was authorized by Congress and so did not violate Dormant Commerce Clause" citing that where "state or local government action is specifically authorized by Congress, it is not subject to the Commerce Clause even if it interferes with interstate commerce." An appeal of the February 28, 2017 judgment was filed by plaintiffs on March 15, 2017.

In an August 29, 2016 newspaper article in the Pittsburgh Post-Gazette, the acting general counsel for the American Trucking Associations is reported as saying that "[w]e will be aggressively looking at these situations across the country to see what other action we might take." The article also reported that "he said, the association will look at whether truckers receive any direct benefit when tolls are used for projects other than roads and bridges."

The Commission cannot predict whether any similar action would be brought in other jurisdictions (including in Pennsylvania), or if brought, whether any such action would be successful, would result in monetary damages or other relief being imposed on the Commission, or would otherwise adversely affect the Commission's ability to repay subordinate debt obligations, including the 2017 Bonds.

See APPENDIX A "THE PENNSYLVANIA TURNPIKE COMMISSION - THE COMMISSION - Recent Developments and Pending Legislation Recent Judicial Holding in the United States District Court, Southern District of New York."

Certain legislative actions may result in adverse changes to the Commission or Act 44 or Act 89

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 2017 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.

Payment of the 2017 Bonds is not secured by a lien on any funds on deposit in the General Reserve Fund established under the Senior Indenture or on any toll revenues collected by the Commission. The 2017 Bonds are secured solely by the Commission Payments and funds held under the Subordinate Indenture (excluding the Rebate Fund and as otherwise described herein). Only the Special Revenue Bonds are entitled to payments from the Motor License Fund. In the event of insolvency of the Commission, any claim of the Bondholders, to the extent not satisfied from the Trust Estate, would be a general unsecured claim.

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

A series of automatic federal deficit reduction spending cuts known as "sequestration" became effective on March 1, 2013 as a result of the failure by Congress to adopt alternative deficit reduction legislation; recent legislation has extended sequestration through the 2024 federal fiscal year. Sequestration will affect the federal subsidy payable to the Commission with respect to its outstanding Build America Bonds. The Commission currently has $1,104,675,000 in principal amount of Build America Bonds outstanding, and is entitled to receive approximately $22,386,870.80 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, 2013. 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 in October 2014, such federal subsidy was reduced by 7.3% or $1,634,251 for payments from October 1, 2014 through September 30, 2015. Based on guidance issued by the IRS in August 2015, such federal subsidy was reduced by 6.8% or $1,522,308 for payments from October 1, 2015 through September 30, 2016. Based on guidance issued by the IRS in August 2016, such federal subsidy will be reduced by 6.9% or $1,544,694 for payments from October 1, 2016 through September 30, 2017. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. 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.

Uncertainty as to available remedies

The remedies available to owners of the 2017 Bonds upon an Event of Default under the Subordinate 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 Subordinate Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the 2017 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.

The 2017 Bonds are not subject to acceleration

Payment of principal of and interest on the 2017 Bonds may not be accelerated upon the occurrence of an Event of Default under the Subordinate Indenture.

The Motor License Fund may be used for other purposes

The obligation of the Commonwealth to make payments from the Motor License Fund in respect of the 2017 Special Revenue Bonds is limited to certain available amounts in the Motor License Fund. Amounts in the Motor License Fund are not pledged to the holders of the 2017 Special Revenue Bonds and may be expended by the Commonwealth for other purposes or loaned to the Commonwealth's General Fund. Accordingly, the availability of funds in the Motor License Fund to make payments with respect to the 2017 Special Revenue Bonds is not guaranteed by the Commonwealth.

Possible changes in federal tax laws could affect the excludability or deductibility of interest on tax-exempt bonds such as the 2017 Bonds

Current and future legislative proposals, if enacted into law, could cause some or all of the interest on the 2017 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 2017 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 2017 Bonds. Prospective purchasers of the 2017 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."

BOND INSURANCE

The information contained under this heading relates to the insurer of certain 2017B-2 Subordinate Bonds, as further described below. Such information has been obtained from the insurer for use in this Official Statement. No representation is made by the Commission or the Underwriters as to the accuracy or completeness of this information.

Bond Insurance Policy. Concurrently with the issuance of the 2017 Bonds, Assured Guaranty Municipal Corp. ("**AGM**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the 2017B-2 Subordinate Bonds maturing on June 1 of the years 2033, 2034, 2035 and 2037 (the "**Insured Bonds**"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an APPENDIX I to this Official Statement.

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

Assured Guaranty Municipal Corp. AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On June 26, 2017, S&P issued a research update report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of AGM. At March 31, 2017:

- The policyholders' surplus of AGM was approximately $2,204 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,263 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately $1,349 million. Such amount includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and (ii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of Assured Guaranty (Europe) Ltd were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (filed by AGL with the SEC on May 5, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the 2017 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters. AGM makes no representation regarding the 2017 Bonds or the advisability of investing in the 2017 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under "BOND INSURANCE".

AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the years ended May 31, 2016 and May 31, 2015 are set forth in APPENDIX B - "AUDITED FINANCIAL STATEMENTS: 2016 and 2015" 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 Undertaking for the benefit of the Registered Owners from time to time of the 2017 Bonds (the "**Disclosure Undertaking**") pursuant to Rule 15c2-12 promulgated by the SEC under the Securities Act of 1933, as amended (the "**Rule**").

Pursuant to the Disclosure Undertaking, the Commission will provide or cause to be provided to the Municipal Securities Rulemaking Board (the "**MSRB**"), 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, 2017, 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 2017 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 2017 Bonds or other material events affecting the tax status of the 2017 Bonds; (vii) modifications to rights of holders of the 2017 Bonds, if material; (viii) optional or unscheduled 2017 Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the 2017B Subordinate Revenue Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar proceedings or events involving 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 2017 Bonds. For example, the events listed in clauses (iv) and (v) are not applicable to the 2017 Bonds because there is no credit or liquidity enhancement providing for the payment of the 2017 Bonds.

The Commission may amend the Disclosure Undertaking and waive any of the provisions thereof, but no such amendment or waiver shall be executed and effective unless: (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the Commission or the governmental operations conducted by the Commission; (ii) the Disclosure Undertaking, as modified by the amendment or waiver, would have been the written undertaking contemplated by the Rule at the time of original issuance of the 2017 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 2017 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 2017 Bonds.

The Disclosure Undertaking will recite that it is entered into for the benefit of the Registered Owners from time to time of the 2017 Bonds. For the purposes of the Disclosure Undertaking, for so long as the 2017 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 2017 Bonds. Holders of book-entry credits may file their names and addresses with the Commission for the purposes of receiving notices or giving direction under the Disclosure Undertaking.

A default under the Disclosure Undertaking shall not be deemed to be a default under the 2017 Bonds, the Subordinate Indenture or the Senior Indenture, and the sole remedy to enforce the provisions of the Disclosure Undertaking shall be the right of any Registered Owner, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform the provisions and covenants contained in the Disclosure Undertaking.

The Disclosure Undertaking will terminate (1) upon payment or provision for payment in full of the 2017 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 Undertaking is on file at the principal office of the Commission.

Approximately 54 separate continuing disclosure undertakings were in effect during the five (5) year period preceding the date of this Official Statement relating to over 100 series and subseries of bonds issued by the Commission. During such five (5) year period, in connection with approximately five (5) of those undertakings (which cover approximately eighteen (18) series and subseries of bonds), the Commission failed to provide (on or before the required deadlines) certain annual disclosure concerning either Act 3 Registration Fee Revenue or Oil Franchise Tax Revenue collected by the Commonwealth for fiscal years ending 2012-2014, as applicable.

Each of the foregoing described disclosures was subsequently filed through EMMA on or about September 30, 2015. Notice of the failure to timely provide such disclosures was filed with the MSRB (via EMMA) on July 22, 2016. Additionally, a notice of change in trustee in April of 2012 was filed approximately 16 days late. None of the foregoing described instances of late filings should be construed as an acknowledgement by the Commission that any such instance was material.

Except as may be otherwise described herein, 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 undertakings entered into pursuant to the Rule in connection with its other series of bonds.

RELATIONSHIPS OF CERTAIN PARTIES

PFM Financial Advisors LLC, Financial Advisor, and its affiliate PFM Asset Management LLC are engaged to provide other services to the Commission.

Buchanan Ingersoll & Rooney PC, Disclosure Counsel, is engaged from time to time to provide certain other services to the Commission.

Wells Fargo Bank, National Association is serving as an Underwriter, Trustee and Paying Agent for the 2017 Bonds, and as Escrow Agent for the Subordinate Revenue Refunded Bonds, will be separately compensated for serving in each capacity.

UNDERWRITING

Citigroup Global Markets Inc., on behalf of itself and the other Underwriters shown on the cover page hereof (the "**Underwriters**"), has entered into a purchase contract (the "**Purchase Contract**") with the Commission pursuant to which the Underwriters have agreed, subject to certain customary conditions precedent to closing, to purchase (i) the 2017B Subordinate Revenue Bonds from the Commission at a purchase price equal to $834,919,492.99 (representing the par amount, plus original issue premium of $87,206,048.95, less underwriters' discount of $2,796,555.96), and (ii) the 2017 Special Revenue Bonds from the Commission at a purchase price equal to $54,157,918.89 (representing the par amount, plus original issue premium of $8,921,239.00, less underwriters' discount of $153,320.11).

Pursuant to the Purchase Contract, the Underwriters will be obligated to purchase all of the 2017 Bonds if any of such 2017 Bonds are purchased. The 2017 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2017 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 2017 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.

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

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

Citigroup Global Markets Inc., an underwriter of the 2017 Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the 2017 Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the 2017 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the 2017 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2017 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2017 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

BNY Mellon Capital Markets and Pershing LLC, both direct or indirect subsidiaries of The Bank of New York Mellon Corporation, entered into a distribution agreement (the "BNYM Distribution Agreement") that enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to BNY Mellon Capital Markets, LLC, including the 2017 Bonds. Under the BNYM Distribution Agreement, BNY Mellon Capital Markets will share with Pershing LLC a portion of the fee or commission paid to BNY Mellon Capital Markets, LLC.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings for the 2017B Subordinate Revenue Bonds, of "A3" (stable) and "A-" (stable), respectively. Moody's and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC have assigned ratings for the Insured Bonds of "A2" (stable), and "AA" (stable), respectively, based on the issuance of the Insurance Policy at the time of delivery of the Insured Bonds. Moody's and Fitch have assigned the 2017 Special Revenue Bonds ratings of "A2" (Stable) and "AA-" (stable), respectively.

An explanation of the significance of each of such ratings and outlook may be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and Fitch Ratings, 33 Whitehall Street, 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 any of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2017B Subordinate Revenue Bonds.

Except as provided in the Disclosure Undertaking, neither the Underwriters nor the Commission has undertaken any responsibility to bring to the attention of the holders of the 2017 Bonds any proposed or actual change in or withdrawal of any rating or to oppose any proposed change or withdrawal.

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 2017 Bonds, or in any way contesting or affecting the validity of the 2017 Bonds or any proceedings of the Commission taken with respect to the offer or sale thereof, or the pledge or application of any monies or security provided for the payment of the 2017 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 plaintiff or $1,000,000 in the aggregate.

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

The Commission may be subject to additional litigation or other actions from time to time in the future which cannot be predicted at this time. See "CERTAIN RISK FACTORS – Litigation and Other Actions Against the Commission" and "CERTAIN RISK FACTORS – Recent Judicial Holding in the United States District Court, Southern District of New York" herein.

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 APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION - THE COMMISSION − Recent Developments and Pending Legislation -- Statewide Investigating Grand Jury and Recent Criminal Charges" in APPENDIX A hereto for a detailed discussion of the matters summarized above.

LEGAL MATTERS

Certain legal matters incident to the issuance of the 2017 Bonds and with regard to the tax status of the interest thereon will be passed upon by Squire Patton Boggs (US) LLP, Washington, D.C. and Houston Harbaugh, P.C., Pittsburgh, Pennsylvania, Co-Bond Counsel. A copy of the form of opinion of Co-Bond Counsel which will be delivered with the 2017 Bonds is set forth in APPENDIX D − "FORM OF OPINION OF CO-BOND COUNSEL." Certain legal matters will be passed upon for the Underwriters by their Counsel, Dilworth Paxson LLP, Philadelphia, Pennsylvania and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Disclosure Counsel to the Commission.

The various legal opinions to be delivered concurrently with the delivery of the 2017 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.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP and Houston Harbaugh, P.C., Co-Bond Counsel, under existing law: (i) interest on the 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax; and (ii) interest on the 2017 Bonds is exempt from Commonwealth personal income tax and Commonwealth corporate net income tax. Co-Bond Counsel expresses no opinion as to any other tax consequences regarding the 2017 Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Commission contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2017 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Co-Bond Counsel will not independently verify the accuracy of the Commission's certifications and representations or the continuing compliance with the Commission's covenants.

The opinion of Co-Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Co-Bond Counsel's legal judgment as to exclusion of interest on the 2017 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Co-Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Commission may cause loss of such status and result in the interest on the 2017 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Bonds. The Commission has covenanted to take the actions required of it for the interest on the 2017 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the 2017 Bonds, Co-Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Co-Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2017 Bonds or the market value of the 2017 Bonds.

Interest on the 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax. In addition, interest on the 2017 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2017 Bonds. Co-Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2017 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a 2017 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Co-Bond Counsel's engagement with respect to the 2017 Bonds ends with the issuance of the 2017 Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Commission or the owners of the 2017 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2017 Bonds, under current IRS procedures, the IRS will treat the Commission as the taxpayer and the beneficial owners of the 2017 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2017 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2017 Bonds.

Prospective purchasers of the 2017 Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the 2017 Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2017 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2017 Bonds will not have an adverse effect on the tax status of interest on the 2017 Bonds or the market value or marketability of the 2017 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the 2017 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the 2017 Bonds should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the 2017 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the 2017 Bonds may be adversely affected and the ability of holders to sell their 2017 Bonds in the secondary market may be reduced. The 2017 Bonds are not subject to special mandatory redemption, and the interest rates on the 2017 Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the 2017 Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Premium

Certain of the 2017 Bonds ("Premium 2017 Bonds") as indicated on the cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium 2017 Bond, based on the yield to maturity of that Premium 2017 Bond (or, in the case of a Premium 2017 Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium 2017 Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium 2017 Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium 2017 Bond, the owner's tax basis in the Premium 2017 Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium 2017 Bond for an amount equal to or less than the amount paid by the owner for that Premium 2017 Bond. A purchaser of a Premium 2017 Bond in the initial public offering at the price for that Premium 2017 Bond stated on the cover of this Official Statement who holds that Premium 2017 Bond to maturity (or, in the case of a callable Premium 2017 Bond, to its earlier call date that results in the lowest yield on that Premium 2017 Bond) will realize no gain or loss upon the retirement of that Premium 2017 Bond.

Owners of Premium 2017 Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of bond premium properly accruable or amortizable in any period with respect to the Premium 2017 Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

When the 2017 Bonds are issued, BondResource Partners, LP ("**Verification Agent**"), will deliver to the Commission a report indicating that it has verified the arithmetic accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal amounts of, and the interest on, the escrow securities to pay the principal, interest and redemption price coming due on the Refunded Bonds; and (b) certain yield calculations relating to the Subordinate Revenue Refunded Bonds and the Special Revenue Refunded Bonds.

FINANCIAL ADVISORS

The Commission has retained PFM Financial Advisors LLC, Philadelphia, Pennsylvania, and G-Entry Principle, P.C., Philadelphia, Pennsylvania, as Co-Financial Advisors with respect to the authorization and issuance of the 2017 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, ESCROW AGENT AND PAYING AGENT

Wells Fargo Bank, N.A. (the "**Bank**"), Philadelphia, Pennsylvania, is the Trustee and Paying Agent under the Subordinate Indenture, the obligations and duties of which are as described in the Subordinate Indenture. The Bank is also the escrow agent under the Escrow Agreements, the obligations and duties of which are described in the Escrow Agreements. The Bank has not evaluated the risks, benefits or propriety of any investment in the 2017 Bonds, makes no representation, and has reached no conclusions, regarding the validity of the 2017 Bonds, the investment quality of the 2017 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status, as applicable, of the interest on the 2017 Bonds, about all of which the Bank expresses no opinion and expressly disclaims the expertise to evaluate. The Bank has relied upon the opinion of Co-Bond Counsel for the validity of the 2017 Bonds and status of the interest on the 2017 Bonds as well as other matters set out in that opinion. Furthermore, the Bank has no oversight responsibility, and is not accountable, for the use or application by the Commission of any of the 2017 Bonds authenticated or delivered pursuant to the Subordinate Indenture or for the use or application of the proceeds of such 2017 Bonds by the Commission.

Under the terms of the Subordinate Indenture, the Trustee is not responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel and the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the Subordinate Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the Subordinate Indenture (except with respect to failure to make debt service payments), unless a Responsible Officer of the Trustee has actual notice thereof or has been specifically notified in writing of such default by the owners of at least 25% in aggregate principal amount of the Outstanding Subordinate Indenture Bonds of any Class (as defined in APPENDIX C). All notices or other instruments required by the Subordinate Indenture to be delivered to the Trustee must be delivered at the designated office of the Trustee. In the absence of any such notice, the Trustee may conclusively assume no Event of Default under the Subordinate Indenture exists, except as expressly stated in the Subordinate Indenture. The summary of the Trustee's rights, duties, obligations and immunities is not intended to be a complete summary and reference must be made to the Subordinate Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

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MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Commission's records, audited financial statements and other sources which are believed to be reliable. However, 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 2017 Bonds, the Subordinate Indenture, the Disclosure Undertaking, and the Senior Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference and are subject to the full texts thereof.

Neither this Official Statement nor any other disclosure in connection with the 2017 Bonds is to be construed as a contract with the holders of the 2017 Bonds. Any statement made in this Official Statement involving matters of opinion or estimates, whether or not expressly so identified, is intended merely as such and not as representations of fact. No representation is made that any of such statements will be realized.

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

PENNSYLVANIA TURNPIKE COMMISSION

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

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APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

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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, Act 211; the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P.L. 1232; the Act of September 30, 1985, P.L. 240, No. 61 ("***Act 61***") to the extent not repealed by Act 44; and the Act of November 25, 2013, P.L. 974, No. 89 ("***Act 89***") (collectively, the "***Enabling Acts***").

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

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 do not apply to members of the Commission originally confirmed prior to Act 89's effective date.

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

[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. Unless otherwise noted herein, this Appendix A includes by reference the information contained in the linked materials, but only as such information appears on the linked websites 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.

William K. Lieberman was appointed to serve as a Commissioner in July 2010. Mr. Lieberman previously served as Chairman of the Commission from January 2011 until January 2015. Mr. Lieberman has been President of The Lieberman Companies, an insurance and pension provider, since 2003. He serves on the board of AMPCO Pittsburgh. A graduate of The Pennsylvania State University, he is a University of Pittsburgh Trustee and former Chairman of the Manchester-Bidwell Corp., Pittsburgh, Pennsylvania. He was reappointed to serve as a Commissioner in January 2015. Mr. Lieberman received a unanimous recommendation for confirmation by the Senate Transportation Committee in April 2015 and was confirmed in May 2015 by the Senate. His term expires in May 2019.

Pasquale T. Deon, Sr., an established businessman and lifelong resident of Bucks County, Pennsylvania has served as a member of the Commission since 2002. Commissioner Deon was reappointed to the Commission in December 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 expires in December 2017.

Barry Drew was nominated in September 2015 by Governor Tom Wolf and confirmed by the Senate in December 2015 to serve as a Commissioner. Mr. Drew previously served as the Deputy Secretary of Administration at the Pennsylvania Department of Revenue from 1995 until 2011. Prior to that, he was Solicitor for the City of Erie, Pennsylvania, then Director of Administration for the County of Erie. Mr. Drew is a Vietnam War veteran who served as a Sergeant in the United States Air Force. He holds a Bachelor of Science in Accounting from Gannon University and a Juris Doctor from the Western New England College School of Law. His term expires in December 2019.

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 served 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.

John N. Wozniak was nominated by Governor Tom Wolf on March 30, 2017 to serve as a Commissioner. The appointment of Mr. Wozniak as a Commissioner was confirmed by the State Senate on July 8, 2017 and Mr. Wozniak took his oath as a Commissioner on July 11, 2017. Mr. Wozniak served as a Pennsylvania State Senator from the 35^{th} District from 1997 to 2016. Prior to that, he served as a member of the Pennsylvania House of Representatives from the 71^{st}

District from 1981 to 1996. Mr. Wozniak graduated from the University of Pittsburgh at Johnstown in 1978 with a B.A. in Economics. His term expires in July 2021.

By law, when a vacancy on the Commission is filled, all offices of the Commission are deemed vacant. As a result of Mr. Wozniak's confirmation, it will be necessary for the Commission to hold a reorganizational meeting to elect new officers. The Commission's next regularly scheduled meeting is July 18, 2017.

Executive Personnel

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

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

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 in July 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 in January 2014. Prior to joining the Commission, Mr. Morrow had an extensive career with the Federal Bureau of

Investigation (FBI) first from 1977 to 1978. From 1978 to 1980, Mr. Morrow served with the U.S. Secret Service Uniformed Division assigned to the White House and the Presidential Protective Detail. From 1980 to 1987, Mr. Morrow served as an Executive Protection Specialist for Allegheny International ("AI"), a Fortune 500 company, assigned to protect the President of AI. Then, from 1987 to 2007, Mr. Morrow once again joined the FBI as a Special Agent culminating his career 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, among other things, the approval of the Federal Highway Administration ("***FHWA***") of the conversion of such portion into a toll road (the "***Conversion***"). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating 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. But see "*Act 89 and Act 89 Amendment*" below as to subsequent changes to such annual payments.

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. Act 89 relieves the Commission from over $15 billion in future transfers to PennDOT during Fiscal Years 2023 through 2057. 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 payments may be used to support Commonwealth road and bridge projects. Instead, $420 million of the scheduled annual payment may be used to support mass transit capital and operating needs, alternative energy transportation capital projects and other transportation programs of statewide significance, and $30 million shall be used to support multi-modal projects, which may include: aviation projects; rail freight projects; port projects; bicycle projects and pedestrian projects. 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.

Act 44 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 were allocated between deposits to the Commonwealth Motor License Fund (the "***Motor License Fund***") for road and bridge work and deposits into the Public Transportation Trust Fund for distribution to Pennsylvania's local and regional public transportation agencies for operating and capital purposes.

No portion of the 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 is being deposited into the Public Transportation Trust Fund and may 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 $5,650,000,000 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
2016	0.0	450.0	450.0
2017	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, other transportation programs of statewide significance, 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 or under a parity swap agreement.

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. But see "*Statutory Limitations on the Incurrence of Special Revenue Bonds*" below. The Commission intends that any long-term indebtedness to be issued under the Subordinate Indenture is 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. As of the date of this Official Statement, there is $4,789,282,508.05 aggregate principal amount of Subordinate Revenue Bonds outstanding under the Subordinate Indenture (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). Upon delivery of the 2017B Subordinate Revenue Bonds, and the refunding of the Subordinate Revenue Refunded Bonds, the Commission will have $5,169,062,508.05 aggregate principal amount of Subordinate Revenue Bonds outstanding (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds) under the Subordinate Indenture. The foregoing amounts include $341,850,000,000 aggregate principal amount of floating rate notes (FRNs). Other obligations incurred and outstanding under the Subordinate Indenture include the Commission's obligations under various interest rate swap agreements having a total current notional amount of $291,850,000. 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 and for the Subordinate Revenue Bonds issued under the Subordinate 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. As of the date of this Official Statement there is $994,772,875.85 aggregate principal amount of Special Revenue Bonds outstanding under the Subordinate Indenture (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). Upon the issuance of the 2017 Special Revenue Bonds and the refunding of the Special Revenue Refunded Bonds, the Commission will have $992,602,875.85 aggregate principal amount of Special Revenue Bonds outstanding (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds) under the Subordinate Indenture.

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 thereafter, PennDOT shall give notice to the Office of the Budget of the Commonwealth of such deficiency, the Office of the Budget of the Commonwealth shall request that the Treasurer of the Commonwealth transfer funds to the Subordinate Indenture Trustee in an amount necessary to cure such deficiency, and the Treasurer of the Commonwealth shall transfer such funds to the Subordinate Indenture Trustee but only from amounts available for such purpose in the Motor License Fund. The appropriation of money in the Commonwealth's Motor License Fund in respect of Special Revenue Bonds issued by the Commission under Act 44 is continuing and non-lapsing. The Commonwealth has no obligation to appropriate any funds, other than available funds on deposit in the Motor License Fund, for the payment of any such Special Revenue Bonds. Pursuant to the MOA, certain funds equal to the maximum annual debt service on outstanding Special Revenue Bonds are to be set aside (but not pledged) in the Motor License Fund for this purpose upon the issuance of Special Revenue Bonds. Funds in such amounts were set aside in the Motor License Fund in connection with the issuance of the Commission's Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series A of 2010, Series B of 2010, Series A of 2011, Series B of 2011, Series A of 2012, Series B of 2012, Series A of 2013, Series B of 2013, Series A of 2014 and First Series of 2016. 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 June 1, 2017, the Commission submitted its financial plan for Fiscal Year 2018 (the "***Financial Plan***") which incorporates certain information from the Commission's Ten Year Capital Plan (the "***Capital Plan***"). The Financial Plan indicates that in Fiscal Year 2017 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 2018. See "THE COMMISSION – Recent Developments and Pending Legislation – Federal Surface Transportation Reauthorization" for discussion of the 2015 Transportation Act and federal reimbursements thereunder.

The Financial Plan for Fiscal Year 2018 includes modestly higher estimated toll revenue and traffic, based on CDM Smith's 2017 Bring Down Letter, than what was included in the prior year's financial plan. Fiscal Year 2018 operating expenses are projected to increase by 5.7% ($21.7 million) to $399.6 million. From Fiscal Year 2019 onward, the financial plan assumes the Commission will work to achieve the PTC's financial planning goal of 4% annual growth in operating expenses. Where possible, the Commission is actively managing its operations to limit the rate of growth in those operating costs directly under its control. However, significant portions of the Commission's operating budget are beyond its ability to control. These external cost drivers include the Commission's pension expense related to the State Employees Retirement System ("SERS") and the Commission's projected expense for the Pennsylvania State Police. With respect to specific operating expenses that are under the control of the Commission, such costs are projected to increase 1.9% ($5.7 million) in Fiscal Year 2018 while the Commission's pension expense related to SERS is estimated to increase 33.3% ($12.0 million) and the Commission's projected expense for the Pennsylvania State Police is estimated to increase 8.9% ($4.0 million). The Financial Plan also continues to include more conservative debt structuring assumptions, first included in the Fiscal Year 2017 Financial Plan, to reduce the Commission's interest costs. These include assuming 30 year terms versus 40 year terms to amortize principal more quickly, eliminating the planned use of capital appreciation bonds and other deferred interest products in the future, and assuming future debt issuances based on level debt service assumptions rather than on escalating debt service. Finally, the Financial Plan for Fiscal Year 2018 maintains debt service coverage ratios for all toll revenue supported debt above policy level constraints.

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 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 2017. 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 2017 toll increase and the partial year impacts of an expected January 2018 toll increase. The Financial Plan assumes the $450 million reduced level of funding obligations required by the Enabling Acts through Fiscal Year 2022 and the $50 million funding level from Fiscal 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 at https://www.paturnpike.com/pdfs/business/finance/PTC_Fiscal_2018_Act_44_Financial_Plan.pdf. See "THE COMMISSION – Enabling Acts" above.

See "CAPITAL IMPROVEMENTS – Ten-Year Capital Plan" for additional information on the Capital Plan.

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 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.

Act 165 of 2016 (formerly House Bill 2025) ("***Act 165***") was signed into law on November 4, 2016. Act 165, among other things, allows for the suspension of vehicle registration for unpaid tolls. Specifically, the vehicle suspension process is triggered by the failure to pay six (6) or more violations or incurring unpaid tolls or administrative fees of $500. Additionally, Act 165 allows the Commission to collect unpaid out-of-state tolls after having entered into a reciprocity agreement with another state or tolling entity.

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 whether 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, the Subordinate Indenture Obligations, the Oil Franchise Tax Revenue Bonds or the Registration Fee Revenue Bonds, 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. Proposed legislation which was not enacted by November 30, 2016 expired, but may be reintroduced during the 2017-18 legislative session, which began on January 3, 2017.

Legislation either in discussion or introduced in the General Assembly during the 2017-18 legislative session, that if enacted would materially affect the Commission, includes the following:

- Similar to legislation that was introduced but not enacted during the last legislative session, Senate Bill 171 which would require a majority vote of the Pennsylvania Senate to confirm the Chief Executive Officer of the Commission passed the Senate and was referred to the House Transportation committee.

- Similar to legislation that was introduced but not enacted during several prior legislative sessions, Senate Bill 39, which would abolish the Commission and shift all of the Commission's operations, maintenance, construction and reconstruction powers and duties to PennDOT and shift the issuance and payment of bonds to the State Treasurer's office, was introduced and referred to the Senate Transportation Committee.

- Similar to legislation that was introduced but not enacted during several prior legislative sessions, a co-sponsorship memo has been circulated for legislation that would reduce the Commission's Act 44 obligations commencing immediately, and gradually step down such obligations until completely eliminated after 2022.

The Commission cannot predict what other legislation may be considered by the General Assembly during the 2017-2018 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 December 4, 2015, President Obama signed into law a five-year $305 billion federal transportation funding bill (the "***2015 Transportation Act***"). The 2015 Transportation Act provides continued funding for federal transportation programs at approximately $61 billion per year. While the operations of the Commission do not depend, significantly, upon the continued availability of federal funding, the Commission does, however, anticipate receiving a significant amount of reimbursement from the Federal Highway Trust Fund related to its I-95 Connector project.

Recent Judicial Holding in the United States District Court, Southern District of New York

Several plaintiffs, including the American Trucking Associations, Inc., challenged the constitutionality of the New York State Thruway Authority's use of New York Thruway toll revenue to maintain a canal system. The United States District Court, Southern District of New York granted a partial summary judgment for the plaintiffs on August 10, 2016 holding that "to the extent that toll revenues collected from interstate truckers are used to maintain the Canal System—which has great economic, historic and recreational value for the State of New York and many of its constituent communities, but no transportation or other associated value to plaintiffs—the incorporation of those expenses into the Thruway's toll rates, and their collection from the plaintiffs, violates the Dormant Commerce Clause" of the United States Constitution. The court was not tasked with determining whether any damages or other relief would be imposed in connection with the above proceedings, and stated that the plaintiffs are seeking a separate trial for damages in the amount of tolls paid in violation of the Dormant Commerce Clause for a three year period, and an injunction against future highway toll revenue being used in a manner that violates the Dormant Commerce Clause.

On February 28, 2017, the above referenced ruling was reversed after the New York State Thruway Authority moved to dismiss based on new arguments, including that the Intermodal Surface Transportation Efficiency Act of 1991 enacted by the United States Congress authorizes the use of Thruway toll revenue to maintain the canal system. In vacating its original ruling and granting the dismissal, the court held, among other things, that the "Authority's expenditure of excess funds on canal development project was authorized by Congress and so did not violate Dormant Commerce Clause" citing that where "state or local government action is specifically authorized by Congress, it is not subject to the Commerce Clause even if it interferes with interstate commerce." An appeal of the February 28, 2017 judgment was filed by plaintiffs on March 15, 2017.

In an August 29, 2016 newspaper article in the *Pittsburgh Post-Gazette*, the acting general counsel for the American Trucking Associations is reported as saying that "[w]e will be aggressively looking at these situations across the country to see what other action we might take." The article also reported that "he said, the association will look at whether truckers receive any direct benefit when tolls are used for projects other than roads and bridges."

The Commission cannot predict whether any similar action would be brought in other jurisdictions (including in Pennsylvania), or if brought, whether any such action would be successful, would result in monetary damages or other relief being imposed on the Commission, or would otherwise adversely affect the Commission's ability to repay subordinate debt obligations, including the 2017 Bonds.

Statewide Investigating Grand Jury and Related 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, when the Grand Jury issued its 85-page Presentment (the "***Grand Jury Presentment***"), 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

[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***".

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 had 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 were charged with a variety of offenses, including conspiracy, commercial bribery, bid-rigging, theft, conflict of interest, and corrupt organization violations. No criminal charges were 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. Of the eight individuals charged, a Dauphin County Court Judge on September 30, 2014, approved admission of the two individuals associated with vendors into the county's Accelerated Rehabilitative Disposition Program. The Attorney General's Office ultimately dismissed all charges against the former state senator. 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 charges against him were dismissed. 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.

With respect to the "two other former Commission employees", one was sentenced to two years' probation and ordered to pay restitution and the other pled guilty and was sentenced to eighteen months' probation, ordered to pay restitution and fines and perform 50 hours of community service.

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 by the Chief Executive Officer of the Commission in the spring of 2013. The members were 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 continued to meet on a quarterly basis for one year following the submission of the report, after which it is scheduled to meet once every three years. Among some of the reforms and recommendations implemented to date include: 1) a revised employee code of conduct has been adopted; 2) business/vendor code of conduct has been adopted; and 3) all Commission employees have been trained on the employee code of conduct and all Commission vendors of construction related services have received training on both codes of conduct. Additionally, the Commission will conduct periodic policy reviews for ethics, procurement and transparency matters.

The complete report of the Advisory Committee is available on the Commission's website at https://www.paturnpike.com/pdfs/about/Advisory_Committee_Report.pdf. See "Commission Compliance Department" under "CERTAIN OTHER INFORMATION" for additional information.

Status of Delaware River Bridge

On January 20, 2017, the Delaware River Bridge was closed following the discovery of a fracture in a steel truss. Phase l of the work to stabilize the bridge was completed on January 23, 2017 while structural engineers engaged in a more comprehensive assessment and structural analysis to determine a permanent repair strategy. After the completion of certain repairs and extensive examination and testing of the bridge over several weeks by the Commission, the New Jersey Turnpike Authority ("Authority") and the Federal Highway Administration and their respective experts and consultants, the bridge was fully reopened to traffic on March 9, 2017. Although further minor repairs will be performed on the bridge in the coming months, it is anticipated that the bridge will remain open while such future repairs are being made.

The bridge is jointly owned and maintained by the Commission and the Authority and all costs of operation, maintenance and repair of the bridge are shared equally by the Commission and the Authority. The Commission estimates that its 50% share of the costs of the repair, examination and testing of the bridge will be approximately $10,000,000, which will be paid by the Commission from bond proceeds as part of its 10 Year Capital Plan. The Commission's Traffic and Revenue consultant has projected that the closure of the bridge resulted in the Commission incurring a loss of toll revenue on the Turnpike during the period between January 20, 2017 and March 9, 2017 of approximately $12,100,000 (1.8 million transactions). The effect of the estimated lost revenues has been included, by the Commission's Traffic and Revenue Consultant, in the projections of the Commission's toll revenues and traffic volume for Fiscal Year 2017.

In connection with the foregoing, the Commission is exploring whether costs associated with the bridge repairs along with lost revenues relating to the bridge closure, would be covered under its All Risk insurance policy (subject to applicable deductibles). The Commission maintains a $200 million (per occurrence) All Risk insurance policy including loss of business income coverage as further described under "CERTAIN OTHER INFORMATION Insurance" below. To the extent costs associated with the bridge closure and repairs are not so covered; the Commission would expect to reprioritize projects in its Ten-Year Capital Plan to accommodate the bridge repair project.

Additional Matters

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

Pennsylvania Department of Transportation). Meetings of Commission management with executives of both Pennsylvania Department of Environmental Protection 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 placed in service as of May 1956. The initial segment of the Northeast Extension between the Turnpike Mainline and the temporary interchange just south of the Lehigh Tunnel was opened in 1955. The final segment, from the temporary interchange to Scranton, was completed and opened for traffic in November 1957.

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

Interchanges and Service Plazas

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

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 into the agreements in 2005, all 17 rebuilt service plazas have opened. Cumulatively, the two companies have invested approximately $190 million in service renovation projects, at no cost to the Commission. The Commission recorded income of approximately $3.9 million and $3.7 million under the service plaza agreements in Fiscal Years 2015-2016 and 2014-2015, respectively, which is based on volume rental payments plus a percentage of revenue generated.

Additional Services

In addition to 785 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.

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 Pennsylvania Department of Environmental Protection announced a $1 million grant award to help develop electric vehicle infrastructure on the System. The grant recipient, Car Charging Group Inc. (CCGI) was to install charging stations at 15 of the System's mainline service plazas (the Project). The Commission committed additional funding of up to $500,000 to upgrade the electrical systems at the plazas to accommodate the charging stations. The first three phases of the work have been completed. Electric vehicle charging stations are currently installed at the following service plazas: New Stanton, Oakmont, King of Prussia, Bowmansville and Peter J. Camiel. CCGI is unable to complete the Project. As a result, on April 19, 2017, DEP terminated the grant and revoked further funding under the grant. The Commission is in the process of terminating its agreement with CCGI and looking for alternative options to complete the Project.

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.

In October 2016, the Commission authorized the award of contracts to legal firms and financial consultants to assist in exploring a broadband network public-private partnership (P3) project, including the designing, building, financing, operating and maintenance of a fiber network for Commission data communications and the marketing and leasing of excess network capacity to private users along the System. The new system would replace an existing digital microwave network.

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 seven interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, E-ZPass customers traveling in 16 other states that have implemented E-ZPass technology are able to use E-ZPass in those states. Currently, E-ZPass is available on the entire System, 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 to the Commission, a violation enforcement system ("***VES***") has been installed at all interchanges where E-ZPass has been installed to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that 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 to the Commission. See "CERTAIN FINANCIAL INFORMATION - Performance Audit by the Auditor General" below for Auditor General findings with respect to enforcement powers of Commission. Subsequent to the Auditor General's Performance Audit, Act 165 was signed into law which, among other things, allows for the suspension of vehicle registration for unpaid tolls. See "THE COMMISSION - Recent Developments and Pending Legislation" above for additional information on Act 165.

The Commission's annual revenues from Electronic Toll Collection (ETC – which includes revenues from E-ZPass, VES and Toll by Plate) have increased to $769.0 million during the Fiscal Year ended May 31, 2016 from $667.8 million for the Fiscal Year ended May 31, 2015. The Commission's annual revenues from ticketed drivers (i.e., not using ETC) decreased to $262.6 million during the Fiscal Year ended May 31, 2016 from $266.5 million for the Fiscal Year ended May 31, 2015. The Commission expects that E-ZPass usage will continue to increase. The following table summarizes the Commission's ETC penetration rates among passenger, commercial and total users for Fiscal Years 2012-2016.

ETC Penetration Rates

Fiscal Year	Passenger	Commercial	Total
2012	62%	80%	64%
2013	66%	83%	68%
2014	70%	85%	72%
2015	73%	87%	75%
2016	75%	89%	77%

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: Buffalo and Fort Erie Public Bridge Authority (Peace Bridge); 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; Indiana Toll Road Concession Company; Maine Turnpike Authority; Maryland Transportation Authority; Massachusetts Department of Transportation; Metropolitan Transportation Authority Bridges & Tunnels; New Hampshire Department of Transportation; New Jersey Turnpike Authority; New York State Bridge Authority; New York State Thruway Authority; North Carolina Turnpike Authority; Ohio Turnpike & Infrastructure Commission; Port Authority of New York and New Jersey; Rhode Island Turnpike and Bridge Authority; South Jersey Transportation Authority; Thousand Island Bridge Authority; Virginia Department of Transportation; West Virginia Parkway Authority; Skyway Concession Co. LLC; Niagara Falls Bridge Commission; and Kentucky Public Transportation Infrastructure Authority. 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.

E-ZPass Only

The Commission has constructed four E-ZPass Only interchanges 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); Route 29 (located west of the Valley Forge Interchange) and at Route 903 in Carbon County. In addition, a cashless tolling location has been constructed and is operational at the Delaware River Bridge (westbound) which is part of the I-95 Connector in Bucks County. This cashless tolling location is one of the "pilot projects" converting segments of the Commission system to cashless technology. These E-ZPass Only interchanges, cashless tolling 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.

Cashless Tolling

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 system. The team of McCormick Taylor/CDM Smith (formerly Wilbur Smith Associates) was selected to conduct the study which included an overview of the existing toll collection system and an analysis of cashless systems throughout the United States, comparing the costs and benefits of various electronic tolling options. The feasibility report (the "***Feasibility Report***") was completed in March 2012, and at that time the Commission determined, based on the assumptions in the Feasibility Report, that conversion to a cashless system was technically feasible from both a financial and physical perspective. In July 2012, the Commission selected HNTB Corporation to act as its Program Manager to lead and direct the multi-disciplinary efforts required to manage and coordinate the design and implementation of a cashless system. The Conceptual Implementation Plan report, including a schedule for conversion, was issued in October 2014.

Following the enactment of Act 89, the Commission revaluated the schedule, which had contemplated full conversion to a cashless, non-stop system by 2018, and determined that a modified schedule for implementation would be necessary. Further consideration resulted in an approach whereby the existing toll lanes would be equipped with the necessary technology to allow for cashless tolling to occur at the existing plaza locations. At present, the Commission has only authorized the deployment of a "pilot project" involving four segments of the cashless system consisting of the Delaware River Bridge, which went into operation in January 2016, the Beaver Valley Expressway, which went into operation in April of 2017, Keyser Avenue/Clarks Summit which is planned for the spring of 2018, and the Findley Connector, which is also planned for the spring of 2018. Cashless tolling is being implemented, in part, by a new "TOLL BY PLATE" system. TOLL BY PLATE is a new license plate tolling system installed on overhead gantries at the Delaware River Bridge cashless tolling point and on the Beaver Valley Expressway (Toll 376). Non-E-ZPass customers are invoiced for assessed tolls. Cameras on overhead gantries capture a vehicle's license plate at highway speed, and a toll invoice is mailed to the vehicle's registered owner. Although existing toll booths would be removed from service at locations where TOLL BY PLATE is implemented, E-ZPass customers will still use transponders to pay tolls at such locations as overhead gantries are equipped to read E-ZPass transponders. Additional information regarding a cashless tolling system is available on the Commission's website at http://www.paturnpike.com/cashlesstolling/cashlesstolling.asp.[4]

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

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

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 is 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. 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 3.8 percent noted (as updated in the Fiscal Year 2016 Strategic Performance Report) as structurally deficient and 61 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

Facility condition reports are shared with HMS/Host and Sunoco, who are contractually obligated to operate and maintain the service plazas, to assist with their maintenance responsibilities and capital plans reflecting maintenance needs. Annual facility condition assessments are completed by the Commission and shared with HMS/Host. HMS/Host takes corrective actions on deficiencies and informs the Commission when corrected. The Commission does monthly inspections to ensure deficiencies have been corrected. Issues raised regarding the service plaza conditions have been resolved by HMS/Host and there are no current issues regarding the conditions of the service plazas. 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 Proposed 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 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 Information Technology Department 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 prepares 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, and Facilities and Energy Management Operations, which it updates each year. All capital projects are reviewed and prioritized and the most critical and important projects necessary to maintain the System in a state of good repair are pursued. The Commission undertook a five year program of enhanced capital spending, initiated in 2012, to address critical needs of the System such as structurally deficient bridges and total reconstruction projects on the Turnpike Mainline. As a result of the five years of enhanced capital spending, the Commission's percentage of structurally deficient bridges (by count) decreased from 8.1% to 3.8% and the Commission's International Roughness Index improved from 84 to 73 (lower is preferable). Also, the enhanced capital spending enabled the construction of the I-95 toll modifications and primary connections (north/east and west/south, also known as Sections D10 and D20) between I-95 and the Turnpike Mainline.

The Capital Plan for Fiscal Year 2018 was adopted by the Commission on June 6, 2017. The adopted Capital Plan calls for investment of approximately $5.62 billion, net of federal reimbursements, over the coming decade and is estimated to support approximately 32,000 jobs from Fiscal Year 2016 to Fiscal Year 2020. The Capital Plan enables the Commission to undertake a number of capital improvements and to pursue new initiatives to maintain and improve the System ensuring that it remains in a state of good repair. The Capital Plan provides continued investment into the System, with an emphasis on the total reconstruction of the Turnpike Mainline and Northeast Extension, addressing structurally deficient bridges and the protection of the infrastructure assets of the Commission. The Capital Plan for Fiscal Year 2018, at approximately $5.62 billion, represents a constant level of anticipated spending from the capital plan last adopted in May 2016 which also totaled $5.62 billion. The Capital Plan for Fiscal Year 2018 represents continued investment in critical capital projects and therefore aids in the protection of Commission assets. Deferred capital projects are not of a critical nature and will likely result in a reduction of total miles reconstructed from an average of eight miles annually to seven miles annually. The Fiscal Year 2018 Capital Plan represents a return by the Commission to its historic levels of capital investment.

The Fiscal Year 2018 Capital Plan will require the issuance of additional debt throughout the ten-year period; however, such additional debt issuance is projected to be over $2 billion lower over the ten-year period (2018-2027) than previously anticipated as part of the FY 2016 Capital Plan. The reduced level of debt issuances is attributable to a $777 million projected increase in Commission funded pay as you go capital and a $965 million reduction in overall ten year capital spending. The Commission believes that the capital spending and additional debt issuance, along with the continuing burden of Act 44 obligations to PennDOT, will require the imposition of annual toll increases throughout the ten-year period and beyond. The Traffic Study prepared by CDM Smith (formerly Wilbur Smith Associates) contemplates toll increases of 3.0% to 6.0% in each year.

Exhibit I attached to this Appendix A indicates budget allocations by program for the Fiscal Year 2018 Capital Plan.

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 120 miles of total reconstruction have been completed and approximately 21 miles are currently in construction. Total reconstruction projects from Milepost 202 to 206, Milepost 220 to 227, Milepost 242 to 245, and Milepost A-26 to A-31 are in construction. Currently, approximately 115 miles are in design.

Based on the Fiscal Year 2018 Capital Plan, the Commission plans to spend approximately $2.36 billion on total reconstruction projects and approximately $0.6 billion on various bridge and tunnel projects over the next ten years. In total, the Highway Program includes funding of approximately $4.579 billion, net of federal reimbursements, over the next ten years.

The Technology Program includes funding of approximately $177 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 approximately $185 million to purchase rolling stock to insure adequate maintenance of the roadway system.

The Facilities and Energy Management Program includes funding of approximately $372 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 and the potential conversion to a cashless tolling system is estimated to require approximately $447 million in capital funding over the next ten years. At present, as described above, the Commission has approved a pilot-program for cashless tolling implementation limited to three locations. See "THE TURNPIKE SYSTEM – Cashless Tolling" for additional information.

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 On March 21, 2017, the Commission announced that it would stop engineering-design activities on the final 14-mile section of the Mon/Fayette Expressway, extending from PA Route 51 to Interstate Route 376 near Monroeville east of Pittsburgh, in light of the Southwestern Pennsylvania Commission's recent decision to table the project. On June 26, 2017, the Southwestern Planning Commission voted to add the final 14-mile segment of the Mon/Fayette Expressway to its long range plan. This action will allow the Federal Highway Administration to approve changes to the environmental impact statement, a requirement for construction to commence. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate Route 376 are in excess of $2 billion.

When eventually completed, the Mon/Fayette Expressway would extend from Interstate 68 in West Virginia to Interstate Route 376 in Monroeville, which is east of 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, received environmental clearance for its 13 miles in September, 2008 and is in final design. Two of the seven roadway sections were bid in 2016. Section 55A1 was awarded at the December 6, 2016 Commission meeting. When completed in late 2019 or early 2020, the U.S. 22 to I-79 portion of the Southern Beltway will be a cashless tolling 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, Oil Franchise Tax Revenue Bonds, Series A, B and C of 2003, and Oil Franchise Tax Revenue Bonds, Series A-1, B, C, D-2 and E of 2009, 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 $143.3 million in 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.

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, which included construction of a new mainline toll plaza and a cashless tolling plaza westbound, opened in January 2016. The next construction contract, covering Turnpike Mainline Section D10, was bid on June 5, 2014 and construction commenced in September 2014 and is expected to continue through 2017. The final contract in the first phase, covering Turnpike Mainline Section D20, was bid in the Summer 2015 and construction will 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. 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, other Senior Indenture Parity Obligations, as well as any subordinated indebtedness that may be issued under the Senior Indenture (collectively, the "***Senior Indenture Obligations***"). As of the date of this Official Statement, the Commission has $4,895,850,000 aggregate principal amount of fixed and variable rate Turnpike Revenue Bonds outstanding under the Senior Indenture. The foregoing amount includes certain notes evidencing and securing $200,000,000 in loans through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration

Services, the proceeds of which are being used to fund a portion of the I-95 Interchange Project (the "EB-5 Loans"). The EB-5 Loans were issued in four tranches (3 tranches on March 18, 2016 and the fourth tranche on May 11, 2016), each having a five year term. At the end of each five year term, the Commission will evaluate market conditions to determine whether to refinance the loans into either long term, privately placed or publicly offered Turnpike Revenue Bonds, based on numerous factors including the lowest available interest rates.

See http://emma.msrb.org/IssueView/NonCUSIP9IssueDetails.aspx?id=ES361429[5] and http://emma.msrb.org/IssueView/NonCUSIP9IssueDetails.aspx?id=EP372321[5] for additional information on the EB-5 Loans.

Also included in the principal amount outstanding under the Senior Indenture is $1,010,815,000 aggregate principal amount of floating rate notes (FRNs). 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 $978,836,000. 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 (or otherwise secured) under the Subordinate Indenture (the "***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 company franchise tax revenues (the "***Oil Franchise Tax Revenues***")

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

allocated by statute to the Commission and pledged to the holders of the Commission's Oil Franchise Tax Revenue Bonds (the "***Oil Franchise Tax Revenue Bonds***"), of which $647,260,866.80 aggregate principal amount is outstanding as of the date of this Official Statement (including compounded amounts as of June 1, 2017 for outstanding capital appreciation bonds). The Oil Franchise Tax Revenue Bonds are secured solely by Oil Franchise Tax Revenues received by (or on behalf) of the Commission and pledged therefor. **The Oil Franchise Tax Revenues are not pledged to secure any Senior Indenture Obligations, any Subordinate Indenture Obligations or any Registration Fee Revenue Bonds.** Note, however, that funds in the Oil Franchise Tax General Fund may be used by the Commission for any purpose.

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***"), of which $394,695,000 aggregate principal amount is outstanding as of the date of this Official Statement. 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. On October 8, 2015, the Commission converted the interest rate mode of the Series B, C, and D of 2005 Registration Fee Revenue Bonds through a private placement with J.P. Morgan Securities LLC. **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. During such time, all incremental revenue generated by such toll increase was 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.

- On July 7, 2015, the Commission approved a toll increase in the amount of 6% for both cash and E-ZPass users effective January 3, 2016.

- On July 19, 2016, the Commission approved a toll increase in the amount of 6% for both cash and E-ZPass users effective January 2017.

In addition, the Commission is considering a toll increase for 2018.

Traffic data for the Fiscal Year ended May 31, 2016 indicates a 10.5% increase in adjusted gross toll revenue, with an increase in traffic volume of 3.1%, as compared to Fiscal Year 2014-15. Improving economic conditions and gasoline price declines have positively impacted traffic volumes and revenue.

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The following Table I illustrates the tolls and per mile rates applicable to each vehicle class for a trip on the Turnpike Mainline from Interchange 1 through Interchange 353 following the toll increase effective January 8, 2017:

TABLE I

Current Tolls and Per Mile Rates for Mainline
Roadway East - West Complete Trip
Neshaminy Falls[1] - Warrendale (Ticket System)

Vehicle Toll Class	Gross Vehicle Weight (Thousand Pound)	Toll Rate Cash Effective 1/2017	Per Mile Cash Rate	Toll Rate EZ-Pass Effective 1/2017	Per Mile EZ-Pass Rate
1	1-7	44.85	0.139	32.14	0.100
2	7-15	65.90	0.204	47.20	0.146
3	15-19	79.55	0.246	56.96	0.176
4	19-30	95.40	0.295	68.37	0.212
5	30-45	133.80	0.414	96.04	0.297
6	45-62	167.80	0.520	120.46	0.373
7	62-80	240.25	0.744	172.54	0.534
8	80-100	314.95	0.975	226.26	0.700
9	Over 100	1732.45	5.364	---[2]	---

[1] Effective January 3, 2016 the eastern-most terminus of the ticket system was moved about six miles to the west from the former Delaware River Bridge toll plaza to the new Neshaminy Falls toll plaza. As a result of this change, Table I may differ from prior versions issued by the Commission.

[2] No longer available for EZ Pass

Notes:
The above rates represent an "East West" trip for the ticket toll system between the Neshaminy Falls (#353) 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 3, 2016 is $6.60 for the first two axles, $13.00 for three axles, $19.45 for four axles, $25.80 for five axles and $32.20 for six axles. The E-ZPass rate is $4.61 for the first two axles, $9.21 for three axles, $13.82 for four axles, $18.42 for five axles, and $23.05 for six axles.

Beginning January 3, 2016 the Commission has implemented a new "cashless tolling" system from the Delaware River Bridge to the new Neshaminy Falls toll plaza. The toll on the Delaware River Bridge to Neshaminy Falls portion is a one-way toll westbound only, and is collected by a new "toll-by-plate" system or by E-ZPass. The toll-by-plate rate as of January 3, 2016 is $6.75 for the first two axles, $13.50 for three axles, $20.25 for four axles, $27.00 for five axles and $33.75 for six axles. The E-ZPass rate is $5.00 for the first two axles, $10.00 for three axles, $15.00 for four axles, $20.00 for five axles, and $25.00 for six axles. Permits are required for all over-dimensional loads.

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.

Five-Year Financial History

The following Table II summarizes certain operating and revenue information with respect to the System for the Fiscal Years from 2012 to 2017. The following Table III summarizes certain financial information with respect to the System for the Fiscal Years from 2012 to 2016, and for the nine-month periods ended February 28, in Fiscal Years 2016 and 2017. 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 2016 and 2017, 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 2016 AND 2015 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)[6] 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."

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

TABLE II
Number of Vehicles and Fare Revenues – Summarized by Fare Classification
(in thousands)

	Fiscal Year Ended May 31,					
	2012	2013	2014	2015	2016	2017
Number of Vehicles:*						
Passenger	164,960	163,690	163,788	166,192	171,566	172,617
Commercial	24,127	24,207	24,891	26,144	27,319	27,686
Total	189,087	187,897	188,679	192,336	198,885	200,303
Fare Revenue:**						
Passenger	$455,133	$471,514	$497,671	$533,054	$588,295	$638,787
Commercial	342,646	350,226	368,395	401,198	443,325	476,189
Total	797,779	821,740	866,066	934,252	1,031,620	$1,114,976
Discount	-16,981	-10,198	-4,220	-2,106	-1,504	-5,151
Net Fare Revenues	$780,798	$811,542	$861,846	$932,146	$1,030,116	$1,109,825

* Number of vehicles is unaudited.
** Fare revenue is audited except for Fiscal Year 2017 revenues which are preliminary unaudited.

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

	Fiscal Year Ended May 31,					Nine months ended February 28 *	
	2012	**2013**	**2014**	**2015**	**2016**	**FY 2016**	**FY 2017**
Revenues							
Net Toll Revenues	$780,798	$811,542	$861,846	$932,146	$1,030,115	$755,745	$824,953
Concession Revenues	3,167	3,302	3,554	3,722	3,932	3,101	3,172
Senior Interest Income	11,975	15,107	11,482	9,459	9,511	10,510	12,123
Subordinate Interest Income	3,796	4,198	3,237	3,384	3,975		
MLF Enhanced Interest Income	-	192	198	165	190		
Miscellaneous	19,923	16,792	15,355	13,867	18,644	12,741	15,425
Total Revenues	$819,659	$851,133	$895,672	$962,743	$1,066,367	$782,097	$855,673
Operating Expenditures (2)							
General & Administrative	$39,980	$41,632	$39,983	$39,541	$40,725	$34,324	$36,301
Traffic Engineering and Operations	4,078	4,455	3,966	3,986	4,654	3,188	2,763
Service Centers	25,570	24,480	22,448	24,128	28,304	20,834	24,428
Employee Benefits	77,563	80,670	83,810	98,475	107,646	74,732	81,086
Toll Collection	62,239	60,862	59,139	60,429	59,387	44,671	44,587
Normal Maintenance	58,096	65,924	74,789	73,792	64,545	50,323	49,706
Facilities and Energy Mgmt. Operations	7,644	8,903	9,850	10,957	10,886	8,805	8,292
Turnpike Patrol	34,658	36,171	39,818	41,234	46,161	33,367	34,398
Total Operating Expenditures	$309,828	$323,097	$333,803	$352,542	$362,308	$270,244	$281,561
Revenues less Operating Expenditures	$509,831	$528,036	$561,869	$610,201	$704,059	$511,853	$574,112
Senior Annual Debt Service Requirement	$145,906	$142,552	$158,995	$170,155	$215,019		
Coverage Ratio (3)	3.47	3.67	3.51	3.57	3.26		
Annual Subordinate Debt Service Requirement	$130,713	$156,067	$196,475	$205,627	$222,064		
Coverage Ratio (4)	1.84	1.77	1.58	1.62	1.61		
Annual MLF Enhanced Debt Service Requirement	$10,063	$20,305	$29,632	$36,027	$36,525		
Coverage Ratio (5)	1.78	1.66	1.46	1.48	1.49		

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

(2) Certain expenditure amounts for Fiscal Years 2012 to 2015 have been reclassified between General & Administrative and Toll Collection. The Commission had a recent reorganization that combined the Fare Collection and ETC departments and created a "Toll Collection" functional area. The reclassifications were necessary so prior year numbers were presented in a manner that is consistent with the modified reporting beginning in FY2016.

(3) Calculated using Senior Interest Income.

(4) Calculated using Senior and Subordinate Interest Income.

(5) Calculated using Senior, Subordinate and MLFE Interest Income.

* 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 2018 on June 1, 2017. 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 September 2, 2016, Auditor General Eugene A. DePasquale 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, 2010 to May 31, 2015, and the performance portion of the audit covered the period from June 1, 2014 to July 11, 2016. 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, 2011 through May 31, 2015.

The audit report includes new findings with respect to the following areas:

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

- rapid increases in toll violations with little enforcement power may lead to additional financial problems for the Commission; and
- compliance with Commission policies and procedures in connection with services and supplies contracts; compliance with Commonwealth's Procurement Code in connection with construction contracts.

The audit report also includes recommendations relating to prior audit findings 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;
- continued or expanded monitoring, review and inspection of the Turnpike System's tunnels; and
- reimbursement of the travel and other expenses of Commissioners.

On August 18, 2016, in response to the release by the Auditor General of a draft report, the Commission's Chief Executive Officer responded by letter to the Auditor General, addressing the proposed recommendations of the Department of Auditor General. The full text of the Department of Auditor General's final report and the Commission's response may be found on the Commission's website at:

https://www.paturnpike.com/pdfs/business/finance/AuditorGeneralsPerformanceAuditSept2016.pdf.

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 Revenue 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 2017 BONDS – Rate Covenant" in the forepart of this Official Statement. The Commission's Debt Management Policy is available on the Commission's website at https://www.paturnpike.com/pdfs/business/Debt%20Management%20Policy%20Letter.pdf.

Currently, approximately 90% of the Commission's outstanding debt is fixed rate, four percent is synthetic fixed and six percent is unhedged variable rate.

The Commission's Swap Policy establishes guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively, "***Swaps***") incurred in connection with the incurrence of debt. The Commission's Swap Policy was amended in 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:

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

Term and Notional Amount. For Swaps tied to an issued series of bonds, the term of the Swap agreement shall not extend beyond the final maturity date of the related bonds. The total net notional amount of all Swaps related to a bond issue should not exceed the 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.

Security and Source of Repayment. 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.

Prohibited Agreements. 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 Assistant Chief Financial Officer for Financial Management, in consultation with the Commission's Swap Advisor and legal 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***"), Commodity Futures Trading Commission, or other applicable regulatory agencies.

The Commission has interest rate exchange agreements with respect to its Turnpike Revenue Bonds, Series 2009A, Series 2010B, Series 2013B, Series 2014B and 2016A-2. In addition, the Commission has interest rate exchange agreements with respect to its Subordinate Revenue Bonds Series 2017R-1, Registration Fee Revenue Bonds, Series 2005, and Oil Franchise Tax Revenue Bonds, Series 2009B and 2016A. The aggregate market value of the swaps to the counterparties thereto from the Commission was calculated as of May 31, 2017 to be approximately (i) $154,461,832 (negative value to the Commission) with respect to swaps in the current notional amount of $978,836,000 relating to the Turnpike Revenue Bonds referred to above, (ii) $6,794,259 (negative value to the Commission) with respect to swaps in the current notional amount of $291,850,000 relating to the Subordinate Turnpike Revenue Bonds (iii) $80,507,566 (negative value to the Commission) with respect to swaps in the current notional amount of $231,425,000 relating to the Registration Fee Revenue Bonds referred to above; and (iv) $1,978,487 (negative value to the Commission) with respect to swaps in the current notional amount of $400,000,000 relating to the above-referenced Oil Franchise Tax Revenue Bonds.

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

More recently, the Commission has adopted additional financial policies related to post issuance compliance procedures and continuing disclosure.

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

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

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

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 that has gone into effect was on January 8, 2017. See "CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates" above for further information.

The Commission's Act 44 Financial Plan anticipates multiple funding sources will be utilized to support the estimated $5.62 billion in net costs associated with its current ten year capital plan. These funding sources will include the use of current revenues (pay-as-you-go), proceeds of Turnpike Revenue Bonds and proceeds of loans issued through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services. The Commission expects to issue one or more additional series of Turnpike Revenue Bonds under the Senior Indenture during 2017 for the purpose of funding costs of capital projects included in the Commission's current ten year capital program. Additionally, the Commission previously entered into a loan agreement dated August 4, 2016, (see http://emma.msrb.org/ES821235-ES644377-ES1039543.pdf [7] for a copy of such agreement) pursuant to which the Commission expects to borrow up to $800 million (in up to sixteen tranches during the years 2017 through 2024) through the Immigrant Investor Program, the proceeds of which would be used to fund costs of capital projects included in the Commission's current ten year capital program. Any such debt issued under the Immigrant Investor Program (and the subsequent refinancing thereof) is accounted for in the Commission's current Act 44 Financial Plan and would be issued under the Senior Indenture on parity with the Turnpike Revenue Bonds.

The Commission does not expect to issue any additional bonds under the Subordinate Indenture during the remainder of 2017 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.

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

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 $200 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. The Commission's All Risk Insurance policy also includes loss of business income coverage subject to a seven day waiting period.

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

Personnel and Labor Relations

As of May 1, 2017, the Commission employed 2,040 persons, consisting of 487 management employees, 1,449 full-time union members, and 104 temporary union employees. Seventy-one (71%) of all employees are engaged in maintenance operations and fare collection. There are 786 field personnel in the 22 facilities.

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 520, or 20.4%, fewer employees than it did in 2002, the peak employment year over the past 15 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. Agreements were reached with the other two bargaining units, which were ratified on January 27, 2016. Those agreements expire on September 30, 2019. 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 July 6, 2010, Pennsylvania Act 2010-46 was enacted which reduced the employer contribution rates for Fiscal Year 2010-2011, thus reducing the Commission's contribution rates for Fiscal Year 2010-2011 from 3.80% for Class A employees and 4.75% for Class AA employees to 3.29% for Class A employees and 4.11% for Class AA employees. This rate reduction was only for one year.

On November 23, 2010, Pennsylvania Act 120 of 2010 ("***Act 120***") was enacted. Under this legislation, effective January 1, 2011, benefit reductions are mandated for future SERS members; however, benefits for current members are preserved. New employees are subject to a higher contribution rate, an increase in the vesting period from five to ten years, elimination of lump-sum withdrawals, and an increase to the normal retirement age to obtain full, unreduced pension benefits. Rather than the current full benefit provision of 35 years of credited service, new employees' age and combined years of service must equal 92, including a minimum of 35 years of credited service, before they may receive full benefits. Act 120 established Class A-3 and Class A-4 memberships. Effective January 1, 2011, all new members to the System must elect one of these new membership classes. New members who elect Class A-3 will accrue benefits at 2% of their final average salary multiplied by years of service. Those members choosing Class A-4 will accrue benefits at 2.5% of their final average salary multiplied by years of service. Under Act 120, retirement benefits for Class A-3 and A-4 vest after 10 years of credited service. Class A-3 and A-4 members who retire at age 65 with three years of service or when the member's age (last birthday) plus 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 Fiscal Years 2013-2017 of the Commonwealth, is as follows:

Year Ended June 30 (Commonwealth's Fiscal Year)	Class A	Class AA	Class A-3	Class A-4
2017	23.96%	29.95%	20.70%	20.70%
2016	19.89	24.86	17.18	17.18
2015	15.94	19.92	13.77	13.77
2014	12.10	15.12	10.46	10.46
2013	8.43	10.51	7.29	7.29

The Commission's required contributions and percentage contributed for Fiscal Years 2012-2016 of the Commission are as follows:

Year Ended May 31	Commission Required Contribution (in millions)	Percent Contributed
2016	$27.9	100%
2015	22.6	100
2014	17.4	100
2013	12.0	100
2012	7.9	100

The Commission has budgeted $48 million for Fiscal Year 2017-2018 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.[8]

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 4.5 for the Commonwealth fiscal year ending June 30, 2014 and 4.5 each year thereafter until no longer needed. These limitations are intended to reduce spikes in employer contributions.

At fiscal year ended May 31, 2016, the Commission reported a liability of $346.9 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. See Note 8 to the Commission's Financial Statements for additional information on how such pension liability was calculated.

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

Among other changes, Act 5 creates three new classes of service which include: two new hybrid defined benefit/defined contribution tiers ("***A-5***" and "***A-6***"); and a straight defined contribution plan ("***DC***") for SERS. The new classes of service will apply to all Commission

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

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

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

For more information on SERS, including Act 120 and Act 5, see the SERS website at http://sers.pa.gov/newsroom_facts.aspx[9], http://sers.pa.gov/about_legislation.aspx[10], and the disclosure beginning on page 46 of the Official Statement for the Commonwealth's General Obligation Bonds, Second Refunding Series of 2016 dated December 7, 2016, which may be found at the EMMA website at http://emma.msrb.org/EP971979-EP753870-EP1155474.pdf.[11] **See also Note 8 to the Commission's Financial Statements and related Required Supplementary Information for more information on the Commission's pension liabilities.**

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 five 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

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

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

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

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 based upon their date of hire and years of service. Eligibility categories generally include:

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

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

The same coverage is provided to surviving spouses 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 in the applicable collective bargaining agreement.

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

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

The 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, 2016, claims and administration expenses totaled \$16.7 million.

In accordance with the pronouncements of the GASB (Governmental Accounting Standards Board), the Commission implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during fiscal year 2008*. Pursuant to GASB Statement No. 45, the Commission is required to have biennial actuarial valuations of its OPEB obligations. The most recent actuarial valuation was completed as of January 1, 2016. Based on this valuation, the value of the Trust's assets is \$331.6 million and the actuarial accrued liability is \$330.4 million which nets to a funding excess of \$1.2 million and a funded percentage of 100.4%, using a 6.5% discount rate and assuming that the annual required contribution would be invested in an irrevocable separate trust account.

Prior to implementing GASB Statement No. 45, the Commission funded its post-employment benefit liabilities on a pay-as-you-go basis. As a result of GASB Statement No. 45, the Commission 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 2016 and Fiscal Year 2017, 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 \$11.4 million and \$11.1 million, respectively. The Commission's actual contributions towards the ARC for Fiscal Year 2016 and Fiscal Year 2017 were \$28.1 million and \$28.2 million (preliminary/unaudited), 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 11 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, Internal Audit, 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. In addition, the Compliance Department in response to the Advisory Committee's Report dated, October 21, 2014, has conducted Code of Conduct and Business Conduct Guidelines training to all Commission employees, construction contractors, and vendors, consultants and other business partners in the construction services sector. When appropriate, the Compliance Department refers cases to law enforcement authorities for possible criminal prosecution.

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EXHIBIT I

PENNSYLVANIA TURNPIKE COMMISSION
FISCAL YEAR 2018 TEN-YEAR CAPITAL PLAN[1]

FY 2018 Ten Year Capital Plan (YOE)

Program	Category	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	Total FINAL PLAN
Highway	Roadway/Safety	100,950,000	128,431,766	125,896,635	91,153,571	82,121,168	79,060,366	72,338,238	76,117,914	72,840,202	76,877,638	905,787,498
Highway	Bridge, Tunnel & Misc Structure	49,209,344	52,038,354	52,990,472	54,335,102	56,269,133	57,811,503	58,881,050	60,507,373	73,837,033	75,801,098	591,680,461
Highway	Total Reconstruction	177,786,025	208,057,443	232,951,195	218,870,815	175,496,162	192,836,140	207,874,688	301,383,197	297,415,814	348,134,114	2,360,805,593
Highway	Interchanges	125,995,000	38,707,953	22,211,102	8,655,532	69,975,432	74,117,311	76,088,832	0	0	0	415,751,162
Highway	Highway Miscellaneous	41,214,973	39,211,403	30,661,754	26,137,976	26,500,029	26,976,877	27,460,342	28,190,787	29,064,033	29,710,484	305,128,658
Highway	Total	495,155,342	466,446,919	464,711,159	399,152,996	410,361,925	430,802,197	442,643,150	466,199,271	473,157,080	530,523,333	4,579,153,372
FEMO	Re-capitalization	2,850,000	513,300	526,954	540,971	555,361	570,133	585,299	600,868	616,851	633,259	7,992,994
FEMO	Sustainment	16,180,000	26,260,428	12,625,813	11,338,747	12,939,901	13,284,103	14,808,057	15,372,779	17,255,182	17,731,251	157,796,261
FEMO	Compliance	3,000,000	3,079,800	3,161,723	3,245,825	3,332,163	3,420,799	3,511,792	3,605,206	3,701,104	3,799,554	33,857,966
FEMO	New Energy Initiative	2,148,180	1,565,565	1,238,341	1,271,281	1,305,097	1,339,813	1,375,452	1,412,039	1,449,599	1,488,159	14,593,527
FEMO	Facilities Design	6,930,000	11,780,235	21,473,367	11,062,852	16,549,745	22,833,833	12,086,418	17,124,728	24,242,234	14,090,012	158,173,424
FEMO	Total	31,108,180	43,199,328	39,026,197	27,459,675	34,682,268	41,448,681	32,367,018	38,115,620	47,264,970	37,742,234	372,414,171
Fleet Equipment	Fleet Equipment	8,538,750	18,478,800	18,970,336	18,393,006	18,882,259	19,384,528	19,900,156	20,429,500	20,972,925	21,530,805	185,481,064
Technology	Functional Business Software	9,580,300	10,394,325	10,091,165	10,359,590	10,635,155	10,918,050	11,208,470	11,506,616	11,811,458	12,115,510	108,620,639
Technology	Infrastructure HW/SW	4,919,700	5,646,300	4,215,630	4,327,766	4,442,885	4,561,065	4,682,390	4,806,941	4,934,806	5,066,072	47,603,555
Technology	Toll Collection/Operations	2,894,000	1,847,880	1,897,034	1,947,495	1,999,298	2,052,479	2,107,075	2,163,124	2,220,663	2,279,732	21,408,780
Technology	Total	17,394,000	17,888,505	16,203,829	16,634,851	17,077,338	17,531,595	17,997,935	18,476,680	18,966,926	19,461,314	177,632,973
EN-00115	Cashless Tolling Conversion	17,094,000	16,220,280	22,290,145	70,142,268	71,308,298	62,999,715	65,213,982	42,901,950	61,944,150	17,097,992	447,212,779
	Grand Total (PSEXP)	569,290,272	562,233,832	561,201,665	531,782,795	552,312,087	572,166,715	578,122,241	586,123,021	622,306,052	626,355,678	5,761,894,359
	Reimbursed Funds	70,200,000	34,200,000	600,000	20,000,000	20,000,000	0	0	0	0	0	145,000,000
	Grand Total (PSNET)	499,090,272	528,033,832	560,601,665	511,782,795	532,312,087	572,166,715	578,122,241	586,123,021	622,306,052	626,355,678	5,616,894,359

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

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APPENDIX B

AUDITED FINANCIAL STATEMENTS: 2016 AND 2015

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Basic Financial Statements

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania
Years Ended May 31, 2016 and 2015
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, 2016 and 2015, 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, 2016 and 2015, 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 2016 the Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 72, *Fair Value Measurement and Application,* the provisions of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68 and Amendments for Certain Provisions of GASB Statements 67 and 68,* the provisions of Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* and the provisions of Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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, the Schedule of Commission's Proportionate Share of Net Pension Liability, the Schedule of Commission's Contributions, and the Schedule of Funding Progress – Postemployment Healthcare Benefits on pages 4 through 19 and pages 96 through 99 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 101 through 113 and the Schedules of Cost of Services Detail on page 114 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 Schedules of 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
September 2, 2016

Management's Discussion and Analysis

May 31, 2016

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's financial activities for the years ended May 31, 2016 and 2015, 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 year 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 any special items. 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		
	2016	2015	2014
		(In Thousands)	
Assets and deferred outflows of resources			
Current assets	**$ 1,273,754**	$ 1,012,573	$ 1,123,279
Long-term investments	**935,770**	822,550	743,407
Capital assets, net of accumulated depreciation	**5,517,326**	5,189,561	4,914,361
Other assets	**155,908**	149,275	123,055
Total assets	**7,882,758**	7,173,959	6,904,102
Total deferred outflows of resources	**396,350**	273,894	213,878
Total assets and deferred outflows of resources	**8,279,108**	7,447,853	7,117,980
Liabilities and deferred inflows of resources			
Current liabilities	**740,063**	697,388	569,919
Debt, net of unamortized premium	**11,431,859**	10,197,258	9,523,230
Net pension liability	**346,946**	296,271	-
Other noncurrent liabilities	**269,409**	247,041	200,726
Total liabilities	**12,788,277**	11,437,958	10,293,875
Total deferred inflows of resources	**137,490**	124,840	124,560
Total liabilities and deferred inflows of resources	**12,925,767**	11,562,798	10,418,435
Net position			
Net investment in capital assets	**(24,520)**	271,187	372,750
Restricted for construction purposes	**332,920**	269,098	237,042
Restricted for debt service	**28,878**	42,826	36,801
Unrestricted	**(4,983,937)**	(4,698,056)	(3,947,048)
Total net position	**$ (4,646,659)**	$ (4,114,945)	$ (3,300,455)

Financial Analysis (continued)

The Commission's total net position decreased $531.7 million and $814.5 million for the fiscal years ended May 31, 2016 and 2015, respectively. $266.4 million of the fiscal year 2015 decrease was the result of a cumulative effect restatement of beginning net position due to the implementation of GASB Statements No. 68 and 71. Please refer to Note 2, Summary of Significant Accounting Policies, for additional information regarding the GASB 68 and 71 implementations and the impact on the financial statements. The remaining $548.1 million decrease in net position in fiscal year 2015 and the entire decrease in net position for fiscal year 2016 were largely due to the requirements of Act 44, Act 89 and the Amended Lease and Funding Agreement (Amended Funding Agreement) between the Commission and PennDOT and the related debt. Please refer to Note 9, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT.

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 $831.3 million in fiscal year 2016. This 2016 increase is mostly related to an increase in cash and investments of $368.7 million, increases in capital assets of $327.8 million, and a $122.5 million increase in deferred outflows of resources. The increase in capital assets is related to capital asset additions of $702.0 million offset by $332.9 million of depreciation expense. The increase in deferred outflows of resources is primarily the result of refundings of debt and the December 31, 2015 GASB 68 actuarial valuation of the State Employees' Retirement System. For additional information, see: Note 4, Cash and Investments; Note 5, Capital Assets; Note 7, Debt; the Capital Assets and Debt Administration section of this MD&A; and Note 8, Retirement Benefits.

Financial Analysis (continued)

The Commission's total assets and deferred outflows of resources increased by $329.9 million in fiscal year 2015. This 2015 increase is mostly related to increases in capital assets of $275.2 million, the other post-employment benefit (OPEB) asset of $25.8 million and deferred outflows of resources of $60.0 million. These increases were partially offset by a decrease in cash and investments of $43.3 million. The increase in capital assets is related to capital asset additions of $617.6 million offset by $337.7 million of depreciation expense. The increase in the OPEB asset is mostly related to the Commission's $46.2 million contributions to the Retiree Medical Trust. The increase in deferred outflows of resources is primarily the result of changes in values of the Commission's hedging derivatives. For additional information, see: 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 $1,363.0 million in fiscal year 2016 and by $1,144.4 million in fiscal year 2015. The increase for both fiscal year 2016 and fiscal year 2015 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. Also, as noted above, the Commission implemented GASB 68 (see Notes 2 and 8) in fiscal year 2015 which resulted in a net pension liability of $296.3 million at May 31, 2015.

Financial Analysis (continued)

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

	Year ended May 31		
	2016	2015	2014
	(In Thousands)		
Operating:			
Operating revenues	**$ 1,052,691**	$ 949,735	$ 880,755
Cost of services	**(471,132)**	(459,780)	(438,981)
Depreciation	**(332,941)**	(337,664)	(324,010)
Operating income	**248,618**	152,291	117,764
Nonoperating revenues (expenses):			
Investment earnings	**29,069**	17,502	27,570
Other nonoperating revenues	**21,651**	55,992	23,161
Act 44 payments to PennDOT	**(450,000)**	(450,000)	(450,000)
Capital assets transferred to PennDOT	**(40,937)**	(4,499)	(13,531)
Interest and bond expense	**(521,021)**	(465,869)	(427,047)
Nonoperating expenses, net	**(961,238)**	(846,874)	(839,847)
Loss before capital contributions	**(712,620)**	(694,583)	(722,083)
Capital contributions	**180,906**	146,472	110,036
Decrease in net position	**(531,714)**	(548,111)	(612,047)
Net position at beginning of year, before restatement	**(4,114,945)**	(3,300,455)	(2,688,408)
Cum. effect of change in accounting principle	**-**	(266,379)	-
Net position at beginning of year, as restated[1]	**(4,114,945)**	(3,566,834)	(2,688,408)
Net position at ending of year	**$(4,646,659)**	$(4,114,945)	$(3,300,455)

[1]Beginning net position for fiscal year 2015 was restated as discussed in Note 2.

For fiscal years ended May 31, 2016, and 2015, operating and nonoperating revenues totaled $1,103.4 million and $1,023.2 million, respectively, while operating and nonoperating expenses totaled $1,816.0 million and $1,717.8 million, respectively.

Financial Analysis (continued)

Total operating and nonoperating revenues for fiscal year 2016 were $80.2 million or 7.8% higher than fiscal year 2015. This increase in revenue was mainly related to a $98.0 million increase in fare revenues resulting from a January 2016 toll increase of 6% for both cash and E-ZPass customers and the full year impact of the January 2015 toll increase of 5% for both cash and E-ZPass customers. In addition, total traffic volumes were up approximately 3% in fiscal year 2016 compared to fiscal year 2015.

Total operating and nonoperating revenues for fiscal year 2015 were $91.7 million or 9.8% higher than fiscal year 2014. This increase in revenue was mainly related to a $70.3 million increase in fare revenues resulting from a January 2015 toll increase of 5% for both cash and E-ZPass customers, the full year impact of the January 2014 toll increase of 2% for E-ZPass customers and 12% for cash customers and a reduction in January 2014 to the post-paid, commercial-volume-discount program. In addition, total traffic volumes were up slightly, 1.9%, in fiscal year 2015 compared to fiscal year 2014.

Total operating and nonoperating expenses for fiscal year 2016 were $98.2 million higher than fiscal year 2015 primarily due to increases in interest and bond expenses of $55.2 million related to the increase in debt (see Note 7, Debt) and $36.4 million increase in capital assets transferred to PennDOT.

Total operating and nonoperating expenses for fiscal year 2015 were $64.2 million higher than fiscal year 2014 primarily due to increases in: cost of services of $20.8 million mainly related to an increase in employee benefits of $19.0 million driven by a $16.5 million increase in pension expense related to the implementation of GASB Statement No. 68 (see Notes 2 and 8); depreciation expense of $13.7 related to an increase in assets being depreciated (see Note 5, Capital Assets); and interest and bond expenses of $38.8 million related to the increase in debt (see Note 7, Debt). These increases were partially offset by a $9.0 million decrease in capital assets transferred to PennDOT.

Capital contributions increased in fiscal year 2016 by $34.4 million and by $36.4 million in fiscal year 2015 primarily due to increases in the Oil Company Franchise Tax Revenues and reimbursements from other governments (see Note 2).

Financial Analysis (continued)

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, 2016 amounted to $11.3 billion of gross asset value with accumulated depreciation of $5.8 billion, leaving a net book value of $5.5 billion. The net book value of capital assets at May 31, 2015 was $5.2 billion. Capital assets represented 66.6% and 69.7% of the Commission's total assets and deferred outflows of resources at May 31, 2016 and 2015, respectively.

Assets under construction at the end of fiscal year 2016 were $1,330.6 million, which was $373.6 million more than fiscal year 2015. Assets under construction at the end of fiscal year 2015 were $957.0 million, which was $166.6 million more than fiscal year 2014. In fiscal year 2016, $258.4 million of constructed capital assets were completed which was $148.4 million less than the $406.8 million of constructed capital assets completed in fiscal year 2015. In addition to constructed capital assets, the Commission had capital asset additions of approximately $70.0 million and $44.3 million in fiscal years 2016 and 2015, respectively.

The highest priority highway program for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, replacement of both Mainline and overhead bridges as well as many safety enhancements. To date, approximately 116 miles of total reconstruction have been completed and approximately 19 miles are currently in construction. Currently, approximately 123 miles are in design. Also, the Commission completed 47 miles of roadway resurfacing and three interchange resurfacings during fiscal year 2016, helping to maintain a quality-riding surface with a Turnpike System wide median IRI (International Roughness Index) of 73 which is rated as good.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

The Commission completely replaced 14 aging original bridges with new bridges, constructed four new bridges, rehabilitated another six bridges, completely painted one bridge and constructed two new retaining walls in calendar year 2015. Of the Commission's bridges, 3.6% are rated structurally deficient which is below the national average of 10.0%. All 31 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 based on deficiencies identified during facility condition assessments – including HVAC, electrical and plumbing systems. The Commission completed construction on the new Somerset Materials Testing Laboratory in May 2016. The Commission completed construction of the new Neshaminy Falls Toll Facility in December of 2015.

A public CNG Fueling Station opened in October 2014 at the New Stanton Service Plaza which included three fueling dispensers - one for passenger vehicles, one for commercial trucks, and one located outside the plaza gate for use by off-Turnpike vehicles. Since opening, over 210,000 gallons of CNG have been sold. Currently, there are five service plazas that have electric vehicle (EV) charging systems available to users on the Turnpike System. They are the Oakmont, New Stanton, Bowmansville, Peter J. Camiel and King of Prussia service plazas.

The Mon/Fayette Expressway is open to traffic from the Pennsylvania/West Virginia line to PA 51 in Jefferson Hills Borough, a distance of 54 miles. The preliminary design for the remainder of the Mon/Fayette Expressway project, extending from PA Route 51 to Interstate Route 376 in Pittsburgh, has been completed. Additional funding is required to complete the design, right-of-way and construction of this section.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

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 Interstate 79 (I-79) has started construction. When completed, the entire Southern Beltway will utilize cashless tolling. The project from I-79 to Mon/Fayette Expressway has completed the environmental phase and is 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 PA Turnpike/I-95 Interchange Project involves the construction of a direct interchange connecting the Turnpike Mainline to I-95. The project also includes tolling modifications and reconstruction and widening of the interstates.

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 included construction of a new mainline toll plaza and a cashless toll plaza westbound, both of which opened in January 2016. Construction will continue on this phase 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, 2016 and 2015. Please refer to the capital assets section in the notes to the financial statements (Note 5) for more detailed capital asset schedules.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Mainline

In June 2014, the Commission issued $69,870,000 2014 Series B-2 Senior Bonds at a variable rate with a maturity date of December 1, 2016. The 2014 B-2 Senior Bonds were issued primarily for the current refunding of existing variable rate debt which included the Commission's 2009 Series C Bonds Variable Rate Revenue Bonds ($52,070,000) and the Commission's 2011 Series D Variable Rate Revenue Bonds ($17,455,000). The bonds were also issued for payment of the costs of issuance for the 2014 Series B-2 Senior Bonds.

In October 2014, the Commission issued $201,395,000 2014 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2044. The 2014 Series B 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 and for issuing the 2014 Series B Subordinate Bonds.

In November 2014, the Commission issued $239,620,000 2014 Series Refunding Senior Bonds at a fixed rate with a maturity date of December 1, 2034. The 2014 Series Refunding Senior Bonds were issued primarily to current refund the 2004 Series A Senior Bonds and for the payment of the costs of issuance of the 2014 Series Refunding Senior Bonds.

In December 2014, the Commission issued $294,225,000 2014 Series C Senior Bonds at a fixed rate with a maturity date of December 1, 2044. The 2014 Series 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 2014 Series C Bonds.

In April 2015, the Commission issued $209,010,000 2015 Series A-1 Subordinate Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series A-1 Subordinate Bonds were issued to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and Act 89, for the advance refunding of a portion of the Commission's 2011 Series A Subordinate Revenue Bonds ($50,030,000), and for paying the cost of issuing the 2015 Series A-1 Subordinate Bonds.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Mainline (continued)

In April 2015, the Commission issued $50,000,000 2015 Series A-2 Subordinate Bonds at a variable rate with a maturity date of December 1, 2045. The 2015 Series A-2 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 and for issuing the 2015 Series A-2 Subordinate Bonds.

In June 2015, the Commission issued $385,095,000 2015 Series A-1 Senior Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series A-1 Senior bonds were issued to provide funds to finance the costs of various capital expenditures and advance refund all of the Commission's 2006 A Senior Revenue Bonds and for paying the cost of issuing the 2015 A-1 Senior Bonds.

In June 2015, the Commission issued $115,635,000 2015 Series A-2 Senior Bonds at a variable rate with a maturity date of December 1, 2021. The 2015 A-2 Senior Bonds were issued primarily for the current refunding of existing variable rate debt which included the Commission's 2013 Series B Variable Rate Revenue Bonds ($65,155,000), the Commission's 2014 Series B-1 Variable Rate Revenue Bonds ($15,080,000) and the Commission's 2014 Series B-2 Variable Rate Revenue Bonds ($34,920,000). The bonds were also issued for payment of the costs of issuance for the 2015 Series A-2 Senior Bonds.

In October 2015, the Commission issued $192,215,000 2015 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series B 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 and for issuing the 2015 Series B Subordinate Bonds.

In December 2015, the Commission issued $304,005,000 2015 Series B Senior Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series B Senior Bonds were issued to provide funds to finance the costs of various capital expenditures set forth in the Commission's current or any prior ten year capital plan and for issuing the 2015 B Senior Bonds.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Mainline (continued)

In February 2016, the Commission issued $360,990,000 2016 Series Refunding Subordinate Bonds at a fixed rate with a maturity date of June 1, 2038. The 2016 Series Refunding Subordinate Bonds were issued to provide funds for the advance refunding of a portion of the Commission's 2008 A-1 Subordinate Revenue Bonds ($29,025,000), 2008 B-1 Subordinate Revenue Bonds ($52,390,000), 2008 C-1 Subordinate Revenue Bonds ($189,875,000), 2009 A Subordinate Revenue Bonds ($23,470,000), 2009 B Subordinate Revenue Bonds ($76,435,000), 2009 D Subordinate Revenue Bonds ($9,975,000) and for paying the cost of issuing the 2016 Series Refunding Subordinate Bonds.

In March 2016, the Commission issued a $150,000,000 2016 EB5 Loan at a fixed rate with a maturity date of March 18, 2021. This amount is comprised of the 1st-3rd Tranches under the Immigrant Investor Program loan agreement. The 2016 EB5 Loan was issued to fund a portion of the I-95 Interchange Project and for issuing the 2016 EB5 Loan.

In April 2016, the Commission issued $203,700,000 2016 Series A-1 Subordinate Bonds at a fixed rate with a maturity date of December 1, 2046. The 2016 Series A-1 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 and for issuing the 2016 Series A-1 Subordinate Bonds.

In April 2016, the Commission issued $185,455,000 2016 Series A-2 Subordinate Bonds at a fixed rate with a maturity date of June 1, 2033. The 2016 Series A-2 Subordinate Bonds were issued to provide funds for the advance refunding of a portion of the Commission's 2008 A-1 Subordinate Revenue Bonds ($39,655,000), 2008 B-1 Subordinate Revenue Bonds ($61,860,000), 2009 A Subordinate Revenue Bonds ($27,275,000), 2009 B Subordinate Revenue Bonds ($69,735,000) and for paying the cost of issuing the 2016 Series A-2 Subordinate Bonds.

In May 2016, the Commission issued a $50,000,000 2016 EB5 Loan at a fixed rate with a maturity date of May 12, 2021. This amount is the 4th Tranche under the Immigrant Investor Program loan agreement. The 2016 EB5 Loan was issued to fund a portion of the I-95 Interchange Project and for issuing the 2016 EB5 Loan.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration – Oil Company Franchise Tax

In September 2014, the Commission issued $288,675,000 2014 Series Special Obligation Bonds at a fixed rate with a maturity of December 1, 2027. The 2014 Series Special Obligation Bonds were issued to refund the refunded bonds of 1998 Series A Senior and 1998 Series B Subordinate Oil Company Franchise Tax Bonds, to provide additional funds to the Commission for the construction of part of the sections of the Mon-Fayette Expressway and Southern Beltway, and for the payment of costs of issuance of the 2014 Series Special Obligation Bonds. These Bonds were subsequently defeased on September 15, 2014.

Debt Administration – Motor License Registration Fee

In October 2015, the Commission converted $231,425,000 Registration Fee Revenue Refunding Bonds Series B, C, and D of 2005 from a weekly rate mode to an index rate mode through a direct placement with DNT Asset Trust.

The preceding paragraphs describe debt activity occurring during the fiscal years ended May 31, 2016 and 2015. 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, 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 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.

Events That Will Impact Financial Position (continued)

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, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the 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 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.

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*). 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 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.

Events That Will Impact Financial Position (continued)

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 18, 2016, the Commission submitted its financial plan for fiscal year 2017 (the Financial Plan). The Financial Plan incorporates the Commission's adopted Ten Year Capital Plan which provides for approximately $5.6 billion, net of federal reimbursements, in capital spending over the period from fiscal year 2017 through the fiscal year 2026. The Capital Plan enables the Commission to undertake a number of capital improvements and to pursue new initiatives to maintain and improve the Turnpike System ensuring that it remains in a state of good repair. The Financial Plan indicates that in fiscal year 2016 the Commission 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 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, Act 44 and Act 89 obligations, and capital needs during fiscal year 2017.

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 2016. Key among these assumptions is the Commission's ability to raise tolls throughout the Turnpike System. The Financial Plan reflects the expected full year effects of the January 2016 toll increase and the expected partial year impacts of a January 2017 toll increase. The Financial Plan 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.

Events That Will Impact Financial Position (continued)

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 2016-2017 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

Assets and deferred outflows of resources	May 31 2016	2015
Current assets:	*(In Thousands)*	
Cash and cash equivalents	**$ 169,248**	$ 131,146
Short-term investments	**40,798**	23,091
Accounts receivable	**57,257**	46,752
Accrued interest receivable	**1,457**	1,220
Inventories	**20,492**	18,808
Restricted current assets:		
Cash and cash equivalents	**805,047**	652,628
Short-term investments	**165,181**	117,963
Accounts receivable	**11,271**	18,156
Accrued interest receivable	**3,003**	2,809
Total current assets	**1,273,754**	1,012,573
Noncurrent assets:		
Long-term investments:		
Long-term investments unrestricted	**279,926**	224,050
Long-term investments restricted	**655,844**	598,500
Total long-term investments	**935,770**	822,550
Capital assets not being depreciated:		
Land and intangibles	**333,934**	310,518
Assets under construction	**1,330,627**	956,984
Capital assets being depreciated:		
Buildings	**968,902**	936,517
Improvements other than buildings	**119,256**	117,331
Equipment	**619,779**	591,223
Infrastructure	**7,908,360**	7,713,188
Total capital assets before accumulated depreciation	**11,280,858**	10,625,761
Less accumulated depreciation	**5,763,532**	5,436,200
Total capital assets after accumulated depreciation	**5,517,326**	5,189,561
Other assets:		
Prepaid bond insurance costs	**9,788**	13,669
OPEB asset	**113,930**	104,931
Other assets	**32,190**	30,675
Total other assets	**155,908**	149,275
Total noncurrent assets	**6,609,004**	6,161,386
Total assets	**7,882,758**	7,173,959
Deferred outflows of resources from hedging derivatives	**133,791**	109,323
Deferred outflows of resources from refunding bonds	**196,278**	143,494
Deferred outflows of resources from pensions	**66,281**	21,077
Total deferred outflows of resources	**396,350**	273,894
Total assets and deferred outflows of resources	**$ 8,279,108**	$ 7,447,853

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	
	2016	2015
	(In Thousands)	
Liabilities and deferred inflows of resources		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 409,529**	$ 397,270
Current portion of debt	**262,690**	238,150
Unearned income	**67,844**	61,968
Total current liabilities	**740,063**	697,388
Noncurrent liabilities:		
Debt, less current portion, net of unamortized premium of $514,396 and $306,147 in 2016 and 2015, respectively	**11,431,859**	10,197,258
Net pension liability	**346,946**	296,271
Other noncurrent liabilities	**269,409**	247,041
Total noncurrent liabilities	**12,048,214**	10,740,570
Total liabilities	**12,788,277**	11,437,958
Deferred inflows of resources from service concession arrangements	**124,028**	120,739
Deferred inflows of resources from refunding bonds	**1,269**	1,417
Deferred inflows of resources from pensions	**12,193**	2,684
Total deferred inflows of resources	**137,490**	124,840
Total liabilities and deferred inflows of resources	**12,925,767**	11,562,798
Net position		
Net investment in capital assets	**(24,520)**	271,187
Restricted for construction purposes	**332,920**	269,098
Restricted for debt service	**28,878**	42,826
Unrestricted	**(4,983,937)**	(4,698,056)
Total net position	**$ (4,646,659)**	$ (4,114,945)

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	
	2016	2015
	(In Thousands)	
Operating revenues:		
Fares – net of discounts of $1,505 and $2,106 for the years ended May 31, 2016 and 2015, respectively	**$ 1,030,115**	$ 932,146
Other	**22,576**	17,589
Total operating revenues	**1,052,691**	949,735
Operating expenses:		
Cost of services	**471,132**	459,780
Depreciation	**332,941**	337,664
Total operating expenses	**804,073**	797,444
Operating income	**248,618**	152,291
Nonoperating revenues (expenses):		
Investment earnings	**29,069**	17,502
Other nonoperating revenues	**21,651**	55,992
Act 44 and Act 89 payments to PennDOT	**(450,000)**	(450,000)
Capital assets transferred to PennDOT	**(40,937)**	(4,499)
Interest and bond expense	**(521,021)**	(465,869)
Nonoperating expenses, net	**(961,238)**	(846,874)
Loss before capital contributions	**(712,620)**	(694,583)
Capital contributions	**180,906**	146,472
Decrease in net position	**(531,714)**	(548,111)
Net Position – beginning, before restatement	**(4,114,945)**	(3,300,455)
Cumulative effect of change in accounting principle	**-**	(266,379)
Net position at beginning of year, as restated[1]	**(4,114,945)**	(3,566,834)
Net position at end of year	**$ (4,646,659)**	$ (4,114,945)

[1]Beginning net position for fiscal year 2015 was restated as discussed in Note 2.

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	
	2016	2015
	(In Thousands)	
Operating activities		
Cash received from customer tolls and deposits	**$ 1,036,742**	$ 945,793
Cash payments for goods and services	**(266,278)**	(293,058)
Cash payments to employees	**(161,969)**	(157,161)
Cash received from other operating activities	**12,312**	8,688
Net cash provided by operating activities	**620,807**	504,262
Investing activities		
Proceeds from sales and maturities of investments	**3,175,138**	2,325,799
Interest received on investments	**22,636**	17,477
Purchases of investments	**(3,249,460)**	(2,372,195)
Net cash used in investing activities	**(51,686)**	(28,919)
Capital and related financing activities		
Capital grants received from other governments	**33,497**	9,153
Proceeds from Motor License Registration fees	**28,000**	28,000
Proceeds from Oil Company Franchise Tax	**121,130**	95,638
Construction and acquisition of capital assets	**(687,332)**	(588,589)
Proceeds from sale of capital assets	**1,148**	413
Payments for bond and swap expenses	**(5,188)**	(5,712)
Payments for debt refundings	**(233,170)**	(838,743)
Payments for debt maturities	**(80,865)**	(62,475)
Interest paid on debt	**(234,357)**	(206,244)
Interest subsidy from Build America Bonds	**20,864**	20,753
Swap suspension payments received	**4,800**	39,179
Proceeds from debt issuances	**1,004,735**	959,289
Released escrow amounts received	**-**	246,405
Draw on Standby Purchase Agreement	**231,430**	-
Paid Standby Purchase Agreement	**(231,430)**	-
Net cash used for capital and related financing activities	**(26,738)**	(302,933)
Noncapital financing activities		
Cash payments to PennDOT	**(450,000)**	(450,000)
Payments for bond and swap expenses	**(5,046)**	(2,764)
Payments for debt refundings	**(579,695)**	(50,030)
Payments for debt maturities	**(57,765)**	(52,675)
Interest paid on debt	**(201,716)**	(188,979)
Proceeds from debt issuances	**942,360**	507,623
Net cash used for noncapital financing activities	**(351,862)**	(236,825)
Increase (decrease) in cash and cash equivalents	**190,521**	(64,415)
Cash and cash equivalents at beginning of year	**783,774**	848,189
Cash and cash equivalents at end of year	**$ 974,295**	$ 783,774

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

Statements of Cash Flows (continued)

	Year Ended May 31	
	2016	2015
	(In Thousands)	
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 248,618**	$ 152,291
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**332,941**	337,664
Change in operating assets and liabilities:		
Accounts receivable	**(10,505)**	(4,491)
Inventories	**(1,684)**	1,350
Other assets	**(9,008)**	(25,771)
Accounts payable and accrued liabilities	**9,482**	22,605
Other noncurrent liabilities	**50,963**	20,614
Net cash provided by operating activities	**$ 620,807**	$ 504,262
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	**$ 169,248**	$ 131,146
Restricted cash and cash equivalents	**805,047**	652,628
Total cash and cash equivalents	**$ 974,295**	$ 783,774

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

Noncash Activities

The Commission recorded a net decrease of $4.5 million and a net decrease of $35.4 million in the fair value of its investments for the years ended May 31, 2016 and 2015, respectively.

The Commission recorded $17.6 million and $12.0 million for the amortization of bond premiums for the years ended May 31, 2016 and 2015, respectively.

The Commission recorded $23.8 million and $30.3 million in expenses for amortization of deferred losses on refundings and amortization of prepaid bond insurance costs for the years ended May 31, 2016 and 2015, respectively.

The Commission recorded an interest expense reduction of $2.4 million and $17.3 million for the years ended May 31, 2016 and 2015, respectively, related to GASB 53 entries.

Statements of Cash Flows (continued)

Noncash Activities (continued)

The Commission recognized total capital contributions of $180.9 million for fiscal year ended May 31, 2016. Cash received of $182.6 million for fiscal year ended May 31, 2016 is reported in the capital and related financing activities of this statement. The $1.7 million difference between capital contributions and cash received is the result of a $6.9 million decrease in receivables related to these capital contributions offset by a $5.2 million noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into 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 recognized total capital contributions of $146.5 million for fiscal year ended May 31, 2015. Cash received of $132.8 million for fiscal year ended May 31, 2015 is reported in the capital and related financing activities of this statement. The $13.7 million difference between capital contributions and cash received is the result of an $8.9 million increase in receivables related to these capital contributions and a $4.8 million noncash capital contribution related to capital assets provided by service plaza operators as described in the previous paragraph. 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 $40.9 million and $4.5 million to PennDOT during the fiscal years ended May 31, 2016 and 2015 respectively.

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

Notes to the Financial Statements

May 31, 2016 and 2015

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 two-thirds 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 year period financial statement presentation.

Cash Equivalents

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

Investments

Investments are stated at fair value with the exception of 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. The Commission implemented GASB 72 in fiscal year 2016 and beginning in that year categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 4 for further discussion.

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

Unearned Income

Unearned income is primarily related to E-ZPass customer deposits. E-ZPass customers of the Commission are required to deposit funds in advance of anticipated travel. Since this money is collected prior to the customers' travel and revenue recognition, it is recorded as unearned income. The Commission also had unearned income related to microwave tower leases and an upfront payment from a CMS swap (See Note 9). The Commission had total unearned income of $69.8 million and $64.9 million for fiscal years ended May 31, 2016 and 2015, respectively. Unearned income recorded as current liabilities are $67.8 million and $62.0 million for fiscal years ended May 31, 2016 and 2015, respectively. Unearned income recorded as other noncurrent liabilities are $2.0 million and $2.9 million for the fiscal years ended May 31, 2016 and 2015, respectively.

Accounting Estimates

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

2. Summary of Significant Accounting Policies (continued)

Pensions

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

Deferred Outflows/Inflows of Resources

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

The deferred outflows of resources related to hedging derivative instruments represent the cumulative change in their fair values. Deferred inflows from the Commission's service concession arrangements represent unamortized capital contributions from service plaza operators and the present value of minimum guaranteed rent payments. Deferred outflows/inflows on refundings are the result of differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows/inflows of resources related to pensions are described further in Note 8. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all SERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

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. For fiscal years 2016 and 2015, approximately 74.5% and 71.5%, respectively, of the fare revenues were realized through electronic toll collection. For fiscal years 2016 and 2015, approximately 25.5% and 28.5%, respectively, of the fare revenues were realized through cash or credit card collection.

During fiscal year 2016, the Commission implemented Toll By Plate (TBP), a new license plate tolling system for customers without a valid E-ZPass. The TBP program offers cashless, nonstop travel and is only available at the new tolling point at the PA Turnpike Bridge over the Delaware River. This new system utilizes high speed cameras over the roadway that capture license plate images as vehicles pass through the tolling point. The registered owner of the vehicle then receives a flat rate invoice in the mail. For fiscal year 2016, approximately 0.3% of the fare revenues were realized through TBP, which are included as part of electronic toll collection.

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.

2. Summary of Significant Accounting Policies (continued)

Nonoperating Revenues (Expenses)

Nonoperating revenues include: net investment earnings and other miscellaneous revenues not associated with the operations of the Turnpike System. Nonoperating expenses include: Act 44 and Act 89 payments to PennDOT, capital assets transferred to PennDOT, interest and bond expenses, and other miscellaneous expenses not associated with the operations of the Turnpike System.

Act 44 and Act 89 Payments to PennDOT

The Commission and PennDOT entered into a Lease and Funding Agreement, as amended, as required under the terms of Act 44 and Act 89. See Note 9 for more information regarding Act 44 and Act 89.

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 $40.9 million to PennDOT during the fiscal year ended May 31, 2016. The Commission transferred assets with a net book value of $4.5 million to PennDOT during the fiscal year ended May 31, 2015.

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 $119.8 million and $98.2 million for the fiscal years ended May 31, 2016 and 2015, respectively. These revenues are kept in a separate fund as required by the applicable bond indenture.

2. Summary of Significant Accounting Policies (continued)

Capital Contributions (continued)

Motor License Registration Fee Revenues

The Commission received $28.0 million in registration fee revenue during each of the fiscal years ended May 31, 2016 and 2015 from the Commonwealth's Motor License Fund. These revenues are kept in a separate fund as required by the applicable bond indenture.

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, 2016 and 2015, the Commission recognized $27.9 million and $15.5 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 recognized capital contribution revenues of $5.2 million and $4.8 million, related to these agreements for the years ended May 31, 2016 and 2015, respectively. See Note 6 for further discussion on the service plazas.

Adoption of Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* 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 principal objective of GASB Statement No. 68 is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees, both active employees and inactive employees, are provided with pensions. The objective of GASB Statement No. 71 is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans subsequent to the measurement date. The Commission adopted these statements for its fiscal year ended May 31, 2015. It was not practical to determine the

2. Summary of Significant Accounting Policies (continued)

Adoption of Accounting Pronouncements (continued)

fiscal year 2015 beginning balance amounts of all deferred inflows of resources and all deferred outflows of resources related to pensions, except for contributions made subsequent to the measurement date. The Commission recorded the cumulative effect of applying these statements as a restatement of beginning net position as of June 1, 2014 (the beginning of the financial statement period). Net position as of June 1, 2014 was decreased by $266.4 million. The effect on beginning balances for fiscal year 2015 was as follows:

Description	May 31, 2014 as Previously Reported	Beginning Balance Restatement	June 1, 2014 as Restated
		(in Thousands)	
		[Debits / (Credits)]	
Statement of Net Position			
Deferred outflows of resources from pensions (GASB 71)	$ -	$ 8,557	$ 8,557
Net Pension Liability (GASB 68)	-	(274,936)	(274,936)
Net position	3,300,455	266,379	3,566,834

See Note 8 for additional disclosures required by these statements.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* The statement addresses accounting and financial reporting issues related to fair value measurements. The Commission adopted this statement for its fiscal year ended May 31, 2016. Additional disclosures required by this statement can be found in other sections of this Note 2; Note 4, Cash and Investments; and Note 9, Commitments and Contingencies. The fair value of the Commission's derivatives were also updated as disclosed in Note 4 and Note 9.

2. Summary of Significant Accounting Policies (continued)

Adoption of Accounting Pronouncements (continued)

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Commission adopted this statement for its fiscal year ended May 31, 2016. The adoption of this statement had no significant impact on the Commission's financial statements for fiscal years ending May 31, 2016 and 2015.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The Commission adopted this statement for its fiscal year ended May 31, 2016. The adoption of this statement had no impact on the Commission's financial statements for fiscal year ending May 31, 2016 and 2015.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Commission adopted this statement for its fiscal year ended May 31, 2016. The adoption of this statement had no impact on the Commission's financial statements for fiscal year ending May 31, 2016 and 2015.

Pending Changes in Accounting Principles

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Commission is required to adopt Statement No. 74 for its fiscal year ended May 31, 2018.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Commission is required to adopt Statement No. 75 for its fiscal year ended May 31, 2019.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* The Commission is required to adopt Statement No. 77 for its fiscal year ended May 31, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The Commission is required to adopt Statement No. 78 for its fiscal year ended May 31, 2017.

2. Summary of Significant Accounting Policies (continued)

Pending Changes in Accounting Principles (continued)

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.* The Commission is required to adopt Statement No. 80 for its fiscal year ended May 31, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The Commission is required to adopt Statement No. 81 for its fiscal year ended May 31, 2018.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.* The Commission is required to adopt Statement No. 82 for its fiscal year ended May 31, 2018.

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 five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986 which was amended and restated as of March 1, 2001, as supplemented, between the Commission and 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.;

- 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.; and

3. Indenture Requirements and Restrictions (continued)

- A Special Obligation Trust Indenture dated September 1, 2014 between the Commission and the Trustee, Bank of New York Mellon Trust Company, 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 **2016**	2015
	(In Thousands)	
U.S. Treasuries	**$ 244,409**	$ 179,971
GNMA mortgages	**3,717**	5,602
Government agency securities	**239,413**	201,540
Municipal bonds	**128,341**	157,723
Corporate obligations	**511,946**	395,451
Total investment securities	**1,127,826**	940,287
Investment derivatives	**13,923**	23,317
Cash and cash equivalents	**974,295**	783,774
Total cash and cash equivalents and investments	**$ 2,116,044**	$ 1,747,378

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, 2016		
Demand Deposits	**$ 22,628**	**$ 23,723**
Money Market Funds	**673,415**	**673,415**
Cash Equivalents	**277,157**	**277,157**
Total Cash and Cash Equivalents	**$ 973,200**	**$ 974,295**
May 31, 2015		
Demand Deposits	$ 13,717	$ 19,022
Money Market Funds	647,076	647,079
Cash Equivalents	117,673	117,673
Total Cash and Cash Equivalents	$ 778,466	$ 783,774

Cash Equivalents and Investment Securities

Following is a description of the valuation methodologies used for investment securities measured at fair value. There have been no changes in the methodologies used at May 31, 2016 or 2015 with the exception of the investment derivatives which is described in Note 9.

- U.S. Treasuries of $244.4 million categorized as Level 1 are valued using quoted market prices.
- GNMA mortgages of $3.7 million categorized as Level 2 are valued using models based on spreads of comparable securities.
- Government agency securities of $239.4 million categorized as Level 2 are valued using various market and industry inputs. Callable agency-issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The fair value of agency mortgage pass-through pool securities is model-driven based on spreads of a comparable security. Collateralized mortgage obligations are valued using quoted market prices and trade data adjusted by subsequent changes in related indices for identical or comparable securities.

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

- Municipal bonds of $128.3 million categorized as Level 2 are valued using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads and volatility.
- Corporate obligations of $511.9 million categorized as Level 2 are valued using recently executed transactions, market price quotations (where observable), bond spreads, credit default swap spreads, at the money volatility and/or volatility skew obtained from independent external parties such as vendors and brokers adjusted for any basis difference between cash and derivative instruments. The spread data used are for the same maturity as the bond.
- Investment derivatives of $13.9 million categorized as Level 2 are valued using discounted future net cash flows, mid-market values, nonperformance risk and bid/offer spreads. See Note 9 for further discussion.

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 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; 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.

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;

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

- 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.

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.

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

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, 2016 and 2015, the Commission held three securities totaling $22.4 million and $22.1 million, respectively. 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.

Credit Risk

The Commission's exposure to credit risk for investment securities as of May 31, 2016 is as follows:

			Quality Rating			
Investment Type	**AAA**	**AA**	**A**	**A-1**	**Below A**	**Total**
			(In Thousands)			
Government agency securities	$ 8,538	$ 230,875	$ -	$ -	$ -	$ 239,413
Municipal bonds	11,823	96,662	19,856	-	-	128,341
Corporate obligations	82,218	374,625	-	54,588	515	511,946
	$ 102,579	$ 702,162	$ 19,856	$ 54,588	$ 515	$ 879,700

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, 2016, 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 Home Loan Bank	$ 178,375	8.43%
Federal National Mortgage Association	115,424	5.45%

Interest Rate Risk

On May 31, 2016, the effective duration of the Commission's investments, by type, was as follows:

Investment Type	Fair Value	Effective Duration
	(In Thousands)	*(In Years)*
U.S. Treasuries	$ 244,409	2.8775
GNMA mortgages	3,717	3.2194
Government agency securities	239,413	1.8555
Municipal bonds	128,341	2.2932
Corporate obligations	511,946	1.8975
Total investment securities	$ 1,127,826	

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At May 31, 2016, $22.1 of the Commission's demand deposits were exposed to custodial credit risk, as they were uninsured and collateralized with securities held by an agent of the pledging financial institution but are not in the Commission's name. None of the Commission investments were exposed to custodial credit risk at May 31, 2016.

4. Cash and Investments (continued)

Investment Derivatives

Following is a summary of the Commission's investment derivatives at May 31, 2016:

	Notional Amount *(Thousands)*	Weighted Avg. Mat. *(Years)*	Effective Date	Maturity Date	Terms	Fair Value *(Thousands)*	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	$ 67,452	8.4				$ 1,193	JPMorgan Chase Bank	Aa3/A+/AA-
	60,384	9.1			Pay 67% of 1-month LIBOR,	1,087	Merrill Lynch CS*	Baa1/BBB+/A
	67,452	8.4			receive 60.08% of the 10 year	1,193	PNC Bank	A2/A/A+
	75,478	9.1			maturity of the USD-ISDA	1,360	Bank of New York Mellon	Aa2/AA-/AA
A	270,766		7/1/2007	12/1/2030	Swap Rate	4,833		
	112,000					(2,187)	JPMorgan Chase Bank	Aa3/A+/AA-
	48,000				Pay SIFMA, receive 63% of 1-	(939)	Bank of New York Mellon	Aa2/AA-/AA
B	160,000	13.1	8/14/2003	12/1/2032	month LIBOR + 20 bps	(3,126)		
					Pay 67% of 1-month LIBOR,			
	80,000				receive 60.15% of the 10 year	2,836	JPMorgan Chase Bank	Aa3/A+/AA-
	80,000				maturity of the USD-ISDA	2,059	Royal Bank of Canada	Aa3/AA-/AA
C	160,000	13.0	9/19/2006	11/15/2032	Swap Rate	4,895		
D	80,000	2.0	5/15/2014	5/15/2018	Pay 60.15% of the 10 year maturity of the USD-ISDA Swap Rate, receive 67% of 1-month LIBOR	(892)	Wells Fargo	Aa2/AA-/AA
E	127,020	14.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% of 3-month LIBOR	3,719	Goldman Sachs MMDP	Aa2/AA-/NR
F	127,020	14.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.80% of 3-month LIBOR	4,494	Deutsche Bank	Baa2/BBB+/A-
						$ 13,923		

1-month LIBOR was 0.46885% at May 31, 2016
3-month LIBOR was 0.68580% at May 31, 2016
10-year maturity of the USD-ISDA swap rate was 1.715% at May 31, 2016
SIFMA was 0.40% at May 31, 2016

* On November 15, 2012, the Commission executed an amendment to the swap agreements to include Merrill Lynch Derivative Products as guarantor. Merrill Lynch Derivative Products credit ratings were Aa3/AA-/NR (Moody's/S&P/Fitch) as of May 31, 2016.

See Note 9 for additional disclosures regarding derivative instruments including a rollforward from the prior year balances.

5. Capital Assets

Summaries of changes to capital assets for the years ended May 31, 2016 and 2015 are as follows:

	Balance May 31, 2015	Additions	Transfers	Reductions	Balance May 31, 2016
			(In Thousands)		
Capital assets not being depreciated (cost)					
Land and intangibles	$ 310,518	$ 23,416	$ -	$ -	$ 333,934
Assets under construction	956,984	632,034	(258,391)	-	1,330,627
Total capital assets not being depreciated	1,267,502	655,450	(258,391)	-	1,664,561
Capital assets being depreciated (cost)					
Buildings	936,517	6,487	25,898	-	968,902
Improvements other than buildings	117,331	435	1,490	-	119,256
Equipment	591,223	18,850	13,770	4,064	619,779
Infrastructure	7,713,188	20,778	217,233	42,839	7,908,360
Total capital assets being depreciated	9,358,259	46,550	258,391	46,903	9,616,297
Less accumulated depreciation for:					
Buildings	354,269	22,842	-	-	377,111
Improvements other than buildings	73,215	5,364	-	-	78,579
Equipment	449,801	34,962	-	3,707	481,056
Infrastructure	4,558,915	269,773	-	1,902	4,826,786
Total accumulated depreciation	5,436,200	332,941	-	5,609	5,763,532
Total capital assets being depreciated, net	3,922,059	(286,391)	258,391	41,294	3,852,765
Total capital assets	$ 5,189,561	$ 369,059	$ -	$ 41,294	$ 5,517,326

5. Capital Assets (continued)

	Balance May 31, 2014	Additions	Transfers	Reductions	Balance May 31, 2015
	(In Thousands)				
Capital assets not being depreciated (cost)					
Land and intangibles	$ 289,900	$ 20,618	$ -	$ -	$ 310,518
Assets under construction	790,396	573,376	(406,788)	-	956,984
Total capital assets not being depreciated	1,080,296	593,994	(406,788)	-	1,267,502
Capital assets being depreciated (cost)					
Buildings	905,235	-	31,411	129	936,517
Improvements other than buildings	114,009	-	3,322	-	117,331
Equipment	570,115	8,516	14,590	1,998	591,223
Infrastructure	7,345,336	15,131	357,465	4,744	7,713,188
Total capital assets being depreciated	8,934,695	23,647	406,788	6,871	9,358,259
Less accumulated depreciation for:					
Buildings	331,972	22,402	-	105	354,269
Improvements other than buildings	67,922	5,293	-	-	73,215
Equipment	420,547	30,998	-	1,744	449,801
Infrastructure	4,280,189	278,971	-	245	4,558,915
Total accumulated depreciation	5,100,630	337,664	-	2,094	5,436,200
Total capital assets being depreciated, net	3,834,065	(314,017)	406,788	4,777	3,922,059
Total capital assets	$ 4,914,361	$ 279,977	$ -	$ 4,777	$ 5,189,561

The Commission incurred interest costs of $21.0 million and $15.5 million for the fiscal years ended May 31, 2016 and 2015, respectively, which qualified for capitalization. For fiscal year 2016, there was a $0.2 million interest income offset; therefore, $20.8 million was capitalized. For fiscal year 2015, there was a $0.4 million interest income offset; therefore, $15.1 million was capitalized.

6. Service Concession Arrangements

There are 17 service plazas along the Turnpike System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. The Commission has entered into long term service plaza redevelopment agreements with HMSHost Restaurants, LLC and Sunoco Retail LLC to design, reconstruct, finance, operate and maintain all of the service plazas. 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 Retail LLC expire on August 25, 2036 and January 31, 2022, respectively. Sunoco Retail LLC's lease may be extended for three additional five-year periods. The first extension shall be at the discretion of Sunoco Retail LLC, and the second and third extensions shall be mutually agreed to by both parties.

As of May 31, 2016, the Commission had capitalized $115.0 million in capital assets representing 15 service plazas that had fully completed construction and recorded deferred inflows of resources of $91.9 million related to these assets in accordance with GASB Statement No. 60. Also, as of May 31, 2016 and in accordance with GASB Statement No. 60, the Commission recognized a receivable and deferred inflow of resources in the amount of $32.1 million for the present value of guaranteed minimum rent payments scheduled to begin upon completion of all construction.

As of May 31, 2015, the Commission had capitalized $108.1 million in capital assets representing 14 service plazas that had fully completed construction and recorded deferred inflows of resources of $90.1 million related to these assets in accordance with GASB Statement No. 60. Also, as of May 31, 2015 and in accordance with GASB Statement No. 60, the Commission recognized a receivable and deferred inflow of resources in the amount of $30.6 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	
	2016	2015
	(In Thousands)	
Mainline Senior Debt		
2006 Series A: Issued $118,015 in June 2006 at 5.00%, due in varying installments through December 1, 2026. Interest paid each June 1 and December 1. Refunded in June 2015.	**$ -**	$ 118,015
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.	**349,755**	362,640
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.	**-**	23,770
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.	**193,235**	196,775
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. Partially refunded in June 2015.	**200,000**	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**	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**	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. Partially refunded in June 2015.	**429,200**	444,280
2014 Series B-2: Issued $69,870 in June 2014 at a variable rate (based on SIFMA +.05% to .30%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2016. Partially refunded in June 2015.	**34,950**	69,870
2014 Series Refunding: Issued $239,620 in November 2014 at 5.00%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1.	**239,620**	239,620
2014 Series C: Issued $294,225 in December 2014 at 2.25% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1.	**294,225**	294,225

7. Debt (continued)

	May 31 **2016**	May 31 2015
	(In Thousands)	
Mainline Senior Debt (continued)		
2015 Series A-1: Issued $385,095 in June 2015 at 4.00% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1.	**$ 385,095**	$ -
2015 Series A-2: Issued $115,635 in June 2015 at a variable rate (based on SIFMA +.15% to .90%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2021.	**100,000**	-
2015 Series B: Issued $304,005 in December 2015 at 2.5% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1.	**304,005**	-
EB5 Loan (1st-3rd Tranches): Issued $150,000 in March 2016 at 2.00%, due on March 18, 2021. Interest is paid each June 1 and December 1.	**150,000**	-
EB5 Loan (4th Tranche): Issued 50,000 in May 2016 at 2.00%, due on May 12, 2021. Interest is paid each June 1 and December 1.	**50,000**	-
Total Mainline Senior Debt Payable	**4,489,010**	3,773,275
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. Partially refunded in February and April 2016.	**107,885**	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.	**40,485**	45,205
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. Partially refunded in February and April 2016.	**119,655**	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. Sub-Series C-1 was partially refunded in February 2016.	**18,745**	214,320
2009 Series A Subordinate Revenue: Issued $308,035 in January 2009 at 3.00% to 5.00%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially refunded in February and April 2016.	**225,090**	281,705
2009 Series B Subordinate Revenue: Issued $856,735 in July 2009 at 3.00% to 5.75%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially refunded in February and April 2016.	**629,910**	804,195
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.	**152,355**	143,261
2009 Series D Subordinate Revenue: Issued $324,745 in October 2009 at 4.00% to 5.50%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1. Partially refunded in February 2016.	**314,770**	324,745

7. Debt (continued)

	May 31	
	2016	2015
	(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)		
2009 Series E Subordinate Revenue: Issued $200,005 in October 2009 at 6.00% to 6.375%, due in varying installments through December 1, 2038. Interest to be compounded semi-annually from October 2009 to December 1, 2017, thereafter paid each June 1 and December 1. Series E issued as CABs. The compounded interest to be paid at maturity or earlier redemption.	**$ 300,733**	$ 282,694
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.	**334,120**	327,626
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.	**165,352**	162,025
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. Partially refunded in April 2015.	**85,625**	85,625
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.	**113,060**	116,595
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.	**113,110**	116,610
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.	**110,710**	114,350
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.	**77,486**	75,521
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.	**112,792**	111,461
2014 Sub-Series A-1, A-2, A-3 Subordinate Revenue: Issued $148,300 in April 2014 at 2.00% to 5.44%, due in varying installments through December 1, 2043. Sub-Series A-1 interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest 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.	**152,364**	150,295
2014 Series B Subordinate Revenue: Issued $201,395 in October 2014 at 5.00% to 5.25% due in varying installments through December 1, 2044. Interest paid each June 1 and December 1.	**201,395**	201,395
2015 Series A-1 Subordinate Revenue: Issued $209,010 in April 2015 at 3.00% to 5.25% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1.	**209,010**	209,010

7. Debt (continued)

	May 31	
	2016	2015
	(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)		
2015 Series A-2 Subordinate Revenue: Issued $50,000 in April 2015 at a variable rate (based on SIFMA +.80%, reset weekly, paid the 1st of each month commencing on December 1, 2015). Due in varying installments through December 1, 2045.	**$ 50,000**	$ 50,000
2015 Series B Subordinate Revenue: Issued $192,215 in October 2015 at 4.00% to 5.00% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1.	**192,215**	-
2016 Series Refunding Subordinate Revenue: Issued $360,990 in February 2016 at 3.00% to 5.00% due in varying installments through June 1, 2038. Interest is paid each June 1 and December 1.	**360,990**	-
2016 Series A-1 Subordinate Revenue: Issued $203,700 in April 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1.	**203,700**	-
2016 Series A-2 Subordinate Revenue: Issued $185,455 in April 2016 at 5.00% due in varying installments through June 1, 2033. Interest is paid each June 1 and December 1.	**185,455**	-
Total Mainline Subordinate Revenue Debt Payable	**4,577,012**	4,227,108
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.	**220,308**	216,040
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.	**123,198**	120,841
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.	**97,605**	98,200
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.	**94,090**	94,460
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.	**92,020**	92,455
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

7. Debt (continued)

	May 31 2016	May 31 2015
	(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 (continued)		
2013 Sub-Series B-1, B-2, B-3 Subordinate Motor License Fund-Enhanced Special Revenue: Issued $101,731 in October 2013 at 2.00% to 5.875%, due in varying installments through December 1, 2043. Sub-Series B-1interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1.	**$ 104,908**	$ 103,943
2014 Series A Subordinate Motor License Fund-Enhanced Special Revenue: Issued $59,740 in April 2014 at 4.50% to 4.90%, due in varying installments through December 1, 2044. The Series A were 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.	**65,816**	62,833
Total Motor License Fund-Enhanced Subordinate Special Revenue Debt	**993,030**	983,857
Total Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)	**5,570,042**	5,210,965
Total Mainline Senior and Subordinate Debt Payable	**10,059,052**	8,984,240
Oil Company Franchise Tax Senior Debt		
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.	**75,425**	84,365
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.	**162,286**	162,576
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.	**23,120**	23,120
Total Oil Company Franchise Tax Senior Debt Payable	**420,831**	430,061
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**	16,440
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.	**129,350**	131,785
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.	**127,795**	128,690

7. Debt (continued)

	May 31 2016	May 31 2015
	(In Thousands)	
Oil Company Franchise Tax Subordinate Debt (continued)		
2013 Series B Subordinate Oil Company Franchise Tax Revenue: Issued $32,035 in October 2013 at 2.00% and 5.00%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1.	**$ 24,215**	$ 28,165
Total Oil Company Franchise Tax Subordinate Debt Payable	**297,800**	305,080
Total Oil Company Franchise Tax Senior and Subordinate Debt Payable	**718,631**	735,141
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.	**171,045**	178,455
2005 Series B, C, D: Issued $231,425 in August 2005 and remarketed in October 2015 with a direct placement at a variable rate (based on 70% of LIBOR+.85%, reset monthly, paid the 15th of each month), due in varying installments through July 15, 2041.	**231,425**	231,425
Total Motor License Registration Fee Debt Payable	**402,470**	409,880
Total Debt Payable	**$11,180,153**	$10,129,261
Unamortized premium/discount	**514,396**	306,147
Total debt, net of unamortized premium/discount	**11,694,549**	10,435,408
Less current portion	**262,690**	238,150
Debt, noncurrent portion	**$11,431,859**	$10,197,258

SIFMA was 0.40% on May 31, 2016

7. Debt (continued)

Changes in debt are as follows:

	Balance at June 1, 2015	Additions	Reductions	Balance at May 31, 2016	Due Within One Year
			(In Thousands)		
Mainline debt	$ 8,984,240	$ 2,001,272	$ 926,460	$ 10,059,052	$ 236,030
Oil Company Franchise Tax debt	735,141	1,115	17,625	718,631	18,885
Motor License Registration Fee debt	409,880	-	7,410	402,470	7,775
	10,129,261	2,002,387	951,495	11,180,153	262,690
Premium (discount), net	306,147	226,958	18,709	514,396	-
Totals	$ 10,435,408	$ 2,229,345	$ 970,204	$ 11,694,549	$ 262,690

	Balance at June 1, 2014	Additions	Reductions	Balance at May 31, 2015	Due Within One Year
			(In Thousands)		
Mainline debt	$ 8,337,021	$ 1,127,774	$ 480,555	$ 8,984,240	$ 213,115
Oil Company Franchise Tax debt	750,428	289,733	305,020	735,141	17,625
Motor License Registration Fee debt	416,930	-	7,050	409,880	7,410
	9,504,379	1,417,507	792,625	10,129,261	238,150
Premium (discount), net	203,526	114,310	11,689	306,147	-
Totals	$ 9,707,905	$ 1,531,817	$ 804,314	$ 10,435,408	$ 238,150

7. Debt (continued)

Debt service requirements subsequent to May 31, 2016 related to all sections of debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2017	$ 262,690	$ 467,008	$ 729,698
2018	291,710	478,392	770,102
2019	310,065	491,039	801,104
2020	319,855	484,285	804,140
2021	584,940	475,079	1,060,019
2022-2026	1,400,511	2,208,853	3,609,364
2027-2031	1,523,653	1,915,552	3,439,205
2032-2036	2,293,370	1,459,145	3,752,515
2037-2041	2,513,391	958,775	3,472,166
2042-2046	1,412,528	297,497	1,710,025
2047-2051	267,440	37,733	305,173
	$ 11,180,153	$ 9,273,358	$ 20,453,511

The Commission's purpose for issuing debt is as follows.

- Mainline Senior Debt is issued for the purpose of financing the costs of various capital projects in the Commission's capital plan and for refunding outstanding Mainline Senior Debt.

- Mainline Subordinate Debt is issued for the purpose of financing a portion of the costs of making payments to the Pennsylvania Department of Transportation in accordance with Act 44 and Act 89 and for refunding outstanding Subordinate Debt. See Note 9 for additional information regarding Act 44 and Act 89.

- Oil Company Franchise Tax Debt and Motor License Registration Fee Debt are issued for the purpose of financing the costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects and to refund outstanding Oil Company Franchise Tax Debt and Motor License Registration Fee Debt.

7. Debt (continued)

The issuance of new debt is conducted in accordance with the terms of the applicable Trust Indenture and approval of the Commissioners.

Mainline Debt Requirements and Recent Activity

The Amended and Restated Trust Indenture of 2001 requires that tolls be adequate to provide funds to cover current expenses and (1) provide funds in an amount not less than the greater of 130% of the maximum principal and interest requirements for the succeeding year, or (2) 100% of the maximum principal and interest payments for the next fiscal year plus the amount required for maintenance of the Turnpike System as determined by the Commission's Consulting Engineer. If any deficiencies occur, the Commission is obligated to raise tolls accordingly.

As disclosed in Note 3, the Commission's Trust Indentures impose certain restrictions and requirements. The Commission's Trust Indenture for the Turnpike Subordinate Revenue Bonds requires that the Commission establish and maintain schedules of tolls for traffic over the Turnpike System as required by the Senior Indenture, and in addition, the amount paid into the General Reserve Fund of the Senior Indenture in each fiscal year and for each Commission Payment, will be at least sufficient to provide funds in an amount not less than: (1) 115% of the Annual Debt Service for each fiscal year on account of all outstanding Revenue Bonds and Revenue Bonds Parity Obligations; (2) 100% of the Annual Debt Service for such fiscal year on account of all Outstanding Guaranteed Bonds, Guaranteed Bonds Parity Obligations and Subordinated Indebtedness; and (3) any payment by the Commission required by the Subordinate Indenture for restoring a deficiency in the Debt Service Fund within an 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 is borrowing this money to fund a portion of the I-95 Interchange Project. Such debt is issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. As of May 31, 2016, the Commission has borrowed $200,000,000 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, 2016, the Commission issued $936.3 million of Special Revenue Bonds with an accreted value of $993.0 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 June 2014, the Commission issued $69,870,000 2014 Series B-2 Senior Bonds at a variable rate with a maturity date of December 1, 2016. The 2014 Series B-2 Senior Bonds were issued primarily for the current refunding of existing variable rate debt which included the Commission's 2009 Series C Bonds Variable Rate Revenue Bonds ($52,070,000) and the Commission's 2011 Series D Variable Rate Revenue Bonds ($17,455,000). The bonds were also issued for payment of the costs of issuance for the 2014 Series B-2 Senior Bonds.

In October 2014, the Commission issued $201,395,000 2014 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2044. The 2014 Series B 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 and for issuing the 2014 Series B Subordinate Bonds.

In November 2014, the Commission issued $239,620,000 2014 Series Refunding Senior Bonds at a fixed rate with a maturity date of December 1, 2034. The 2014 Series Refunding Senior Bonds were issued primarily to current refund the 2004 Series A Senior Bonds and for the payment of the costs of issuance of the 2014 Series Refunding Senior Bonds. The current refunding of the 2004 Series A Senior Bonds allowed the Commission to reduce its debt service by approximately $57.0 million. The transaction resulted in an economic gain of approximately $40.1 million.

In December 2014, the Commission issued $294,225,000 2014 Series C Senior Bonds at a fixed rate with a maturity date of December 1, 2044. The 2014 Series 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 2014 Series C Bonds.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

In April 2015, the Commission issued $209,010,000 2015 Series A-1 Subordinate Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series A-1 Subordinate Bonds were issued to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44 and Act 89, for the advance refunding of a portion of the Commission's 2011 Series A Subordinate Revenue Bonds ($50,030,000), and for paying the cost of issuing the 2015 Series A-1 Subordinate Bonds. The advanced refunding of the 2011 Series A Subordinate Bonds allowed the Commission to reduce its debt service by approximately $10.3 million. In addition to the debt service savings, the Commission received additional proceeds of $2.2 million from this transaction, resulting in a total economic gain of approximately $10.6 million.

In April 2015, the Commission issued $50,000,000 2015 Series A-2 Subordinate Bonds at a variable rate with a maturity date of December 1, 2045. The 2015 Series A-2 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 and for issuing the 2015 Series A-2 Subordinate Bonds.

In June 2015, the Commission issued $385,095,000 2015 Series A-1 Senior Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series A-1 Senior Bonds were issued to provide funds to finance the costs of various capital expenditures and advance refund all of the Commission's 2006 Series A Senior Revenue Bonds and for paying the cost of issuing the 2015 Series A-1 Senior Bonds. The advanced refunding of the 2006 Series A Senior Bonds allowed the Commission to reduce its debt service by approximately $18.2 million. The transaction resulted in an economic gain of approximately $13.7 million.

In June 2015, the Commission issued $115,635,000 2015 Series A-2 Senior Bonds at a variable rate with a maturity date of December 1, 2021. The 2015 Series A-2 Senior Bonds were issued primarily for the current refunding of existing variable rate debt which included the Commission's 2013 Series B Variable Rate Revenue Bonds ($65,155,000), the Commission's 2014 Series B-1 Variable Rate Revenue Bonds ($15,080,000) and the Commission's 2014 Series B-2 Variable Rate Revenue Bonds ($34,920,000). The bonds were also issued for payment of the costs of issuance for the 2015 Series A-2 Senior Bonds.

In October 2015, the Commission issued $192,215,000 2015 Series B Subordinate Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series B 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 and for issuing the 2015 Series B Subordinate Bonds.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

In December 2015, the Commission issued $304,005,000 2015 Series B Senior Bonds at a fixed rate with a maturity date of December 1, 2045. The 2015 Series B Senior Bonds were issued to provide funds to finance the costs of various capital expenditures set forth in the Commission's current or any prior ten year capital plan and for issuing the 2015 Series B Senior Bonds.

In February 2016, the Commission issued $360,990,000 2016 Series Refunding Subordinate Bonds at a fixed rate with a maturity date of June 1, 2038. The 2016 Series Refunding Subordinate Bonds were issued to provide funds for the advance refunding of a portion of the Commission's 2008 Series A-1 Subordinate Revenue Bonds ($29,025,000), 2008 Series B-1 Subordinate Revenue Bonds ($52,390,000), 2008 Series C-1 Subordinate Revenue Bonds ($189,875,000), 2009 Series A Subordinate Revenue Bonds ($23,470,000), 2009 Series B Subordinate Revenue Bonds ($76,435,000), 2009 Series D Subordinate Revenue Bonds ($9,975,000) and for paying the cost of issuing the 2016 Series Refunding Subordinate Bonds. The advance refunding of the 2008 Series A-1 Subordinate Bonds, 2008 Series B-1 Subordinate Bonds, 2008 Series C-1 Subordinate Bonds, 2009 Series A Subordinate Bonds, 2009 Series B Subordinate Bonds, and 2009 Series D Subordinate Bonds allowed the Commission to reduce its debt service by approximately $82.6 million. The transaction resulted in an economic gain of approximately $57.9 million.

In March 2016, the Commission issued a $150,000,000 2016 EB5 Loan at a fixed rate with a maturity date of March 18, 2021. This amount is comprised of the 1st-3rd Tranches under the Immigrant Investor Program loan agreement. The 2016 EB5 Loan was issued to fund a portion of the I-95 Interchange Project and for issuing the 2016 EB5 Loan.

In April 2016, the Commission issued $203,700,000 2016 Series A-1 Subordinate Bonds at a fixed rate with a maturity date of December 1, 2046. The 2016 Series A-1 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 and for issuing the 2016 Series A-1 Subordinate Bonds.

7. Debt (continued)

Mainline Debt Requirements and Recent Activity (continued)

In April 2016, the Commission issued $185,455,000 2016 Series A-2 Subordinate Bonds at a fixed rate with a maturity date of June 1, 2033. The 2016 Series A-2 Subordinate Bonds were issued to provide funds for the advance refunding of a portion of the Commission's 2008 Series A-1 Subordinate Revenue Bonds ($39,655,000), 2008 Series B-1 Subordinate Revenue Bonds ($61,860,000), 2009 Series A Subordinate Revenue Bonds ($27,275,000), 2009 Series B Subordinate Revenue Bonds ($69,735,000) and for paying the cost of issuing the 2016 Series A-2 Subordinate Bonds. The advance refunding of the 2008 Series A-1 Subordinate Bonds, 2008 Series B-1 Subordinate Bonds, 2009 Series A Subordinate Bonds, and 2009 Series B Subordinate Bonds allowed the Commission to reduce its debt service by approximately $26.6 million. The transaction resulted in an economic gain of approximately $20.7 million.

In May 2016, the Commission issued a $50,000,000 2016 EB5 Loan at a fixed rate with a maturity date of May 12, 2021. This amount is the 4th Tranche under the Immigrant Investor Program loan agreement. The 2016 EB5 Loan was issued to fund a portion of the I-95 Interchange Project and for issuing the 2016 EB5 Loan.

Debt service requirements subsequent to May 31, 2016 related to the Mainline debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2017	$ 236,030	$ 418,953	$ 654,983
2018	263,740	431,605	695,345
2019	280,670	445,664	726,334
2020	288,970	440,385	729,355
2021	555,265	432,742	988,007
2022-2026	1,213,511	2,022,712	3,236,223
2027-2031	1,282,293	1,781,930	3,064,223
2032-2036	1,988,225	1,389,447	3,377,672
2037-2041	2,296,295	899,939	3,196,234
2042-2046	1,386,613	297,447	1,684,060
2047-2051	267,440	37,733	305,173
	$ 10,059,052	$ 8,598,557	$ 18,657,609

7. Debt (continued)

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.

The Commission issued 2014 Special Obligation Bonds in fiscal year 2015 as noted below. These 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, other Senior Revenue Bonds or the Senior Indenture Parity Obligations.

In September 2014, the Commission issued $288,675,000 2014 Series Special Obligation Bonds at a fixed rate with a maturity date of December 1, 2027. The 2014 Series Special Obligation Bonds were issued to refund the refunded bonds of 1998 Series A Senior and 1998 Series B Subordinate Oil Franchise Tax Bonds, to provide additional funds to the Commission for the construction of part of the sections of the Mon-Fayette Expressway and Southern Beltway, and for the payment of costs of issuance of the 2014 Series Special Obligation Bonds. The refunding of the 1998 Series A Senior and 1998 Series B Subordinate Oil Franchise Tax Bonds did not change the Commission's debt service requirements. The transaction resulted in an economic gain of approximately $33.8 million. These Bonds were subsequently defeased on September 15, 2014.

7. Debt (continued)

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

Debt service requirements subsequent to May 31, 2016 related to Oil Company Franchise Tax are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2017	$ 18,885	$ 36,613	$ 55,498
2018	19,785	35,759	55,544
2019	20,780	34,788	55,568
2020	21,815	33,773	55,588
2021	20,130	32,708	52,838
2022-2026	131,210	146,247	277,457
2027-2031	169,295	110,422	279,717
2032-2036	213,545	59,243	272,788
2037-2041	103,186	54,379	157,565
	$ 718,631	$ 543,932	$ 1,262,563

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.

In October 2015, the Commission amended the original indenture for the 2005 Registration Fee Revenue Refunding Bonds to allow for the conversion of $231,425,000 Registration Fee Revenue Refunding Bonds Series B, C, and D of 2005 from a weekly rate mode to an index rate mode through a direct placement with DNT Asset Trust.

7. Debt (continued)

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

Debt service requirements subsequent to May 31, 2016 related to Motor License Registration Fee debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2017	$ 7,775	$ 11,442	$ 19,217
2018	8,185	11,028	19,213
2019	8,615	10,587	19,202
2020	9,070	10,127	19,197
2021	9,545	9,629	19,174
2022-2026	55,790	39,894	95,684
2027-2031	72,065	23,200	95,265
2032-2036	91,600	10,455	102,055
2037-2041	113,910	4,457	118,367
2042-2046	25,915	50	25,965
	$ 402,470	$ 130,869	$ 533,339

Defeased Bonds

In both the current and prior years, the Commission defeased certain revenue bonds by placing funds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Commission's financial statements. At May 31, 2016 and 2015, the Commission had $1,003.9 million and $322.9 million, respectively, of defeased bonds outstanding.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The arbitrage liability recorded as other noncurrent liabilities is $0.2 million for the fiscal years ended May 31, 2016 and 2015.

7. Debt (continued)

Swap Payments and Associated Debt

Net swap payments and related debt service requirements related to all sections subsequent to May 31, 2016, 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)		
2017	$ 140,060	$ 11,224	$ 28,613	$ 179,897
2018	40,000	10,492	28,609	79,101
2019	65,000	9,997	28,610	103,607
2020	139,150	8,697	28,605	176,452
2021	200,000	6,208	28,613	234,821
2022-2026	150,000	14,392	141,402	305,794
2027-2031	-	13,355	116,491	129,846
2032-2036	91,600	10,455	70,061	172,116
2037-2041	113,910	4,457	21,086	139,453
2042-2046	25,915	50	164	26,129
	$ 965,635	$ 89,327	$ 492,254	$ 1,547,216

Mainline net swap payments and related debt service requirements for the 2012 Series B Senior, 2013 Series B Senior, 2014 Series B-1 Senior, and 2014 Series B-2 Senior bond issues are as follows:

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
		(In Thousands)		
2017	$ 140,060	$ 8,558	$ 19,814	$ 168,432
2018	40,000	7,821	19,812	67,633
2019	65,000	7,326	19,812	92,138
2020	139,150	6,021	19,809	164,980
2021	200,000	3,542	19,814	223,356
2022-2026	150,000	1,038	97,413	248,451
2027-2031	-	-	72,503	72,503
2032-2036	-	-	35,637	35,637
2037-2041	-	-	6,400	6,400
	$ 734,210	$ 34,306	$ 311,014	$ 1,079,530

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)		
2017	$ -	$ 2,666	$ 8,799	$ 11,465
2018	-	2,671	8,797	11,468
2019	-	2,671	8,798	11,469
2020	-	2,676	8,796	11,472
2021	-	2,666	8,799	11,465
2022-2026	-	13,354	43,989	57,343
2027-2031	-	13,355	43,988	57,343
2032-2036	91,600	10,455	34,424	136,479
2037-2041	113,910	4,457	14,686	133,053
2042-2046	25,915	50	164	26,129
	$ 231,425	$ 55,021	$ 181,240	$ 467,686

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

8. Retirement Benefits

General Information about the Pension Plan

Plan Description

Substantially all employees of the Commission participate in the Pennsylvania State Employees' Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan established by the Commonwealth to provide pension benefits for employees of state government and certain independent agencies. Membership in SERS is mandatory for most Commission (and other state) employees. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. SERS issues a publicly available financial report that can be obtained at www.sers.pa.gov.

8. Retirement Benefits (continued)

General Information about the Pension Plan (continued)

Benefits Provided

SERS provides retirement, death, and disability benefits. Member retirement benefits are determined by taking years of credited service multiplied by final average salary multiplied by 2% multiplied by class of service multiplier. Commission employees participate in one of the following class of service categories: Class A, Class AA, Class A-3 or Class A-4. According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions

Section 5507 of the SERC (71 Pa. C.S. §5507) requires the Commonwealth and other employers whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. However, Act 2010-120 imposes rate increase collars (limits on annual rate increases) on employer contributions that keep the employer contribution rate below the rates established in accordance with actuarial parameters. The collar for Commonwealth fiscal year 13/14 was 4.5% and will remain at that rate until no longer needed. 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**
2016	19.89%	24.86%	17.18%	17.18%
2015	15.94%	19.92%	13.77%	13.77%
2014	12.10%	15.12%	10.46%	10.46%

Contributions to the pension plan from the Commission were $27.9 and $22.6 million for the fiscal years ended May 31, 2016 and 2015, respectively.

8. Retirement Benefits (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2016, the Commission reported a liability of $346.9 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 16/17, from the December 31, 2015 funding valuation, to the expected funding payroll for the allocation of the 2015 amounts. At December 31, 2015, the Commission's proportion was 1.91%, which was a decrease of .08% from its proportion measured as of December 31, 2014.

For the fiscal year ended May 31, 2016, the Commission recognized pension expense of $42.8 million. At May 31, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in Thousands)	
Differences between expected and actual experience	$ 7,025	$ -
Net difference between projected and actual investment earnings on pension plan investments	35,326	-
Changes of assumptions	10,307	-
Differences between employer contributions and proportionate share of contributions	-	624
Changes in proportion	-	11,569
Commission contributions subsequent to measurement date	13,623	-
	$ 66,281	$ 12,193

8. Retirement Benefits (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The $13.6 million reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended May 31:	*(in Thousands)*
2017	$ 10,531
2018	10,531
2019	10,531
2020	8,584
2021	288

At May 31, 2015, the Commission reported a liability of $296,271,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 15/16, from the December 31, 2014 funding valuation, to the expected funding payroll for the allocation of the 2014 amounts. At December 31, 2014, the Commission's proportion was 1.99%, which was a decrease of .02% from its proportion measured as of December 31, 2013.

8. Retirement Benefits (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the fiscal year ended May 31, 2015, the Commission recognized pension expense of $34.1 million. At May 31, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in Thousands)	
Differences between expected and actual experience	$ 1,608	$ -
Net difference between projected and actual investment earnings on pension plan investments	8,560	-
Changes of assumptions	-	-
Differences between employer contributions and proportionate share of contributions	-	651
Changes in proportion	-	2,033
Commission contributions subsequent to measurement date	10,909	-
	$ 21,077	$ 2,684

Actuarial methods and assumptions

Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The *18th Investigation of Actuarial Experience* study for the period 2011 – 2015 was released in March 2016. The actuary, under oversight of the SERS Board, reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). Some assumption adjustments increased projected cost and some decreased projected cost, but the overall result was a slight increase to the net pension liability.

8. Retirement Benefits (continued)

Actuarial methods and assumptions (continued)

Economic assumption recommendations resulting from the experience study included: keeping the targeted investment return rate assumption at 7.5%; keeping the inflation rate at 2.75%; keeping the general salary growth rate at 3.05%; and decreasing career salary growth rates, by varying amounts depending upon the employee's length of service at all service levels. In addition to the five-year experience study, SERS reviews its investment return assumption in light of economic conditions every year as part of its annual valuation.

Most demographic assumptions remained the same as or similar to experience over the last five years. However, the experience study did recommend changing some assumptions, which are highlighted as follows. The study recommended decreasing disability retirement rates for all active members. Additionally, it recommended adjusting superannuation separation rates, early retirement separation rates, and withdrawal rates for certain active member groupings (gender, age, years of service) in both the general and special membership classes. Furthermore, it recommended decreasing most annuitant and survivor mortality rates.

The board adopted the actuarial assumptions set forth in the *18th Investigation of Actuarial Experience* at its March 2016 meeting. The study can be viewed at www.SERS.pa.gov.

The following methods and assumptions were used in the actuarial valuation for the December 31, 2015 and 2014 measurement dates:

Actuarial cost method	entry age
Amortization method	straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	7.50% net of expenses including inflation

8. Retirement Benefits (continued)

Actuarial assumptions (continued)

Projected salary increases	for the 2015 measurement period: the average of 5.70% with range of 3.85% - 9.05% including inflation
	for the 2014 measurement period: the average of 6.10% with range of 4.30% - 11.05% including inflation
Inflation	2.75%
Mortality rate	projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
Cost of living adjustments (COLA)	ad hoc and are not considered to be substantively automatic

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's current and target asset allocation as of December 31, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Alternative Investments	15.00%	8.50%
Global Public Equity	40.00%	5.40%
Real Assets	17.00%	4.95%
Diversifying Assets	10.00%	5.00%
Fixed Income	15.00%	1.50%
Liquidity Reserve	3.00%	0.00%
Total	100.00%	

8. Retirement Benefits (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each member and that employer contributions will be made based on rates determined by the actuary and as set by statute. Based on the assumptions, SERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active SERS members. Therefore, the long-term expected rate of return on SERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's proportionate share of the net pension liability to change in the discount rate

The following schedule presents the Commission's proportionate share of the 2015 and 2014 net pension liability calculated using the discount rate of 7.50%. It also shows what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.50%	**Current discount rate 7.50%**	**1% Increase 8.50%**
		(in Thousands)	
Commission's share of the net pension liability as of the 12/31/15 measurement date	$ 430,973	$ 346,946	$ 274,898
Commission's share of the net pension liability as of the 12/31/14 measurement date	379,220	296,271	224,949

Beginning net position for fiscal year 2015 was restated as discussed in Note 2.

8. Retirement Benefits (continued)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SERS financial report.

Payables to the Pension Plan

As of May 31, 2016 and 2015, the Commission reported a $5.6 and $5.1 million liability, respectively, within the Accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions that had not yet been paid to SERS.

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.

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately $925.1 million and $1,178.2 million at May 31, 2016 and 2015, 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, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, as described

9. Commitments and Contingencies (continued)

Act 44 and Act 89 (continued)

below, 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 also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the 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 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.

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*). 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 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.

9. Commitments and Contingencies (continued)

Act 44 and Act 89 (continued)

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.

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, 2016 and May 31, 2015, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2016 and fiscal year 2015 financial statements are as follows:

			Changes in fair value		Fair Value at May 31, 2016		
	May 31, 2015	Full Termination	Classification	Amount	Classification	Amount	Notional
				(In Thousands)			
Cash flow hedges:							
Pay-fixed interest rate swap	$ (109,323)	$ -	Deferred inflows	$ (24,468)	Noncurrent liabilities	$ (133,791)	$ 685,455
Investment derivative instruments:							
Basis and fair value swaps	23,317	(13,260)	Investment earnings	3,866	Long-term investments	13,923	924,806
Total PTC	$ (86,006)	$ (13,260)		$ (20,602)		$ (119,868)	

			Changes in fair value		Fair Value at May 31, 2015		
	May 31, 2014	Full Termination	Classificatio n	Amount	Classificatio n	Amount	Notional
				(In Thousands)			
Cash flow hedges:							
Pay-fixed interest rate swap	$ (49,684)	$ -	Deferred inflows	$ (59,639)	Noncurrent liabilities	$ (109,323)	$ 685,455
Investment derivative instruments:							
Basis and fair value swaps	57,652	-	Investment losses**	(34,335)	Long-term investments	23,317	1,068,031
Total PTC	$ 7,968	$ -		$ (93,974)		$ (86,006)	

* For further detail on this full termination, see the Recent Activity section of this note.
** This investment loss was offset by a $35.9 million gain resulting from partial terminations as described in the Recent Activity section of this note.

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Fair Values

At May 31, 2015, 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. This is referred to as the mid-market valuation of the swaps.

The Commission implemented GASB 72 in fiscal year 2016. At May 31, 2016, the fair values of the Commission's derivative instruments were estimated beginning with the mid-market valuation as described above. The fair value under GASB 72 incorporated into the mid-market valuation: 1) the credit risk of either the Commission or its counterparty (for a liability position or asset position, respectively) i.e. nonperformance risk; and 2) the bid/offer spread that would be charged to the Commission in order to transact. As the valuations are based on discounting future net cash flows to a single current amount, the approach being utilized is the income approach. The fair values rely primarily on Level 2 Inputs (observable inputs) – such as LIBOR rates to build the yield curve.

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Recent Activity

During fiscal year 2015, the Commission received $35.9 million from executing partial terminations for portions of its CMS Basis swaps and SIFMA fixed receiver swap; in exchange for these payments, the periodic cash flows on the swaps were partially terminated until the dates noted in the table below:

Date of Reversal	Initial Notional Amount	Underlying Bonds	Counterparty	Transaction Type	Partial Termination To	Amount Received
06/17/14	$ 107,784,000	Mainline 2012 B, 2013 B and 2014 B-2	JP Morgan	CMS Basis Swap	07/02/18	$ 4,068,000
07/02/14	$ 107,784,000	Mainline 2012 B, 2013 B and 2014 B-2	PNC	CMS Basis Swap	07/02/18	$ 4,179,000
07/22/14	$ 80,000,000	Oil Franchise Tax 2003 C	RBC	CMS Basis Swap	05/15/18	$ 3,270,000
10/28/14	$ 134,733,000	Mainline 2012 B, 2013 B and 2014 B-2	Bank of New York	CMS Basis Swap	01/02/19	$ 4,140,000
10/29/14	$ 107,784,000	Mainline 2012 B, 2013 B and 2014 B-2	Merrill Lynch	CMS Basis Swap	01/02/19	$ 3,150,000
03/03/15	$ 118,015,000	Mainline 2006A	Bank of New York	SIFMA Fixed Receiver	03/02/20	$ 17,080,000
						$ 35,887,000

In June 2014, the Commission issued 2014 Series B-2 Senior Bonds primarily to refund the 2009 Series C Variable Rate Revenue Bonds and 2011 Series D Variable Rate Revenue Bonds. Concurrently, the remaining $51,352,000 of the Commission's Mainline LIBOR Fixed Payer swaps associated with the 2009 Series C and 2011 Series D Bonds were deemed terminated and are now associated with the 2014 Series B-2 Senior Bonds. The fair value of these swaps at the time of the deemed termination was a negative $2,957,000. This amount was recognized in fiscal year 2015.

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Recent Activity (continued)

On August 26, 2014, the Commission executed a CMS reversal swap with Wells Fargo as an overlay to the JP Morgan CMS basis swap on the Oil Franchise Tax 2003 Series C Bonds. The Commission received an upfront payment of $3.3 million. The notional amount on these swaps is $80.0 million. Since Wells Fargo is a new counterparty, the trade is documented as a standalone swap; the terms exactly match the JP Morgan CMS swap, with the only difference being the reversal of the Commission's pay and receive legs. The accruals received on the JP Morgan swap will exactly match the accruals due to Wells Fargo (and vice versa) until the reversal matures on November 15, 2018.

On January 2, 2015, the Mainline CMS reversal swaps with Deutche Bank matured on schedule. The notional amount on those investment derivatives were $242,517,000 at maturity.

During fiscal year 2016, the Commission received $4.8 million from executing partial terminations for portions of its SIFMA/LIBOR basis swaps; in exchange for these payments, the periodic cash flows on the swaps were partially terminated until the dates noted in the table below:

Date of Reversal	Initial Notional Amount	Underlying Bonds	Counterparty	Transaction Type	Partial Termination To	Amount Received
07/09/15	$ 136,700,000	Mainline 2010 B	Deutsche Bank	SIFMA/LIBOR Basis	06/01/18	$ 2,255,000
11/09/15	$ 136,700,000	Mainline 2009 A	Goldman Sachs MMDP	SIFMA/LIBOR Basis	09/01/18	$ 2,545,000
						$ 4,800,000

On June 1, 2015, a portion of the Commission's 2014 Series B-2 Senior Bonds were refunded. Portions of the Commission's 2014 Series B-2 related swaps were deemed terminated and are now associated with portions of the 2013 Series B Bonds. The fair values at the time of the deemed termination were $371,000 with respect to the JP Morgan swap, $186,000 with respect to the Bank of America swap, and $186,000 with respect to the Bank of New York Mellon swap. These amounts are being amortized until December 1, 2030 which is the final maturity of the swaps.

9. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Recent Activity (continued)

On February 2, 2016, the Commission fully terminated its Mainline SIFMA Fixed Receiver investment derivative with the Bank of New York in exchange for receiving a termination payment totaling $12.8 million. The notional amount and fair value at the time of termination were $118,015,000 and $13,260,000, respectively.

Following is a summary of the hedging derivatives in place as of May 31, 2016. All of items are pay fixed interest rate swap types. These hedging derivatives contain certain risks and collateral requirements as described below (in thousands):

Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Moody's/ S&P/Fitch	Book Fair Value
1. Hedge of changes of cash	$ 100,000	5/20/2014	12/1/2038	Pay 4.887%,	Goldman Sachs MMDP	Aa2/AA-/NR	$ (15,859)
flows of 2014 Series B-1	100,000	5/20/2014	12/1/2038	receive SIFMA	Merrill Lynch CS*	Baa1/BBB+/A	(15,873)
Bonds (formerly 2008 Series	100,000	5/20/2014	12/1/2038		Morgan Stanley CS	A3/BBB+/A	(15,863)
B-1 & 2011 Series C Bonds)	$ 300,000						$ (47,595)
2. Hedge of changes of cash	$ 8,740	6/2/2014	12/1/2030	Pay 4.403%,	Bank of America*	A1/A/A+	$ (698)
flows of 2014 Series B-2	17,470	6/2/2014	12/1/2030	receive 67.00%	JPMorgan Chase Bank	Aa3/A+/AA-	(1,397)
Bonds (formerly 2009 Series	8,740	6/2/2014	12/1/2030	of 1-month	Bank of New York Mellon	Aa2/AA-/AA	(699)
C & 2011 Series D Bonds)	$ 34,950			LIBOR			$ (2,794)
3. Hedge of changes of cash	$ 16,944	7/23/2013	12/1/2030	Pay 4.403%,	Bank of America*	A1/A/A+	$ (1,392)
flows of 2013 Series B Bonds	33,865	7/23/2013	12/1/2030	receive 67.00%	JPMorgan Chase Bank	Aa3/A+/AA-	(2,785)
(formerly 2009 Series C &	16,944	7/23/2013	12/1/2030	of 1-month	Bank of New York Mellon	Aa2/AA-/AA	(1,392)
2011 Series D Bonds)	$ 67,753			LIBOR			$ (5,569)
4. Hedge of changes of cash	$ 12,836	11/30/2012	12/1/2030	Pay 4.403%,	Bank of America*	A1/A/A+	$ (390)
flows of 2012 Series B Bonds	25,655	11/30/2012	12/1/2030	receive 67.00%	JPMorgan Chase Bank	Aa3/A+/AA-	(780)
(formerly 2009 Series C and	12,836	6/27/2013	12/1/2030	of 1-month	Bank of New York Mellon	Aa2/AA-/AA	(1,417)
2011 Series D Bonds)	$ 51,327			LIBOR			$ (2,587)
5. Hedge of changes of cash	$ 57,860	12/20/2013	7/15/2041	Pay 4.2015%,	Bank of New York Mellon	Aa2/AA-/AA	$ (13,785)
flow on the 2005 Series B, C,	57,845	8/17/2005	7/15/2041	receive SIFMA	JPMorgan Chase Bank	Aa3/A+/AA-	(20,481)
D Bonds	57,860	8/17/2005	7/15/2041		Merrill Lynch CS*	Baa1/BBB+/A	(20,490)
	57,860	8/17/2005	7/15/2041		Morgan Stanley CS	A3/BBB+/A	(20,490)
	$ 231,425						$ (75,246)
Total	$ 685,455						$ (133,791)

1-month LIBOR was 0.46885% at May 31, 2016.
SIFMA was 0.40% at May 31, 2016.

* On November 15, 2012, the Commission executed an amendment to the swap agreements to include Merrill Lynch Derivative Products as guarantor. Merrill Lynch Derivative Products credit ratings were Aa3/AA-/NR (Moody's/S&P/Fitch).

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, 2016, the Commission is exposed to credit risk with respect to the (A), (C), (E) and (F) 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, 2016, the Commission had net credit risk exposure to four counterparties pursuant to the provisions of the respective derivative agreements. One counterparty has posted collateral in the amount of $4.8 million. The other three counterparties were not required to post collateral as their values at year end were below the collateral threshold levels.

- ***Interest Rate Risk*** – The Commission will be exposed to variable interest rates if the swap provider for a variable-to-fixed swap agreement defaults or if a variable-to-fixed swap is terminated.

- ***Market-access Risk*** – The Commission will be exposed to market-access risk for the hedging derivatives 1, 2, 3 and 4 in the summary of hedging derivatives table because the maturity date of these derivatives is longer than the maturity date of the related debt.

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 60.15% of the 10-year maturity of the USD-ISDA Swap Rate exceeds 67% of 1-month LIBOR

  (E) – To the extent SIFMA exceeds 99.68% of 3-month LIBOR

  (F) – To the extent SIFMA exceeds 99.80% of 3-month LIBOR

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

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 Standard & Poor's and "A+" from Fitch at May 31, 2016. Based on May 31, 2016 full values, the Commission could be required to post $193.2 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, 2016 full values, the Commission could be required to post $1.9 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, 2016. Based on May 31, 2016 full values, the Commission could be required to post $97.9 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

10. Related Party Transactions

The Commission incurred charges of $48.4 million and $43.2 million for the fiscal years ended May 31, 2016 and 2015 respectively, primarily 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 based upon their date of hire and years of service. Eligibility categories include:

- Employees hired before March 1, 2016, who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The last five years of service must be with the Commission.
- Employees hired on or after March 1, 2016, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last ten years of service must be with the Commission. (Some current and previous Commonwealth employees hired on or after this date would be grandfathered under the first eligibility category.)

11. Postemployment Benefits (continued)

Plan Description (continued)

Management and Supervisory Union Employees/Retirees (continued)

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 in the applicable collective bargaining agreement.

- For Local 30 Professionals who were hired prior to January 1, 2011 and Local 250 and 77 employees who were hired prior to February 1, 2016, the earlier of completion of 20 years of Credited Service or the later of attainment of age 60 and completion of 10 years of Credited Service. The last 5 years of Credited Service must be with the Commission.
- For Local 30 Professionals who were hired on or after January 1, 2011 and Local 250 and 77 employees who were hired on or after February 1, 2016, the earlier of completion of 30 years of Credited Service or the later of attainment of age 60 and completion of 25 years of Credited Service. The last 10 years of Credited Service must be with the Commission.

The same coverage is provided to spouses 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.

11. Postemployment Benefits (continued)

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.

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		
	2016	2015	2014
	(Dollar Amounts in Thousands)		
Normal cost	**$ 10,975**	$ 9,536	$ 9,470
Trust expense assumption	**150**	150	150
Amortization	**(394)**	2,235	7,825
Interest	**637**	762	908
Annual required contribution (ARC)	**11,368**	12,683	18,353
Interest on net OPEB asset	**(6,820)**	(5,540)	(4,069)
Adjustment to ARC	**14,596**	13,255	8,922
Annual OPEB cost	**19,144**	20,398	23,206
Employer contributions	**28,143**	46,180	44,228
Increase in net OPEB asset	**8,999**	25,782	21,022
Net OPEB asset – beginning of year	**104,931**	79,149	58,127
Net OPEB asset – end of year	**$ 113,930**	$ 104,931	$ 79,149
Percentage of annual OPEB cost contributed	**147.0%**	226.4%	190.6%

11. Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Asset (continued)

The ARC and its components (normal cost, trust expense assumption, Unfunded Actuarial Accrued Liability ("UAAL") (or Funding Excess) amortization, and mid-year contribution interest) in the table on the preceding page were obtained from the actuarial valuations, prepared by an independent actuary. The fiscal year 2016 ARC and Annual OPEB cost amounts were obtained from a January 1, 2015 interim valuation. The fiscal year 2015 ARC and Annual OPEB cost amounts were obtained from a January 1, 2014 valuation. The fiscal year 2014 ARC and Annual OPEB cost amounts were obtained from a March 1, 2013 interim valuation.

Retiree and spouse contribution rates at May 31, 2016 are as follows:

- Management and supervisory union 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.

- Management and supervisory union employees who retire on or after March 1, 2016, and Local 250 and 77 employees who retire after February 1, 2016, as well as Local 30 Professionals who retire after January 1, 2014, must participate in a wellness program or contribute 5% of the premium if less than age 65. This mandate also applies to spouses under age 65 and other adult dependents age 19 to 26.

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

11. Postemployment Benefits (continued)

Funding Status and Funding Progress

The funding status of the plan, by actuarial valuation date, was as follows:

Actuarial Valuation Date		Actuarial Value of Assets		Actuarial Accrued Liability (AAL)		Unfunded AAL (Funding Excess)	Funded Ratio	Covered Payroll	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll
				(Dollar Amounts in Thousands)					
January 1, 2016	$	331,568	$	330,395	$	(1,173)	100.4%	$ 124,458	-0.9%
January 1, 2014		271,265		283,133		11,868	95.8%	126,699	9.4%

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

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.

11. Postemployment Benefits (continued)

Actuarial Methods and Assumptions (continued)

A summary of the actuarial methods and assumptions used in the January 1, 2016 valuation is as follows:

Actuarial cost method	Projected Unit Credit
Discount rate	6.5%
Rate of return on assets	6.5%
Inflation rate	2.5%
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 is based on the Society of Actuaries-Getzen Model version 2014 utilizing the baseline assumptions included in the model, except real GDP of 1.8% and inflation of 2.5% for medical and prescription drug benefits. Further adjustments apply based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions. The health cost trend assumption for medical and prescription benefits at sample years is as follows:

Valuation Year	Pre-65 Trend	Post-65 Trend
2016	6.2%	7.9%
2017	5.9%	6.6%
2018	5.2%	5.2%
2019	5.2%	5.2%
2020	5.2%	5.2%
2025	5.2%	5.2%
2030	5.6%	5.3%
2035	6.1%	5.3%
2040	5.7%	5.1%
2050	5.5%	5.0%
2060	5.4%	5.2%
2070	4.6%	4.9%

11. Postemployment Benefits (continued)

Actuarial Methods and Assumptions (continued)

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 vehicles, 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 vehicles. No settlements exceeded insurance coverage for each of the past three years.

The Commission recorded a liability of $40.1 million and $38.8 million for loss and loss adjustment expenses on claims relating to self-insurance that have been incurred but not reported as of May 31, 2016 and 2015, respectively. This liability is based on GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is calculated based on the Commission's past loss experience. The liability for vehicle and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 2.50% for the fiscal years ended May 31, 2016 and 2015. 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, 2016 and 2015. The Commission believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss adjustment expenses.

12. Self-Insurance (continued)

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 $40.1 million and $38.8 million for fiscal years ended May 31, 2016 and 2015, respectively. The self-insurance liabilities recorded as accounts payable and accrued liabilities are $4.8 million and $4.0 million for the fiscal years ended May 31, 2016 and 2015, respectively. The self-insurance liabilities recorded as other noncurrent liabilities are $35.3 million and $34.8 million for the fiscal years ended May 31, 2016 and 2015, respectively.

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

	June 1, 2015 Liability	Effects of Discount as of June 1, 2015	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2016	May 31, 2016 Liability
			Current Year	Prior Years	Current Year	Prior Years		
	(In Thousands)							
Year ended May 31, 2016								
Workers' compensation	$ 8,889	$ 1,831	$ 2,181	$ 3,904	$ (719)	$ (4,239)	$ (1,142)	$ 10,705
Motor vehicle/general tort	29,892	-	137	(140)	(112)	(342)	-	29,435
	$ 38,781	$ 1,831	$ 2,318	$ 3,764	$ (831)	$ (4,581)	$ (1,142)	$ 40,140

12. Self-Insurance (continued)

	June 1, 2014 Liability	Effects of Discount as of June 1, 2014	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2015	May 31, 2015 Liability
			Current Year	Prior Years	Current Year	Prior Years		
				(In Thousands)				
Year ended May 31, 2015								
Workers' compensation	$ 7,146	$ 1,743	$ 1,773	$ 4,893	$ (624)	$ (4,211)	$ (1,831)	$ 8,889
Motor vehicle/general tort	30,866	-	124	(206)	(36)	(856)	-	29,892
	$ 38,012	$ 1,743	$ 1,897	$ 4,687	$ (660)	$ (5,067)	$ (1,831)	$ 38,781

The foregoing reflects an adjustment for a deficiency of $3.8 million and $4.7 million for the fiscal years ended May 31, 2016 and 2015, 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 $1.7 and $1.8 million in November 2015 and 2014 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.

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities are $16.0 million and $16.1 million for fiscal years ended May 31, 2016 and 2015, respectively. The compensated absences liabilities recorded as accounts payable and accrued liabilities are $8.8 million and $8.9 million for the fiscal years ended May 31, 2016 and 2015, respectively. The compensated absences liabilities recorded as other noncurrent liabilities are $7.2 million and $7.2 million for the fiscal years ended May 31, 2016 and 2015, respectively.

13. Compensated Absences (continued)

A summary of changes to compensated absences for the years ended May 31, 2016 and 2015 is as follows:

Fiscal Year Ended May 31	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
			(In Thousands)		
2016	**$16,098**	**$12,091**	**$12,219**	**$15,970**	**$8,783**
2015	$16,583	$12,071	$12,556	$16,098	$8,854

14. Letters of Credit

The Commission has outstanding letters of credit with several banks as described below:

Pennsylvania insurance law requires a Letter of Credit, Surety Bond, or Escrow from entities that self-insure their Workers' Compensation. As of May 31, 2016, the Commission has three (3) Standby Letters of Credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP) with Zurich American Insurance; there have been no draws against these Letters of Credit. The Letters of Credit are as follows:

- $298,000 Letter of Credit with PNC Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase I OCIP.
- $600,000 Letter of Credit with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP.
- $102,000 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. Subsequent Events

On June 7, 2016, the Commission issued $649,545,000 2016 Second Series Subordinate Revenue Refunding Bonds with a final maturity of June 1, 2039. The 2016 Second Series Subordinate Bonds were issued primarily to advance refund various outstanding subordinate bonds.

On June 21, 2016, the Commission issued $588,440,000 2016 Series A Senior Revenue Bonds with a final maturity of December 1, 2046. The 2016 Series A-1 Bonds were issued primarily to finance capital expenditures and the 2016 Series A-2 Bonds were issued primarily to refund various maturing variable rate bonds. The 2016 Series A-2 Bonds specifically included refunding the December 1, 2016 maturities of the 2012 Series B, the 2014 Series B-1 Bonds and the 2014 Series B-2 Bonds. As a result, the $86,277,000 of the Commission's Mainline LIBOR Fixed Payer swaps associated with those bonds were deemed terminated and are now associated with the 2016 Series A-2 Senior Bonds.

On June 21, 2016, the Commission authorized the issuance of Oil Company Franchise Tax (OFT) Bonds in an aggregate principal amount not to exceed $450,000,000. The Commission is currently in the process of issuing $198,595,000 2016 OFT Series A Senior Refunding Bonds as well as $115,395,000 2016 OFT Series B Subordinated Refunding Bonds. The anticipated closing date on these bonds is September 7, 2016.

On August 23, 2016, the Commission authorized the issuance of the Pennsylvania Turnpike Commission's Subordinate Indenture Bonds in one or more series or sub-series, fixed rate, taxable or tax-exempt, in an aggregate principal amount not to exceed $650,000,000 (based on par amount). The primary purpose of these bonds is to refund all or a portion of the Subordinate Indenture Bonds previously issued by the Pennsylvania Turnpike Commission.

On August 23, 2016, the Commission authorized the issuance of the Pennsylvania Turnpike Commission's Subordinate Indenture Bonds or notes, including Subordinate Revenue Bonds, Bond Anticipation Notes and Special Revenue Bonds, in one or more series or sub-series, fixed rate or variable rate, taxable and/or tax-exempt, in an aggregate initial principal amount not to exceed $650,000,000 (based on par amount). The primary purpose of these bonds is to finance the costs of making lease, grant or other payments to the Pennsylvania Department of Transportation in accordance with Act 44 and Act 89 and to refund all or a portion of the Subordinate Indenture Bonds previously issued by the Pennsylvania Turnpike Commission.

Required Supplementary Information

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Required Supplementary Information

Schedule of Commission's Proportionate Share of the Net Pension Liability

Pennsylvania State Employees' Retirement System

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

	2016	**2015**
Commission's proportion of the net pension liability	**1.90799267%**	1.99409814%
Commission's proportionate share of the net pension liability	**$ 346,946**	$ 296,271
Commission's covered-employee payroll	**$ 121,085**	$ 121,579
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**286.53%**	243.69%
Plan fiduciary net position as a percentage of the total pension liability	**58.9%**	64.8%

* The amounts presented for the fiscal year were determined as of the calendar year-end (12/31) that occurred within the fiscal year. The Commission adopted GASB 68 on a prospective basis in fiscal year 2015; therefore only the available years are presented in the above schedule.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Required Supplementary Information

Schedule of Commission's Contributions

Pennsylvania State Employees' Retirement System

Last 10 Years*
(Dollar Amounts in Thousands)

	2016	2015
Contractually required contribution	**$ 27,864**	$ 22,588
Contributions in relation to the contractually required contribution	**(27,864)**	(22,588)
Contribution deficiency (excess)	**$ -**	$ -
Commission's covered-employee payroll	**$ 121,060**	$ 121,009
Contributions as a percentage of covered-employee payroll	**23.02%**	18.67%

* The Commission adopted GASB 68 on a prospective basis in fiscal year 2015; therefore only the available years are presented in the above schedule

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 (Funding Excess)	Funded Ratio	Covered Payroll	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll
January 1, 2016	$ 331,568	$ 330,395	$ (1,173)	100.4%	$ 124,458	-0.9%
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%

Following is a listing of changes in assumptions used in the January 1, 2016 valuation compared with previous valuations. See Note 11 for additional information.

- The eligibility conditions for Local 250 and 77 union employees hired on or after February 1, 2016 and management and supervisory union employees hired on or after March 1, 2016 was modified to the earlier of completion of 30 years of Credited Service or the later of attainment of age 60 and completion of 25 years of Credited Service. The last 10 years of Credited Service must be with the Commission.

- Local 30 Professionals who retire on or after January 1, 2014 and all other union, management and supervisory union employees who retire on or after February 1, 2016, must participate in the wellness program if less than age 65, including spouses under age 65 and other dependents age 19 to 26 or contribute 5% of the monthly premium based on the selected coverage level.

- Per capita claims costs were updated based on recent experience of Commission retirees and the healthcare trend rate was updated to use the Society of Actuaries-Getzen Model version 2014.

- The discount rate was reduced from 7% to 6.50% per annum.

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.

Schedule of Funding Progress – Postemployment Healthcare Benefits (continued)

- 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 $28.0 million which has been provided to the Commission pursuant to Section 20 of Act 3 of the Commonwealth of Pennsylvania. This income is pledged against the Motor License Registration Fee Debt as listed in Note 7.

Section Information (continued)

Schedule of Net Position

	May 31, 2016			
	Mainline	Oil Franchise	Motor License	Total
Assets and deferred outflows of resources	*(In Thousands)*			
Current assets:				
Cash and cash equivalents	$ 169,248	$ -	$ -	$ 169,248
Short-term investments	40,798	-	-	40,798
Accounts receivable	57,257	-	-	57,257
Accrued interest receivable	1,457	-	-	1,457
Inventories	20,492	-	-	20,492
Restricted current assets:				
Cash and cash equivalents	702,877	84,089	18,081	805,047
Short-term investments	151,900	11,981	1,300	165,181
Accounts receivable	2,585	8,686	-	11,271
Accrued interest receivable	1,877	997	129	3,003
Total current assets	1,148,491	105,753	19,510	1,273,754
Noncurrent assets:				
Long-term investments:				
Long-term investments unrestricted	279,926	-	-	279,926
Long-term investments restricted	399,894	215,246	40,704	655,844
Total long-term investments	679,820	215,246	40,704	935,770
Capital assets not being depreciated:				
Land and intangibles	333,934	-	-	333,934
Assets under construction	1,330,627	-	-	1,330,627
Capital assets being depreciated:				
Buildings	968,902	-	-	968,902
Improvements other than buildings	119,256	-	-	119,256
Equipment	619,779	-	-	619,779
Infrastructure	7,908,360	-	-	7,908,360
Total capital assets before accumulated depreciation	11,280,858	-	-	11,280,858
Less accumulated depreciation	5,763,532	-	-	5,763,532
Total capital assets after accumulated depreciation	5,517,326	-	-	5,517,326
Other assets:				
Prepaid bond insurance costs	6,997	1,264	1,527	9,788
OPEB Asset	113,930	-	-	113,930
Other assets	32,190	-	-	32,190
Total other assets	153,117	1,264	1,527	155,908
Total noncurrent assets	6,350,263	216,510	42,231	6,609,004
Total assets	7,498,754	322,263	61,741	7,882,758
Deferred outflows of resources from hedging derivatives	58,545	-	75,246	133,791
Deferred outflows of resources from refunding bonds	170,705	5,626	19,947	196,278
Deferred outflows of resources from pensions	66,281	-	-	66,281
Total deferred outflows of resources	295,531	5,626	95,193	396,350
Total assets and deferred outflows of resources	$ 7,794,285	$ 327,889	$ 156,934	$ 8,279,108

Section Information (continued)

Schedule of Net Position (continued)

	May 31, 2016			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable and accrued liabilities	**$ 387,033**	**$ 18,650**	**$ 3,846**	**$ 409,529**
Current portion of debt	**236,030**	**18,885**	**7,775**	**262,690**
Unearned income	**67,112**	**732**	**-**	**67,844**
Total current liabilities	**690,175**	**38,267**	**11,621**	**740,063**
Noncurrent liabilities:				
Debt, less current portion, net of unamortized premium	**10,303,989**	**715,071**	**412,799**	**11,431,859**
Net pension liability	**346,946**	**-**	**-**	**346,946**
Other noncurrent liabilities	**185,668**	**1,067**	**82,674**	**269,409**
Total noncurrent liabilities	**10,836,603**	**716,138**	**495,473**	**12,048,214**
Total liabilities	**11,526,778**	**754,405**	**507,094**	**12,788,277**
Deferred inflows of resources from service concession arrangements	**124,028**	**-**	**-**	**124,028**
Deferred inflows of resources from refunding bonds	**-**	**1,269**	**-**	**1,269**
Deferred inflows of resources from pensions	**12,193**	**-**	**-**	**12,193**
Total deferred inflows of resources	**136,221**	**1,269**	**-**	**137,490**
Total liabilities and deferred inflows of resources	**11,662,999**	**755,674**	**507,094**	**12,925,767**
Net position				
Net investment in capital assets	**1,098,109**	**(716,101)**	**(406,528)**	**(24,520)**
Restricted for construction purposes	**-**	**276,552**	**56,368**	**332,920**
Restricted for debt service	**17,114**	**11,764**	**-**	**28,878**
Unrestricted	**(4,983,937)**	**-**	**-**	**(4,983,937)**
Total net position	**$(3,868,714)**	**$(427,785)**	**$(350,160)**	**$(4,646,659)**

Section Information (continued)

Schedule of Revenues, Expenses, and Changes in Net Position

	May 31, 2016			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating revenues:				
Net fares	$ 1,030,115	$ -	$ -	$ 1,030,115
Other	22,576	-	-	22,576
Total operating revenues	1,052,691	-	-	1,052,691
Operating expenses:				
Cost of services	469,996	1,136	-	471,132
Depreciation	332,941	-	-	332,941
Total operating expenses	802,937	1,136	-	804,073
Operating income (loss)	249,754	(1,136)	-	248,618
Nonoperating revenues (expenses):				
Investment earnings	18,899	9,749	421	29,069
Other nonoperating revenues	17,092	4,559	-	21,651
Act 44 and Act 89 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to PennDOT	(40,937)	-	-	(40,937)
Interest and bond expense	(466,463)	(35,570)	(18,988)	(521,021)
Nonoperating expenses, net	(921,409)	(21,262)	(18,567)	(961,238)
Loss before capital contributions	(671,655)	(22,398)	(18,567)	(712,620)
Capital contributions	33,103	119,803	28,000	180,906
(Decrease) Increase in net position	(638,552)	97,405	9,433	(531,714)
Net position at beginning of year	(3,267,060)	(483,837)	(364,048)	(4,114,945)
Intersection transfers	36,898	(41,353)	4,455	-
Net position at end of year	$(3,868,714)	$ (427,785)	$ (350,160)	$(4,646,659)

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Cash Flows

	May 31, 2016			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating activities				
Cash received from customer tolls and deposits	$ 1,036,742	$ -	$ -	$ 1,036,742
Cash payments for goods and services	(266,050)	(228)	-	(266,278)
Cash payments to employees	(161,016)	(953)	-	(161,969)
Cash received from other operating activities	12,312	-	-	12,312
Net cash provided by (used for) operating activities	621,988	(1,181)	-	620,807
Investing activities				
Proceeds from sales and maturities of investments	2,807,287	321,961	45,890	3,175,138
Interest received on investments	18,420	3,778	438	22,636
Purchases of investments	(2,870,198)	(334,281)	(44,981)	(3,249,460)
Net cash (used for) provided by investing activities	(44,491)	(8,542)	1,347	(51,686)
Capital and related financing activities				
Capital grants received from other governments	33,497	-	-	33,497
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	121,130	-	121,130
Cash transfer for Continuing Covenant Agreement	-	(2,137)	2,137	-
Cash transfer for closing fees for interest rate conversion	-	(332)	332	-
Cash transfers for debt service payments	-	(4,000)	4,000	-
Construction and acquisition of capital assets	(653,655)	(33,677)	-	(687,332)
Proceeds from sale of capital assets	1,148	-	-	1,148
Payments for bond and swap expenses	(4,321)	(44)	(823)	(5,188)
Payments for debt refundings	(233,170)	-	-	(233,170)
Payments for debt maturities	(55,830)	(17,625)	(7,410)	(80,865)
Interest paid on debt	(177,069)	(36,953)	(20,335)	(234,357)
Interest subsidy from Build America Bonds	16,305	4,559	-	20,864
Swap suspension payments received	4,800	-	-	4,800
Proceeds from debt issuances	1,004,735	-	-	1,004,735
Draw on Standby Purchase Agreement	-	-	231,430	231,430
Paid Standby Purchase Agreement	-	-	(231,430)	(231,430)
Net cash (used for) provided by capital and related financing activities	(63,560)	30,921	5,901	(26,738)
Noncapital financing activities				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(5,046)	-	-	(5,046)
Payments for debt refundings	(579,695)	-	-	(579,695)
Payments for debt maturities	(57,765)	-	-	(57,765)
Interest paid on debt	(201,716)	-	-	(201,716)
Proceeds from debt issuances	942,360	-	-	942,360
Net cash used for noncapital financing activities	(351,862)	-	-	(351,862)
Increase in cash and cash equivalents	162,075	21,198	7,248	190,521
Cash and cash equivalents at beginning of year	710,050	62,891	10,833	783,774
Cash and cash equivalents at end of year	$ 872,125	$ 84,089	$ 18,081	$ 974,295

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Cash Flows (continued)

	Year Ended May 31, 2016			
	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)	**$ 249,754**	**$ (1,136)**	**$ -**	**$ 248,618**
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	**332,941**	**-**	**-**	**332,941**
Change in operating assets and liabilities:				
Accounts receivable	**(10,505)**	**-**	**-**	**(10,505)**
Inventories	**(1,684)**	**-**	**-**	**(1,684)**
Other assets	**(9,008)**	**-**	**-**	**(9,008)**
Accounts payable and accrued liabilities	**9,527**	**(45)**	**-**	**9,482**
Other noncurrent liabilities	**50,963**	**-**	**-**	**50,963**
Net cash provided by (used for) operating activities	**$ 621,988**	**$ (1,181)**	**$ -**	**$ 620,807**
Reconciliation of cash and cash equivalents to the statements of net position:				
Cash and cash equivalents	**$ 169,248**	**$ -**	**$ -**	**$ 169,248**
Restricted cash and cash equivalents	**702,877**	**84,089**	**18,081**	**805,047**
Total cash and cash equivalents	**$ 872,125**	**$ 84,089**	**$ 18,081**	**$ 974,295**

Noncash activities

The Commission recorded a net decrease of $4.5 million in the fair value of its investments for the year ended May 31, 2016. Increases (Decreases) by section were: Mainline, $(0.2) million; Oil Franchise, $(4.4) million and Motor License, $0.1 million.

The Commission recorded $17.6 million for the amortization of bond premium for the year ended May 31, 2016. Amortization by section was: Mainline, $15.4 million; Oil Franchise, $1.5 million and Motor License, $0.7 million.

Section Information (continued)

Schedule of Cash Flows (continued)

Noncash activities (continued)

The Commission recorded $23.8 million for the amortization of deferred losses on refundings and amortization of prepaid bond insurance costs for the year ended May 31, 2016. Amortization by section was: Mainline, $22.5 million; Oil Franchise, $0.4 million and Motor License, $0.9 million.

The Commission recorded an interest expense reduction of $2.2 million in the Mainline section and $0.2 in the Motor License section for the year ended May 31, 2016 related to GASB 53 entries.

The Commission recognized total capital contributions of $180.9 million for fiscal year ended May 31, 2016. Cash received of $182.6 million for fiscal year ended May 31, 2016 is reported in the Capital and related financing activities of this schedule. The $1.7 million difference between capital contributions and cash received is the result of a $6.9 million (Mainline section $5.6 million; Oil Franchise section $1.3 million) decrease in receivables related to these capital contributions offset by a $5.2 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. See Note 2 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 $40.9 million from its Mainline section to PennDOT during the fiscal year ended May 31, 2016.

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, 2016 were: to Mainline, $36.9 million; from Oil Franchise, $41.4 million; and to Motor License, $4.5 million.

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Net Position

Assets and deferred outflows of resources	May 31, 2015 Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Current assets:				
Cash and cash equivalents	$ 131,146	$ -	$ -	$ 131,146
Short-term investments	23,091	-	-	23,091
Accounts receivable	46,752	-	-	46,752
Accrued interest receivable	1,220	-	-	1,220
Inventories	18,808	-	-	18,808
Restricted current assets:				
Cash and cash equivalents	578,904	62,891	10,833	652,628
Short-term investments	111,426	-	6,537	117,963
Accounts receivable	8,144	10,012	-	18,156
Accrued interest receivable	1,746	943	120	2,809
Total current assets	921,237	73,846	17,490	1,012,573
Noncurrent assets:				
Long-term investments:				
Long-term investments unrestricted	224,050	-	-	224,050
Long-term investments restricted	351,919	210,179	36,402	598,500
Total long-term investments	575,969	210,179	36,402	822,550
Capital assets not being depreciated:				
Land and intangibles	310,518	-	-	310,518
Assets under construction	956,984	-	-	956,984
Capital assets being depreciated:				
Buildings	936,517	-	-	936,517
Improvements other than buildings	117,331	-	-	117,331
Equipment	591,223	-	-	591,223
Infrastructure	7,713,188	-	-	7,713,188
Total capital assets before accumulated depreciation	10,625,761	-	-	10,625,761
Less accumulated depreciation	5,436,200	-	-	5,436,200
Total capital assets after accumulated depreciation	5,189,561	-	-	5,189,561
Other assets:				
Prepaid bond insurance costs	10,726	1,356	1,587	13,669
OPEB asset	104,931	-	-	104,931
Other assets	30,675	-	-	30,675
Total other assets	146,332	1,356	1,587	149,275
Total noncurrent assets	5,911,862	211,535	37,989	6,161,386
Total assets	6,833,099	285,381	55,479	7,173,959
Deferred outflows of resources from hedging derivatives	38,825	-	70,498	109,323
Deferred outflows of resources from refunding bonds	116,653	6,101	20,740	143,494
Deferred outflows of resources from pensions	21,077	-	-	21,077
Total deferred outflows of resources	176,555	6,101	91,238	273,894
Total assets and deferred outflows of resources	$ 7,009,654	$ 291,482	$ 146,717	$ 7,447,853

Section Information (continued)

Schedule of Net Position (continued)

	May 31, 2015			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable and accrued liabilities	$ 373,901	$ 19,417	$ 3,952	$ 397,270
Current portion of debt	213,115	17,625	7,410	238,150
Unearned income	61,236	732	-	61,968
Total current liabilities	648,252	37,774	11,362	697,388
Noncurrent liabilities:				
Debt, less current portion, net of unamortized premium	9,041,635	734,330	421,293	10,197,258
Net pension liability	296,271	-	-	296,271
Other noncurrent liabilities	167,133	1,798	78,110	247,041
Total noncurrent liabilities	9,505,039	736,128	499,403	10,740,570
Total liabilities	10,153,291	773,902	510,765	11,437,958
Deferred inflows of resources from service concession arrangements	120,739	-	-	120,739
Deferred inflows of resources from refunding bonds	-	1,417	-	1,417
Deferred inflows of resources from pensions	2,684	-	-	2,684
Total deferred inflows of resources	123,423	1,417	-	124,840
Total liabilities and deferred inflows of resources	10,276,714	775,319	510,765	11,562,798
Net position				
Net investment in capital assets	1,400,182	(715,008)	(413,987)	271,187
Restricted for construction purposes	-	219,159	49,939	269,098
Restricted for debt service	30,814	12,012	-	42,826
Unrestricted	(4,698,056)	-	-	(4,698,056)
Total net position	$(3,267,060)	$ (483,837)	$ (364,048)	$(4,114,945)

Section Information (continued)

Schedule of Revenues, Expenses, and Changes in Net Position

	May 31, 2015			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating revenues:				
Net fares	$ 932,146	$ -	$ -	$ 932,146
Other	17,589	-	-	17,589
Total operating revenues	949,735	-	-	949,735
Operating expenses:				
Cost of services	457,757	2,022	1	459,780
Depreciation	337,664	-	-	337,664
Total operating expenses	795,421	2,022	1	797,444
Operating income (loss)	154,314	(2,022)	(1)	152,291
Nonoperating revenues (expenses):				
Investment earnings	12,387	4,523	592	17,502
Other nonoperating revenues	16,351	39,641	-	55,992
Act 44 and Act 89 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to PennDOT	(4,499)	-	-	(4,499)
Interest and bond expense	(413,461)	(34,284)	(18,124)	(465,869)
Nonoperating expenses, net	(839,222)	9,880	(17,532)	(846,874)
Loss before capital contributions	(684,908)	7,858	(17,533)	(694,583)
Capital contributions	20,300	98,172	28,000	146,472
(Decrease) Increase in net position	(664,608)	106,030	10,467	(548,111)
Net position at beginning of year, before restatement	(2,372,230)	(555,451)	(372,774)	(3,300,455)
Cum. effect of change in accounting principle	(266,379)	-	-	(266,379)
Net position at beginning of year, as restated[1]	(2,638,609)	(555,451)	(372,774)	(3,566,834)
Intersection transfers	36,157	(34,416)	(1,741)	-
Net position at end of year	$(3,267,060)	$ (483,837)	$ (364,048)	$(4,114,945)

[1]Beginning net position for fiscal year 2015 was restated as discussed in Note 2.

Section Information (continued)

Schedule of Cash Flows

	May 31, 2015			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating activities				
Cash received from customer tolls and deposits	$ 945,793	$ -	$ -	$ 945,793
Cash payments for goods and services	(291,798)	(1,259)	(1)	(293,058)
Cash payments to employees	(156,391)	(770)	-	(157,161)
Cash received from other operating activities	8,688	-	-	8,688
Net cash provided by (used for) operating activities	506,292	(2,029)	(1)	504,262
Investing activities				
Proceeds from sales and maturities of investments	2,174,598	145,569	5,632	2,325,799
Interest received on investments	13,489	3,506	482	17,477
Purchases of investments	(2,162,327)	(192,031)	(17,837)	(2,372,195)
Net cash provided by (used for) investing activities	25,760	(42,956)	(11,723)	(28,919)
Capital and related financing activities				
Capital grants received from other governments	9,153	-	-	9,153
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	95,638	-	95,638
Construction and acquisition of capital assets	(554,269)	(34,320)	-	(588,589)
Proceeds from sale of capital assets	413	-	-	413
Payments for bond and swap expenses	(3,454)	(1,537)	(721)	(5,712)
Payments for debt refundings	(338,770)	(499,973)	-	(838,743)
Payments for debt maturities	(39,080)	(16,345)	(7,050)	(62,475)
Interest paid on debt	(149,404)	(37,543)	(19,297)	(206,244)
Interest subsidy from Build America Bonds	16,219	4,534	-	20,753
Swap suspension payments received	32,617	6,562	-	39,179
Proceeds from debt issuances	670,614	288,675	-	959,289
Released escrow amount received	-	246,405	-	246,405
Net cash (used for) provided by capital and related financing activities	(355,961)	52,096	932	(302,933)
Noncapital financing activities				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(2,764)	-	-	(2,764)
Payments for debt refundings	(50,030)	-	-	(50,030)
Payments for debt maturities	(52,675)	-	-	(52,675)
Interest paid on debt	(188,979)	-	-	(188,979)
Proceeds from debt issuances	507,623	-	-	507,623
Net cash used for noncapital financing activities	(236,825)	-	-	(236,825)
(Decrease) Increase in cash and cash equivalents	(60,734)	7,111	(10,792)	(64,415)
Cash and cash equivalents at beginning of year	770,784	55,780	21,625	848,189
Cash and cash equivalents at end of year	$ 710,050	$ 62,891	$ 10,833	$ 783,774

Other Supplementary Information (continued)

Section Information (continued)

Schedule of Cash Flows (continued)

	Year Ended May 31, 2015			
	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)	$ 154,314	$ (2,022)	$ (1)	$ 152,291
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	337,664	-	-	337,664
Change in operating assets and liabilities:				
Accounts receivable	(4,491)	-	-	(4,491)
Inventories	1,350	-	-	1,350
Other assets	(25,771)	-	-	(25,771)
Accounts payable and accrued liabilities	22,612	(7)	-	22,605
Other noncurrent liabilities	20,614	-	-	20,614
Net cash provided by (used for) operating activities	$ 506,292	$ (2,029)	$ (1)	$ 504,262
Reconciliation of cash and cash equivalents to the statements of net position:				
Cash and cash equivalents	$ 131,146	$ -	$ -	$ 131,146
Restricted cash and cash equivalents	578,904	62,891	10,833	652,628
Total cash and cash equivalents	$ 710,050	$ 62,891	$ 10,833	$ 783,774

Noncash activities

The Commission recorded a net decrease of $35.4 million in the fair value of its investments for the year ended May 31, 2015. Increases (Decreases) by section were: Mainline, $(33.4) million; Oil Franchise, $(2.1) million and Motor License, $0.1 million.

The Commission recorded $12.0 million for the amortization of bond premium for the year ended May 31, 2015. Amortization by section was: Mainline, $9.8 million; Oil Franchise, $1.5 million and Motor License, $0.7 million.

Section Information (continued)

Schedule of Cash Flows (continued)

Noncash activities (continued)

The Commission recorded $30.3 million for the amortization of deferred losses on refundings and amortization of prepaid bond insurance costs for the year ended May 31, 2015. Amortization by section was: Mainline, $29.0 million; Oil Franchise, $0.4 million and Motor License, $0.9 million.

The Commission recorded an interest expense reduction of $17.1 million in the Mainline section and $0.2 in the Motor License section for the year ended May 31, 2015 related to GASB 53 entries.

The Commission recognized total capital contributions of $146.5 million for fiscal year ended May 31, 2015. Cash received of $132.8 million for fiscal year ended May 31, 2016 is reported in the Capital and related financing activities of this schedule. The $13.7 million difference between capital contributions and cash received is the result of an $8.9 million (Mainline section $6.4 million; Oil Franchise section $2.5 million) increase receivables related to these capital contributions and a $4.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators as described in the previous paragraph. 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 $4.5 million from its Mainline section to PennDOT during the fiscal year ended May 31, 2015.

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, 2015 were: to Mainline, $36.1 million; from Oil Franchise, $34.4 million; and from Motor License, $1.7 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, 2016

	Mainline Operating	Mainline Capital	Total Mainline	Oil Franchise	Motor License	Total
General & administrative	**$ 40,725**	**$ 80,728**	**$ 121,453**	**$ 691**	**$ -**	**$ 122,144**
Traffic engineering and operations	**4,654**	**1,483**	**6,137**	**-**	**-**	**6,137**
Service centers	**28,304**	**-**	**28,304**	**-**	**-**	**28,304**
Employee benefits	**107,646**	**9,927**	**117,573**	**445**	**-**	**118,018**
Toll collection	**59,387**	**4,888**	**64,275**	**-**	**-**	**64,275**
Maintenance	**64,545**	**1,319**	**65,864**	**-**	**-**	**65,864**
Facilities and energy mgmt. operations	**10,886**	**9,343**	**20,229**	**-**	**-**	**20,229**
Turnpike patrol	**46,161**	**-**	**46,161**	**-**	**-**	**46,161**
Total cost of services	**$ 362,308**	**$ 107,688**	**$ 469,996**	**$ 1,136**	**$ -**	**$ 471,132**

Fiscal Year Ended May 31, 2015

	Mainline Operating	Mainline Capital	Total Mainline	Oil Franchise	Motor License	Total
General & administrative	$ 39,541	$ 82,059	$ 121,600	$ 1,679	$ 1	$ 123,280
Traffic engineering and operations	3,986	957	4,943	-	-	4,943
Service centers	24,128	-	24,128	-	-	24,128
Employee benefits	98,475	8,889	107,364	343	-	107,707
Toll collection	60,429	5,262	65,691	-	-	65,691
Maintenance	73,792	1,014	74,806	-	-	74,806
Facilities and energy mgmt. operations	10,957	7,034	17,991	-	-	17,991
Turnpike patrol	41,234	-	41,234	-	-	41,234
Total cost of services	$ 352,542	$ 105,215	$ 457,757	$ 2,022	$ 1	$ 459,780

Note: Certain amounts in the above table were reclassified to conform to the current period financial statements presentation.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE SUBORDINATE INDENTURE

The following sets forth the definitions derived from the Subordinate Indenture and the Supplemental Indenture No. 27 concerning the 2017 Bonds and the operation of the Subordinate Indenture and the Supplemental Indenture No. 27. This summary of such terms does not purport to be complete or definitive and is subject to all of the terms and provisions of the Subordinate Indenture and the Supplemental Subordinate Indenture No. 27, copies of which will be available at the corporate trust office of Wells Fargo Bank, N.A., as trustee.

DEFINITIONS OF CERTAIN TERMS

In addition to words and terms elsewhere defined in this Official Statement, the following words and terms used in this Official Statement and this Appendix C and the Subordinate Indenture and Supplemental Indenture No. 27 shall have the following meanings unless the context clearly indicates otherwise:

"Additional Subordinate Indenture Bonds" means Subordinate Indenture Bonds of any Series, other than the Original Subordinate Indenture Bonds, authorized to be issued under the Subordinate Indenture.

"Administrative Expenses" means costs and fees in connection with the Subordinate Indenture Bonds and Parity Obligations including, without limitation, costs and fees of the Trustee, Consultants, Counsel, Bond Counsel and the Commission.

"Annual Debt Service" means (a) The amount of principal and interest paid or payable with respect to Subordinate Indenture Bonds in a Fiscal Year plus (b) 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 (c) Approved Swap Agreement payments paid or payable by the Commission in such Fiscal Year, minus (d) 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 (c) and (d) 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 Subordinate Indenture 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 Subordinate 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 the Indebtedness expected to refinance such Balloon Indebtedness 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; and

(d) termination or similar payments under an Approved Swap Agreement shall not be taken into account in any calculation of Annual Debt Service.

"Applicable Long-Term Indebtedness" includes Subordinate Indenture Bonds, Additional Subordinate Indenture Bonds and Parity Obligations.

"Approved Swap Agreement" shall have the meaning set forth under "Approved and Parity Swap Obligations" of this Appendix C.

"Assumed Variable Rate" means in the case of (a) Outstanding Variable Rate Indebtedness, the average interest rate on such Indebtedness for the most recently completed 12-month period; and (b) proposed Variable Rate Indebtedness, (1) 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 Security Industry and Financial Markets Association Municipal Swap Index as the successor to the Bond Market Association Swap Index ("SIFMA Index") for the 12 months ending 7 days preceding the date of calculation plus 100 basis points, or (2) in the case of Subordinate Indenture Bonds not described in clause (1), 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 SIFMA 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.

"Authorized Denominations" means with respect to any Additional Subordinate Indenture Bonds issued under a Supplemental Indenture, those denominations specified in such Supplemental Indenture and with respect to the 2017 Bonds, $5,000 and any integral multiple thereof.

"Balloon Indebtedness" means 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" means as to any particular Series of Subordinate Indenture Bonds, each Person (other than a Bond Insurer or PennDOT) 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 Subordinate Indenture Bonds.

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

"Bankruptcy Law" means 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.

"Beneficial Owner" means the beneficial owner of any Subordinate Indenture Bond which is held by a nominee.

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

"Book-Entry-Only System" means a system similar to the system described in the Subordinate Indenture pursuant to which bonds are registered in book-entry form.

"Business Day" means a day other than (i) a Saturday and Sunday, (ii) a day on which the Trustee or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

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

"Class" means the Revenue Bonds or their Holders, collectively, or the Special Revenue Bonds or their Holders, collectively, or any future type of Subordinate Indenture Bond, unique in its security or purposes in relation to other Subordinate Indenture Bonds, or its Holders, collectively.

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

"Commonwealth" means the Commonwealth of Pennsylvania.

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

"Commission Payments" means the covenant by the Commission and the payments made by the Commission, all as set forth in the section "Commission Payments," with respect to payments to be made to the Trustee.

"Consultant" means 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.

"Counsel" means an attorney or law firm (who may, without limitation, be counsel for the Commission, the Commonwealth or other governmental entity or agency of the Commonwealth) not unsatisfactory to the Trustee.

"Credit Facility" means any letter of credit, line of credit, standby letter of credit, DSRF Security, 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 Subordinate Indenture Bonds pursuant to the provisions of a Supplemental Indenture under which such Subordinate Indenture 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 Subordinate Indenture Bonds directly rather than through a financial or insurance institution.

"Debt Service Reserve Fund Bonds" means shall mean the Long-Term Indebtedness specified by the Commission in the Subordinate Indenture or any Supplemental Indenture that is secured by the Debt Service Reserve Fund, as such fund is described in the forepart of this Official Statement under the caption "SECURITY FOR THE 2017 BONDS — Debt Service Reserve Fund."

"Debt Service Reserve Requirement" means the amount equal to the lesser of (1) Maximum Annual Debt Service on account of all the Debt Service Reserve Fund Bonds, (2) 10% of the aggregate Outstanding principal amount of all the Debt Service Reserve Fund Bonds or (3) 125% of average Annual Debt Service for all Debt Service Reserve Fund Bonds for each Fiscal Year for the remaining life of such Bonds, provided in any such case that such amount does not exceed what is permitted by the Code.

"Defaulted Interest" means interest on any 2017 Bonds which is payable but not paid on the date due.

“Depository Participants” means any Person for which the Securities Depository holds Subordinate Indenture Bonds as securities depository.

“DSRF Security” shall have the meaning set forth in the section of this Official Statement “Debt Service Reserve Fund.”

“Enabling Acts” shall mean Act 44, Act 89, and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774, Act 211; the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; and the Act of September 30, 1985, P.L. 240, No. 61 to the extent not repealed by Act 44.

“Event of Bankruptcy” means 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.

“Financial Consultant” means 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 in the Subordinate Indenture and who is retained by the Commission as a Financial Consultant for the purposes of the Subordinate Indenture.

“Fiscal Year” means the period commencing on the first day of June and ending on the last day of May of the following year.

“Fitch” means 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.

“Fixed Rate Bonds” means the Subordinate Indenture Bonds issued at a fixed interest rate.

“Funding Agreement” means the Lease and Funding Agreement dated as of October 14, 2007, as it may be amended, including Amendment Number One to Lease and Funding Agreement dated April 4, 2014 between the Commission and PennDOT.

“Funding Agreement Rental Payments” means payments to PennDOT required by the Funding Agreement.

“Government Obligations” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the U.S.,

(b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the U.S., the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the U.S. (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 U.S.),

(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 U.S. 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 Agency in its highest rating category.

"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" means any obligation or debt incurred for money borrowed.

"Interest Payment Date" means each June 1 and December 1, commencing December 1, 2017.

"Issuance Cost" means costs incurred by or on behalf of the Commission in connection with the issuance of Subordinate Indenture 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 Subordinate Indenture 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, Disclosure Counsel and Underwriter's counsel relating to the issuance of the Subordinate Indenture Bonds, the initial or acceptance fee of the Trustee, and all other fees, charges and expenses incurred in connection with the issuance of the Subordinate Indenture Bonds and the preparation of the Subordinate Indenture.

"Letter of Representations" means 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" means all Indebtedness, which is not (a) Short-Term Indebtedness or (b) Subordinated Indebtedness.

"Maximum Annual Debt Service" means at any point in time, the maximum amount of annual Debt Service on all applicable Long-Term Indebtedness paid or payable in the then current or any future Fiscal Year.

"Moody's" means Moody's Investors Service, Inc., 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.

"Motor License Fund" means the Commonwealth Motor License Fund.

"Original Subordinate Indenture Bonds" means the Commission's Subordinated Turnpike Revenue Bonds, Series 2008A, issued in an aggregate principal amount of $244,855,000.

"Outstanding" or "outstanding" in connection with Subordinate Indenture Bonds means all Subordinate Indenture Bonds which have been authenticated and delivered under the Subordinate Indenture, except:

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

(b) Subordinate Indenture Bonds which are deemed to be no longer Outstanding in accordance with the section "Defeasance; Deposit of Funds for Payment of Subordinate Indenture Bonds"; and

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

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

"Parity Obligations" means the Revenue Bonds Parity Obligations and Special Revenue Bonds Parity Obligations as separately secured in accordance with the Subordinate Indenture.

"Parity Swap Agreement" shall have the meaning set forth in this Appendix C in the section entitled "Approved and Parity Swap Obligations."

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

"Paying Agent" means with respect to any series of Subordinate Indenture Bonds, that Person appointed pursuant to the Subordinate Indenture to make payments to Subordinate

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

"Payments" means the Funding Agreement, grant or other payments made to PennDOT pursuant to the provisions of Act 44 or the Funding Agreement.

"PennDOT" means the Pennsylvania Department of Transportation.

"Permitted Investments" means (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 (f) 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 Subordinate Indenture 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 Subordinate Indenture 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), (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, as amended, whose shares are registered under the Securities Act of 1933, as amended, 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 ("Repurchases"), 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; or

(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 the Subordinate Indenture Bonds.

"Person" means an individual, public body, a public instrumentality, a corporation, a limited liability company, a partnership, limited liability partnership, an association, a joint stock company, a trust and any unincorporated organization.

"Policy Costs" means a periodic fee or charge required to be paid to maintain a DSRF Security.

"Project" or "Cost" means any financing which is authorized by the Enabling Acts or which may be hereafter authorized by law.

"Projected Annual Debt Service" means for any future period of time, shall equal the amount of Maximum Annual Debt Service on all Long-Term Indebtedness then Outstanding and on any Long-Term Indebtedness proposed to be issued.

"Projected Debt Service Coverage Ratio" means for the immediately two following Fiscal Years, the ratio determined by dividing the projected amounts to be paid into the General Reserve Fund for each of such years by the Projected Annual Debt Service for each of such years.

"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" means the requirement to establish and maintain a schedule of Tolls sufficient to provide the funds required, as more fully described in the forepart of this Official Statement under the caption "SECURITY FOR THE 2017 BONDS - Rate Covenant."

"Rating Agency" means Fitch, Moody's, S&P and such other nationally recognized securities rating agency as may be so designated in writing to the Trustee by a Commission Official.

"Rating Category" means each major rating classification established by the Rating Agency, determined without regard to gradations such as "1," "2" and "3" or "plus" and "minus."

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

"Reimbursement Agreement" means 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 Subordinate Indenture Bonds of one or more Series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder.

“Reimbursement Obligation” means 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.

“Responsible Officer” means when used with respect to the Trustee, any officer in the corporate trust department (or any successor thereto) of the Trustee, or any other officer or representative of the Trustee customarily performing functions similar to those performed by any of such officers and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject.

“Revenue Bonds” means bonds issued pursuant to the Subordinate Indenture for the purpose of making Payments to PennDOT to finance transit programs and other purposes pursuant to Act 44, as amended by Act 89, and which are not secured by Commonwealth Motor License Fund Payments, but have a senior claim on Commission Payments.

“Revenue Bonds Parity Obligations” means Revenue Bonds and all other obligations agreed by the Commission to be on a parity therewith.

“S&P” means S&P Global Ratings, a division of S&P Global 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” means each Person who is a Subordinate Indenture Bondholder of any Subordinate Indenture Bonds, each Parity Swap Agreement Counterparty providing a Parity Swap Agreement, each Bank providing a Credit Facility, each Bond Insurer providing a Bond insurance policy with respect to a Parity Obligation, each provider of a DSRF Security and holders of other Parity Obligations.

“Securities Depository” means a Person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934, as amended 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.

“Senior Indenture” means the Amended and Restated Trust Indenture originally dated as of July 1, 1986 and amended and restated as of March 1, 2001 between the Commission and U.S. Bank National Association, as successor trustee, as it may be amended, supplemented or replaced, in connection with the Commission’s main line toll revenue bonds.

“Senior Indenture Trustee” means the legal Person that is the trustee under the Senior Indenture whether by contract or operation of law.

“Series” or “Sub-Series” means any series or sub-series of bonds issued pursuant to the Subordinate Indenture or any Supplemental Indenture.

“Short-Term Indebtedness” means all Indebtedness which matures in less than 365 days and is designated as Short-Term Indebtedness pursuant to the Subordinate Indenture. 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” means with respect to the 2017 Bonds, the date fixed by the Trustee for payment of Defaulted Interest.

“Special Revenue Bonds” means bonds issued pursuant to the Subordinate Indenture and authorized pursuant to Section 9511.4 of Act 44 which are secured by Commonwealth Motor License Fund payments but are subordinate to Revenue Bonds with respect to their claim on Commission Payments.

“Special Revenue Bonds Parity Obligations” means Special Revenue Bonds and all other obligations agreed by the Commission to be on parity therewith with respect to their claim on Commission Payments.

“Special Revenue Bond Payments” means payments received from the Commonwealth’s Motor License Fund pursuant to Act 44 for the purpose of paying debt service on Special Revenue Bonds.

“Subordinate Indenture” means the Subordinate Trust Indenture dated as of April 1, 2008 by and between the Commission and the Trustee, as supplemented and amended through the dated date of the Supplemental Indenture No. 27, and as it may be further supplemented and amended from time to time.

“Subordinate Indenture Bond” or “Subordinate Indenture Bonds” means Original Subordinate Indenture Bonds and all other indebtedness of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, issued as Additional Subordinate Indenture Bonds under the Subordinate Indenture, other than Additional Subordinate Indenture Bonds issued as Subordinated Indebtedness.

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

“Subordinate Indenture Bond Registrar” means with respect to any series of Subordinate Indenture Bonds, that Person which maintains the Subordinate Indenture Bond Register pursuant to the Subordinate Indenture or such other entity designated by the Subordinate Indenture Bond Registrar to serve such function and initially shall be the Trustee.

“Subordinated Indebtedness” means the Indebtedness that is subordinated and junior in all respects to payment of all or any Series of Subordinate Indenture Bonds and other Parity

Obligations incurred under the Subordinate Indenture, provided certain prior conditions imposed by the Subordinate Indenture are met.

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

"Swap Agreement" shall have the meaning set forth in the section "Approved and Parity Swap Obligations."

"System" means what are commonly referred to as the "Main Line" and the "Northeast Extension" of the Commission and any other roads for which the Commission has operational responsibility and is collecting Tolls, unless the Commission identifies such roads in a writing addressed to the Trustee (other than the "Main Line" and the "Northeast Extension") as not being part of the System for the purposes of the Subordinate Indenture. Notwithstanding the foregoing, no portion of Interstate 80 shall be deemed to be a portion of the "System" unless the Commission affirmatively makes such election in a writing to the Trustee.

"Tender Indebtedness" means any Indebtedness or portion thereof:

(a) the terms of which include (1) 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 (2) 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 (1) one of the two highest long-term Rating Categories by the Rating Agency or (2) the highest short-term, note or commercial paper Rating Category by the Rating Agency.

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

"Trustee" means Wells Fargo Bank, N.A. (as successor to TD Bank, National Association), a national banking association organized and existing under the laws of the United States of America, and its successors and any entity resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

"Trust Estate" has the meaning provided in the forepart of this Official Statement under the caption "SECURITY FOR THE 2017 BONDS – 2017B Subordinate Revenue Bonds - General".

"U.S." means the United States of America.

"Variable Rate Bonds" means the Subordinate Indenture Bonds issued as Variable Rate Indebtedness.

"Variable Rate Indebtedness" means 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, that is, Variable Rate Indebtedness (1) the interest rate applicable to which (after an initial period following the issuance thereof or the conversion thereof to such an interest rate mode) is reset from time to time through an auction or bidding system and (2) which the Commission has no obligation to repurchase in connection with the resetting of the interest rate applicable thereto except to the extent proceeds are available for such purpose either from the remarketing of such Variable Rate Indebtedness or from such other sources as identified in the Supplemental Indenture pursuant to which such Variable Rate Indebtedness was issued, (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.

SUBORDINATE INDENTURE

Subordinate Indenture Bonds

All Subordinate Indenture Bonds shall be issued substantially and shall contain such maturities, payment terms, interest rate provisions, redemption or prepayment features and other provisions as shall be set forth in the Supplemental Indenture providing for their issuance. Subordinate Indenture Bonds include Revenue Bonds, Special Revenue Bonds and such other related bonds as the Commission may determine.

Subordinate Turnpike Revenue Bonds

Revenue Bonds shall be issued under the Subordinate Indenture for the purpose of making Payments to PennDOT to finance transit programs and other purposes pursuant to Act 44 and Act 89. The Revenue Bonds shall be senior in right of payment to the Special Revenue Bonds.

Subordinate Special Revenue Turnpike Revenue Bonds

Subordinate Special Revenue Turnpike Revenue Bonds have been issued under the Subordinate Indenture for the purpose of making Funding Agreement Rental Payments to PennDOT for the purposes of financing highway and bridge construction and paying other Costs of the Department (as defined in Act 44). The payment of debt service on the Special Revenue Bonds shall be junior in right of payment to the payment of debt service on the Revenue Bonds and the restoration of any deficiency in the Debt Service Reserve Fund for the Revenue Bonds pursuant to the Subordinate Indenture.

Limited Obligations

The Subordinate Indenture Bonds shall be limited obligations of the Commission, payable solely from the Trust Estate. The Subordinate Indenture Bonds shall constitute a valid claim of the respective owners thereof against the Trust Estate to the extent provided in the Subordinate Indenture, which is pledged to secure the payment of the principal of, redemption premium, if any, and interest on the Subordinate Indenture Bonds as provided in the Subordinate Indenture, and which shall be utilized for no other purpose, except as expressly authorized in the Subordinate Indenture. The Subordinate Indenture Bonds shall not constitute general obligations of the Commission and under no circumstances shall the Subordinate Indenture 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 in the Subordinate Indenture as security for the payment of the Subordinate Indenture Bonds.

Additional Subordinate Indenture Bonds

The Commission will not issue or incur any other Indebtedness having a parity lien on the Trust Estate except for Additional Subordinate Indenture Bonds issued pursuant to this Section and other Parity Obligations. Additional Subordinate Indenture Bonds may be issued and the Trustee shall authenticate and deliver such Additional Subordinate Indenture 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 Subordinate Indenture Bonds, and (2) the issuance, sale, execution and delivery of the Additional Subordinate Indenture 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 Subordinate Indenture Bonds is permitted under the Subordinate Indenture, (2) each of the Supplemental Indenture and the Additional Subordinate Indenture 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 last paragraph of this Section, interest on the Additional Subordinate Indenture 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 Subordinate Indenture 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 Subordinate Indenture and evidence satisfactory to the Trustee that, upon issuance of the Additional Subordinate Indenture Bonds, amounts will be deposited in the Funds under the Subordinate Indenture adequate for the necessary balances therein after issuance of the Additional Subordinate Indenture Bonds (including an amount sufficient to satisfy the Debt Service Reserve Requirement if the Additional Subordinate Indenture Bonds constitute Debt Service Reserve Fund Bonds);

(f) A certificate of the Commission, signed by a Commission Official, specifying the amount of each Class of Subordinate Indenture Bonds Outstanding after issuance of the Additional Subordinate Indenture Bonds, identifying the Additional Subordinate Indenture Bonds as Revenue Bonds or Special Revenue Bonds, Short-Term Indebtedness, Long-Term Indebtedness or Subordinated Indebtedness and demonstrating with reasonable detail that the provisions of the Senior Indenture and of the Subordinate Indenture with respect to the incurrence of additional indebtedness have been met for the issuance of such Additional Subordinate Indenture Bonds; and

(g) Such further documents, moneys and securities as are required by the provisions of the Supplemental Indenture.

Anything in the Subordinate Indenture to the contrary notwithstanding, Additional Subordinate Indenture Bonds may bear interest which is included in gross income for federal income tax purposes under the Code, in which event provisions in the Subordinate Indenture requiring or referencing the exclusion of interest on Subordinate Indenture Bonds from gross income for federal income tax purposes may be ignored or modified, as appropriate, as set forth in an opinion of Bond Counsel.

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 Subordinate 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 Subordinate Indenture Bonds (or any other Commission bonds to which such Swap Agreement relates) for federal income tax purposes; provided that if the Swap Agreement relates to Subordinate Indenture Bonds being issued and the Swap Agreement is entered into prior to the issuance of such Subordinate Indenture Bonds, the portion of the opinion of Bond Counsel referring to tax-exempt status of the Subordinate Indenture Bonds need not be delivered until such Subordinate Indenture Bonds are issued;

(d) A certificate of the Commission, signed by a Commission Official, that the Commission is not under default under the Subordinate 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 Subordinate Indenture Bonds by the Rating Agency;

(f) Evidence that the relevant provisions of the Subordinate Indenture have been met with respect to additional indebtedness as applicable to Swap Agreements; 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 any or all of its obligations thereunder be on parity with certain other Subordinate Indenture Bonds and certain 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 for the related Series of Subordinate Indenture Bonds 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 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 Subordinate Indenture Bonds by meeting the requirements set forth in the Subordinate Indenture (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).

Commission Payments

The Commission has covenanted to make the Commission Payments as described under "SECURITY FOR THE 2017 BONDS - Commission Payments" in the forepart of this Official Statement.

In the event of any failure by the Commission to make any of the payments required to be deposited in the Interest Sub-Account or Principal Sub-Account for any outstanding Special Revenue Bonds, the Trustee shall promptly, after utilizing any available funds in the Residual Fund or the applicable Account of the Debt Service Reserve Fund, transfer to such Sub-Accounts from any balances in the Interest Sub-Account or Principal Sub-Account for the Subordinated Special Revenue Bonds such amounts as are necessary to correct such deficiencies. Notwithstanding the foregoing, any funds on deposit in the Special Revenue Bonds Receipts Account or the Special Revenue Bonds Funded Debt Service Sub-Account, or transferred from either account to the Special Revenue Bonds Interest Sub-Account or Principal Sub-Account for the payment of debt service on Special Revenue Bonds pursuant to the Subordinate Indenture, may only be used for the payment of debt service on Special Revenue Bonds and may not be used for the payment of debt service on Revenue Bonds or for any other purpose.

In the event of any failure by PennDOT or the Treasurer of the Commonwealth to deposit funds transferred from the Motor License Fund into the Special Revenue Bonds Receipts Account as required in the preceding paragraph for the payment of any interest or principal due on Special Revenue Bonds, then the Trustee shall withdraw such amounts from the Special Revenue Bonds Funded Debt Service Sub-Account and transfer the monies to the Special Revenue Bonds Interest Sub-Account or the Principal Sub-Account, as appropriate, on the applicable Interest Payment Date, principal payment date or mandatory sinking fund installment date. If monies are received from the Motor License Fund subsequent to payments being made pursuant to this Section, then such Motor License Fund monies shall be transferred from the Special Revenue Bonds Receipts Account to the Special Revenue Bonds Funded Debt Service Sub-Account.

The 2017 Special Revenue Bonds constitute Special Revenue Bonds. The 2017B Subordinate Revenue Bonds do not constitute Special Revenue Bonds.

Rate Covenant

The Commission covenants that it will establish and maintain schedules of Tolls for traffic over the System as required by the Subordinate and Senior Indentures as described under "SECURITY FOR THE 2017 BONDS - Rate Covenant" in the forepart of this Official Statement.

Creation of Funds

In addition to any funds created by any Supplemental Indenture, the Subordinate Indenture creates the following funds: Commission Payments Fund, Administrative Expenses Fund, Debt Service Fund, Debt Service Reserve Fund, Motor License Fund Repayment Fund, Rebate Fund, and Residual Fund. Amounts deposited in such funds shall be held in trust by the Trustee until applied as directed under the Subordinate Indenture. Such funds are further described in the forepart of this Official Statement under each respective fund name under the overall caption "SECURITY FOR THE 2017 BONDS".

Rebate Fund

The Commission covenants to calculate and to pay directly to the government of the U.S. all amounts due for payment of "arbitrage rebate" under Section 148(f) of the Code with respect to any Subordinate Indenture 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 hereunder for any or all Series of Subordinate Indenture 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 U.S. 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 Commission Payments Fund.

Moneys Set Aside for Principal and Interest Held in Trust

All moneys which the Trustee shall have set aside (or deposited with any paying agent) for the purpose of paying any of the Subordinate Indenture Bonds, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of the applicable Series of such Subordinate Indenture Bonds. However, any moneys which shall be so held or deposited by the Trustee, and which shall remain unclaimed by the holders of such Subordinate Indenture Bonds for the period of five years after the date on which such Subordinate Indenture Bonds shall have become payable, shall be paid to the Commission upon its written request or to such officer, board or body as may then be entitled by law to receive the same; thereafter the holders of such Subordinate Indenture Bonds shall look only to the Commission or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

Additional Security

Except as otherwise provided or permitted in the Subordinate Indenture, the Trust Estate securing Subordinate Indenture Bonds issued under the terms of the Subordinate Indenture shall be shared on a parity with other Parity Obligations as provided in the Subordinate Indenture. 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 Subordinate Indenture Bonds for federal income tax purposes will not be adversely affected thereby. Moreover, the Commission may provide in a Supplemental Indenture that Subordinate Indenture Bonds issued thereunder are not secured, or are secured only in part or only under certain circumstances, by the Trust Estate.

Investment of Moneys

Moneys held in any of the funds or accounts under the Subordinate Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided in the Subordinate Indenture or may be invested in Permitted Investments. All investments shall be made by the Trustee upon the oral request of the Commission, which is confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific Permitted Investments to be acquired.

All investments must be subject to withdrawal or must 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 Subordinate 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 for interest or income received on investments credited to the 2017 Subordinate Bonds Clearing Fund which amounts shall be transferred to the 2017B-1 Subordinate Bonds Interest Sub-Account of the of the Debt Service Fund as directed under Supplemental Subordinate Indenture No. 27.

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 Subordinate 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 and account held under the Subordinate Indenture shall be valued by the Trustee at least once annually within thirty days after the end of each Fiscal Year.

Payment of Principal, Interest and Premium

The Commission covenants that it will promptly pay, by disbursement to the Trustee which is authorized to make the required payments, the principal of, premium, if any, and the interest on every Subordinate Indenture Bond and other Parity Obligations issued or agreed by the Commission to be parity under the provisions of the Subordinate Indenture at the places, on the dates and in the manner provided in the Subordinate Indenture and in said Subordinate Indenture Bonds and other Parity Obligations and will promptly pay all Administrative Expenses and any payments required to be made by the Commission to the Commonwealth's Motor License Fund. Except as otherwise provided in the Subordinate Indenture, all such monies are payable solely from Commission Payments, which Commission Payments are pledged to the payment thereof in the manner and to the extent provided in the Subordinate 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 obligations described in the Subordinate Indenture.

Limitations on Issuance of Additional Subordinate Indenture Bonds and Execution of Approved Swap Agreements

(a) Long-Term Indebtedness.

(1) The Commission agrees that it will not issue any Additional Subordinate Indenture Bonds constituting Long-Term Indebtedness unless prior to or contemporaneously with the incurrence thereof, the relevant provisions of the Senior Indenture and the Subordinate Indenture are met after taking into account as part of the calculations the issuance of such Additional Subordinate Indenture Bonds under the Subordinate Indenture and there are delivered to the Trustee:

(i) a certificate of a Commission Official certifying that the amount paid into the General Reserve Fund under the Senior Indenture for the most recent Fiscal Year preceding the delivery of such certificate for which audited financial statements are available divided by the Annual Debt Service on Outstanding Revenue Bonds including any Revenue Bonds to be issued at that time, and on Outstanding Revenue Bonds Parity Obligations, including Revenue Bonds Parity Obligations to be issued at that time, was not less than 1.15; and

(ii) a certificate of a Commission Official certifying that the amount paid into the General Reserve Fund under the Senior Indenture for the most recent Fiscal Year preceding the delivery of such certificate for which audited financial statements are available divided by the Annual Debt Service on Outstanding Special Revenue Bonds including any Special Revenue Bonds to be issued at that time, and on Outstanding Special Revenue Bonds Parity Obligations, including Special Revenue Bonds to be issued at that time, was not less than 1.00; or

(iii) a report of a Consultant to the effect that the Projected Debt Service Coverage Ratio is not less than 1.10 for the Outstanding Bonds, including any Bonds to be issued at that time, and Parity Obligations.

(2) If the Long-Term Indebtedness is being incurred solely for the purposes 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.

(3) If the Long-Term Indebtedness being incurred consists of Special Revenue Bonds, a certificate provided by or on behalf of the Commission certifying that the balance in the Motor License Fund at the end of the fiscal year immediately preceding the issuance of the Special Revenue Bonds is equal to at least three times the Maximum Annual Debt Service on all Outstanding Special Revenue Bonds after the issuance of the proposed Special Revenue Bonds.

(4) If the additional Series of Subordinate Indenture Bonds are refunding Subordinate Indenture Bonds issued to refund other Subordinate Indenture Bonds, the following shall be delivered:

(i) Evidence satisfactory to the Trustee that the Commission has made provision as required by the Subordinate Indenture for the payment or redemption of all Subordinate Indenture Bonds to be refunded;

(ii) A written determination by the Trustee or by a firm of certified independent public accountants or other qualified firm acceptable to the Commission and the Trustee that the proceeds (excluding accrued interest) of the refunding Subordinate Indenture Bonds, together with any other money to be deposited for such purpose with the Trustee, or in escrow for the benefit of the Trustee, upon the issuance of the refunding Bonds and the investment income to be earned on funds held by, or in escrow for the benefit of, the Trustee for the payment or redemption of other Subordinate Indenture Bonds will be sufficient without reinvestment to pay, whether upon redemption or at maturity, the principal of and premium, if any, and interest on the Subordinate Indenture Bonds to be refunded and the estimated expenses incident to the refunding; and

(iii) Either a written determination by the Trustee or by a firm of certified independent public accountants or other qualified firm acceptable to the Commission and the Trustee that after the issuance of the refunding Subordinate Indenture Bonds and the provision for payment or redemption of all Subordinate Indenture Bonds to be refunded, Debt Service for each Fiscal Year in which there will be Outstanding Subordinate Indenture Bonds (not including Subordinate Indebtedness) of any Series not to be refunded will not be more than Debt Service for the Fiscal Year would have been respectively in each case on all Outstanding Revenue Bonds and on all Outstanding Special Revenue Bonds (in each case not including Subordinate Indebtedness) immediately before the issuance of the refunding Bonds, including the Subordinate Indenture Bonds, to be refunded.

(b) Subordinated Indebtedness. The Commission may incur Indebtedness (hereinafter referred to as “Subordinated Indebtedness”) without limit which is subordinated and junior in all respects to payment of all or any Series of Subordinate Indenture Bonds and other Parity Obligations incurred under the Subordinate Indenture so that the same is payable as to principal and interest once all other payments have been made under the Subordinate Indenture from the amounts on deposit to the credit of the Commission Payments Fund as long as prior to or contemporaneously with the incurrence thereof, there is delivered to the Trustee:

(1) 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, and

(2) the other items listed in the Subordinate Indenture for incurring Additional Subordinate Indenture Bonds (as the same may be modified to reflect the fact that such Indebtedness is Subordinated Indebtedness).

Such Subordinated Indebtedness and the payment thereof may be secured by a lien and pledge (a) subordinate to that of the Subordinate Indenture Bonds or any Series thereof on the Commission Payments or (b) prior to, on a parity with or subordinate to, the Subordinate Indenture Bonds or any Series thereof on Other Revenues, in which event the Commission and the Trustee may establish such other accounts under the Subordinate Indenture as they deem necessary or appropriate.

(c) Approved Swap Agreements. The Commission agrees that it will not enter into any Approved Swap Agreement unless prior to or contemporaneously with the incurrence thereof, the provisions of the Subordinate Indenture are met and there is delivered to the Trustee one of the certificates or reports required in subsection (b) above, which takes into account the expected payments by and to the Commission pursuant to such Approved Swap Agreement in calculating Annual Debt Service.

Covenant as to Funding Agreement

The Commission covenants it will not agree to any amendments or supplements to the Funding Agreement or waivers thereunder which adversely affect the holders of the Subordinate Indenture Bonds. The Commission covenants, as set forth in the Funding Agreement, that its obligations to pay Funding Agreement Rental Payments shall be subordinate obligations of the Commission, payable from amounts in the General Reserve Fund only as permitted by any financing documents, financial covenants, liquidity policies or agreements in effect of the Commission. The Commission agrees that Funding Agreement Rental Payments will not be made when there is an outstanding uncured Event of Default under the Senior Indenture or the Subordinate Indenture.

Tax Covenants

The Commission covenants that it will neither make nor direct the Trustee to make any investment or other use of the proceeds of any Series of tax exempt Subordinate Indenture Bonds issued under the Subordinate Indenture that would cause such Series of tax exempt Subordinate Indenture Bonds to be “arbitrage bonds”, as that term is defined in Section 148(a) of the Code, and that it will comply with the requirements of the Code throughout the term of such Series of tax exempt Subordinate Indenture Bonds. The Trustee covenants that in those instances where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

Notwithstanding the foregoing, the Commission hereby reserves the right to elect to issue one or more Series of Additional Subordinate Indenture Bonds, the interest on which is not exempt from federal income taxation. If such election is made prior to the issuance of such Additional Subordinate Indenture Bonds, then the covenants contained in this Section shall not apply to such Series of Subordinate Indenture Bonds.

The Commission covenants that it (1) will take, or use its best efforts to require to be taken, all actions that may be required of the Commission for the interest on the Subordinate Indenture Bonds to be and remain not included in gross income for federal income tax purposes and (2) will not take or authorize to be taken any actions within its control that would adversely affect that status under the provisions of the Code.

Events of Default

Each of the following is an "Event of Default" with respect to a particular Series under the Subordinate Indenture:

(a) Default in the payment of any installment of principal, redemption premium, if any, interest or other amount due on that particular Class of Subordinate Indenture Bonds when the same becomes due and payable;

(b) Default in the payment by the Commission of any other Parity Obligation of that particular Class;

(c) With respect only to Special Revenue Bonds and subject to the provisions of the Subordinate Indenture, default in the performance or breach of the covenants contained in the Subordinate Indenture;

(d) Subject to the provisions of the Subordinate Indenture, default in the performance or breach of any other covenant, warranty or representation of the Commission contained in the Subordinate Indenture (other than a default under subsections (a) and (b) of this. "Events of Default" Section);

(e) The occurrence of any Event of Default under any Supplemental Indenture with respect to that particular Class; or

(f) (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.

Remedies

(a) 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 Revenue Bonds Outstanding and subject, to the requirements of the Subordinate Indenture, shall proceed to protect and enforce its rights and the rights of the holders of the applicable Series of

Subordinate Indenture Bonds under the Subordinate Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Subordinate Indenture or in aid of the execution of any power granted in the Subordinate Indenture, or for the enforcement of any other appropriate legal or equitable remedy, as 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 applicable Series of Subordinate Indenture Bondholders under the applicable Series of Subordinate Indenture Bonds or the Subordinate Indenture.

(b) Without limiting the generality of the foregoing, the Trustee shall at all times have the power to institute and maintain such proceedings as it may deem expedient: (1) to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Subordinate Indenture, and (2) to protect its interests and the interests of the Subordinate Indenture Bondholders in the Trust Estate and in the issues, profits, revenues and other income arising therefrom, including the power to maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order which may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair the Trust Estate or be prejudicial to the interests of the Subordinate Indenture Bondholders or the Trustee.

(c) 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 Special Revenue Bonds Outstanding, appoint a co-trustee to represent the holders of the Special Revenue Bonds in all proceedings to enforce payments from the Motor License Fund and the Special Revenue Bonds Funded Debt Service Sub-Account except as to any enforcement relating to the covenants of Act 44, which shall require the written direction of the Holders of not less than twenty-five (25%) of the principal amount of the Special Revenue Bonds then Outstanding, as set forth under the section "Covenants as to Act 44 - Special Revenue Bonds" in the Subordinate Indenture.

(d) Notwithstanding anything to the contrary contained in the Subordinate Indenture, the Trustee shall proceed to protect and enforce its rights under the section "Commission Payments" and the rights of the holders of the applicable Series of Subordinate Indenture Bonds under the section "Commission Payments" by a suit or suits in equity or at law, either for the specific performance or mandamus of any covenant or agreement contained in the Subordinate Indenture in a manner that the Trustee in reliance, upon the advice of Counsel, may deem most effective to protect and enforce any of its rights under the section "Commission Payments" or the interests of the applicable Series of Subordinate Indenture Bondholders under the section "Commission Payments."

Marshaling of Assets

Upon the occurrence of an Event of Default, all moneys in all Funds (other than moneys in the Rebate Fund and the Motor License Fund Repayment Fund) shall be available to be utilized by the Trustee in accordance with the Subordinate Indenture. The rights of the Trustee under the Subordinate Indenture shall be applicable. During the continuance of any such Event of Default, all provisions of the Subordinate Indenture relating to the utilization of Funds shall be superseded by the right of the Trustee to marshal assets under the Subordinate Indenture.

Subsequent to the curing or waiver of any such Event of Default, the provisions of the Subordinate Indenture relating to utilization of Funds shall be reinstated.

Trustee May File Proofs of Claim

(a) 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 Subordinate Indenture Bonds or any property of the Commission, the Trustee (whether or not the principal of the Subordinate Indenture 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 Subordinate Indenture Bonds then Outstanding or for breach of the Subordinate 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 hereby authorized 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 Subordinate Indenture.

(b) No provision of the Subordinate Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any Subordinate Indenture Bondholders any plan of reorganization, arrangement, adjustment or composition affecting any of the Subordinate Indenture 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 subsection (a) above.

Notice and Opportunity to Cure Certain Defaults

No default under (c) and (d) of the section "Events of Default" above shall constitute an Event of Default under the Subordinate Indenture 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 applicable Series of Subordinate Indenture 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.

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 Subordinate Indenture Bond Owner pursuant to any right given or action taken under the provisions of the Subordinate 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 Subordinate Indenture Bonds) of amounts to which they are entitled by virtue of their parity position, shall be deposited and applied as follows:

(a) first, to the payment to the persons entitled thereto of all installments of interest then due on the applicable Series of Revenue 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;

(b) second, to the payment to the persons entitled thereto of the unpaid principal of any of the applicable Series of Revenue Bonds which shall have become due with interest on such Revenue 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 Revenue Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal (or Compounded Amount) and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege;

(c) third, to the payment to the persons entitled thereto of all installments of interest then due on the applicable Series of Special Revenue 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;

(d) fourth, to the payment to the persons entitled thereto of the unpaid principal of any of the applicable Series of Special Revenue Bonds which shall have become due with interest on such Special Revenue 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 Special Revenue Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal (or Compounded Amount) and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege;

(e) fifth, to the payment of any other amounts then owing under the Subordinate 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 Subordinate Indenture; and

(f) notwithstanding anything in the foregoing to the contrary, any funds on deposit in the Special Revenue Bonds Receipt Account or the Special Revenue Bonds Funded Debt Service Sub-Account may only be used for the payment of debt service on Special Revenue Bonds and may not be used for the payment of debt service on Revenue Bonds or for any other purpose and shall be applied to the payment ratably of interest and principal, according to the amount of principal (or Compounded Amount) and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the foregoing 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 Subordinate Indenture Bonds with respect to which the Event of Default occurred and shall not be required to make payment to any Subordinate Indenture Bond Owner until such Subordinate Indenture Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Revenue Bondholders May Direct Proceedings

The owners of a majority in aggregate principal amount of the Revenue Bonds Outstanding shall, subject to the requirements of the Subordinate Indenture, 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 Subordinate Indenture, provided that such direction shall not be in conflict with any rule of law or the Subordinate 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 Subordinate Indenture Bondholders not parties to such direction or would subject the Trustee to personal liability or expense. If no Revenue Bonds are Outstanding, the owners of a majority in aggregate principal amount of Special Revenue Bonds Outstanding shall have the right to direct all actions as set forth hereof, except as to any enforcement relating to the covenants of Act 44, which shall require the written direction of the Holders of not less than twenty-five percent (25%) of the principal amount of the Special Revenue Bonds then Outstanding, as set forth in the Subordinate Indenture. 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 pursuant to the above.

Limitations on Rights of Subordinate Indenture Bondholders

(a) No Subordinate Indenture Bondholder shall have any right to pursue any other remedy under the Subordinate Indenture or the Subordinate Indenture 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 the applicable Series of Subordinate Indenture 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 Subordinate Indenture Bonds Outstanding.

(b) The provisions of subsection (a) of this Section are conditions precedent to the exercise by any Subordinate Indenture Bondholder of any remedy under the Subordinate Indenture. The exercise of such rights is further subject to the provisions of the Subordinate Indenture. No one or more Subordinate Indenture Bondholders shall have any right in any manner whatever to enforce any right under the Subordinate Indenture, except in the manner provided in the Subordinate 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 Subordinate Indenture for the equal and ratable benefit of the Subordinate Indenture Bondholders of all Subordinate Indenture Bonds Outstanding.

Unconditional Right of Subordinate Indenture Bondholder to Receive Payment

Notwithstanding any other provision of the Subordinate Indenture, any Subordinate Indenture Bondholder shall have the absolute and unconditional right to receive payment of principal of, redemption premium, if any, and interest on the Subordinate Indenture Bonds on and after the due date thereof, and to institute suit for the enforcement of any such payment.

Restoration of Rights and Remedies

If the Trustee or any Subordinate Indenture Bondholder has instituted any proceeding to enforce any right or remedy under the Subordinate Indenture, and any such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or such Subordinate Indenture Bondholder, then the Commission, the Trustee and the Subordinate Indenture Bondholders, subject to any determination in such proceeding, shall be restored to their former positions under the Subordinate Indenture, and all rights and remedies of the Trustee and the Subordinate Indenture Bondholders shall continue as though no such proceeding had been instituted.

Rights and Remedies Cumulative

No right or remedy conferred under the Subordinate Indenture 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 Subordinate Indenture or now or hereafter existing at law, in equity or otherwise. The assertion or employment of any right or remedy under the Subordinate 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 Subordinate Indenture 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 Subordinate Indenture or by law to the Trustee or the Subordinate Indenture Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or the Subordinate Indenture Bondholders, as the case may be.

Waiver of Defaults

(a) The holders of a majority in aggregate principal amount of each Series of Outstanding Subordinate Indenture Bonds may, by written notice to the Trustee and subject to the requirements of the Subordinate Indenture, waive any existing default or Event of Default with respect to that particular Series and its consequences, except an Event of Default under (a) or (b) of "Events of Default" set forth above. 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.

(b) Notwithstanding any provision of the Subordinate Indenture, in no event shall any Person, other than all of the affected Subordinate Indenture Bondholders, have the ability to waive any Event of Default under the Subordinate Indenture if such event results or may result, in the opinion of Bond Counsel, in interest on any of the Subordinate Indenture Bonds becoming includable in gross income for federal income tax purposes if the interest on such Subordinate Indenture 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 Subordinate 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 Subordinate Indenture Bondholder then Outstanding, provided, however, that except in the instance of an Event of Default under "Events of Default" paragraphs (a) or (b), 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 any Class of Subordinate Indenture Bondholders, and provided, further, that notice to Subordinate Indenture Bondholders of any Event of Default under "Events of Default" paragraphs (c) and (d) shall be subject to the provisions of the section "Priority of Payment Following Event of Default" and shall not be given until the grace period has expired.

The Trustee; Qualifications of Trustee

The Subordinate Indenture contains provisions relating to the appointment and duties of the Trustee. The Trustee under the Subordinate Indenture shall at all times be a trustee under the Subordinate Indenture which shall be a corporation or banking association organized and doing business under the laws of the U.S. 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 such corporation or banking association publishes reports of condition at least annually, pursuant to law or the requirements of such banking authority, then for purposes hereof, the combined capital and surplus of such corporation or banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions hereof, it shall resign promptly in the manner and with the effect specified in the Subordinate Indenture.

Resignation or Removal of Trustee; Appointment of Successor Trustee

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Subordinate Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Subordinate Indenture.

(b) 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 Subordinate Indenture Bondholder may petition a court of competent jurisdiction for the appointment of a successor Trustee.

(c) Prior to the occurrence and continuance of an Event of Default under the Subordinate 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 Subordinate Indenture Bonds of each Class, 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 Subordinate Indenture, the holders of a majority in aggregate principal amount of each Class of Outstanding Subordinate Indenture 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 Subordinate Indenture Bonds and the successor Trustee.

(d) If at any time: (1) the Trustee shall cease to be eligible and qualified under the Subordinate Indenture and shall fail or refuse to resign after written request to do so by the Commission or the holder of any Subordinate Indenture 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 paragraph (c) above; or (ii) any holder of a Subordinate Indenture Bond then Outstanding may, on behalf of the holders of all Outstanding Subordinate Indenture Bonds, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee.

(e) 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 Subordinate Indenture Bonds then Outstanding as listed in the Subordinate Indenture Bond Register. Each such notice shall include the name and address of the applicable corporate trust office of the successor Trustee.

Notices to Subordinate Indenture Bondholders; Waiver

Where the Subordinate Indenture provides for notice to Subordinate Indenture Bondholders of any event, such notice shall be sufficiently given (unless otherwise expressly provided in the Subordinate Indenture) if in writing and mailed, first class postage prepaid, to each Subordinate Indenture Bondholder affected by each event, at his or her address as it appears on the Subordinate Indenture Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the first giving of such notice. In any case where notice to Subordinate Indenture Bondholders is given by mail, neither the failure to mail such notice, nor any default in any notice so mailed to any particular Subordinate Indenture Bondholder shall affect the sufficiency of such notice with respect to other Subordinate Indenture Bondholders. Where the Subordinate Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Subordinate Indenture Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

For so long as the Subordinate Indenture Bonds are registered solely in the name of the Securities Depository or its nominee, where the Subordinate Indenture provides for notice to the Subordinate Indenture Bondholders of the existence of, or during the continuance of, any Event of Default, the Trustee, at the expense of the Commission, shall: (a) establish a record date (the "Record Date") for determination of the Persons entitled to receive such notice; (b) request a securities position listing from the Securities Depository showing the Depository Participants holding positions in the Subordinate Indenture Bonds affected by such notice as of the Record Date for such notice; (c) mail, first class postage prepaid, copies of the notice as provided above to each Depository Participant identified in the securities position listing as holding a position in the Subordinate Indenture Bonds as of the Record Date for the notice, to each nationally recognized municipal securities information repository (within the meaning of Rule 15c2- 12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934), and to any Person identified to the Trustee as a nonobjecting beneficial owner pursuant to the immediately following clause; (d) request that the Depository Participant retransmit the notice to all Persons for which it served as nominee on the Record Date, including nonobjecting beneficial owners, or retransmit the notice to objecting beneficial owners and provide a listing of nonobjecting beneficial owners for whom the Depository Participant served as nominee on the Record Date to the Trustee, (e) provide on behalf of the Commission and not as its agent, an undertaking to pay to any Depository Participant or other nominee (other than the Securities Depository) the reasonable costs of transmitting the notice to Persons for whom the Depository Participant acts as nominee; and (f) provide as many copies of the notice as may be requested by any nominee owner of the Subordinate Indenture Bonds. Any default in performance of the duties required by this paragraph shall not affect the sufficiency of notice to the Subordinate Indenture Bondholders given in accordance with the first paragraph above, nor the validity of any action taken under the Subordinate Indenture in reliance on such notice to Subordinate Indenture Bondholders.

Supplemental Indentures without Subordinate Indenture Bondholders' Consent

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 Subordinate Indenture 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 Subordinate Indenture or in any Supplemental Indenture;

(b) provide for earlier or larger deposits to the Revenue Bonds Account or Special Revenue Bonds Account of the Debt Service Fund;

(c) grant to or confer upon the Trustee for the benefit: of the Subordinate Indenture Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Subordinate Indenture Bondholders or the Trustee which are not contrary to or inconsistent with the Subordinate Indenture as then in effect or to subject to the pledge and lien of the Subordinate Indenture additional revenues, properties or collateral including Defeasance Obligations;

(d) add to the covenants and agreements of the Commission in the Subordinate Indenture other covenants and agreements thereafter to be observed by the Commission or to surrender any right or power reserved in the Subordinate Indenture to or conferred upon the Commission which are not contrary to or inconsistent with the Subordinate Indenture as then in effect;

(e) by action taken on or before the issuance by the Commission of the first Series or any Sub-Series of Special Revenue Bonds, modify, alter, supplement or amend the section "Covenants as to Act 44 - Special Revenue Bonds";

(f) permit the appointment of a co-trustee under the Subordinate Indenture;

(g) modify, alter, supplement or amend the Subordinate Indenture in such manner as shall permit the qualification of the Subordinate Indenture, if required, under the Trust Indenture Act of 1939, the Securities Act of 1933, state securities laws or any similar statute;

(h) cure formal defects or omissions that, if not cured, would cause interest on Subordinate Indenture Bonds to be includible in gross income for federal income tax purposes;

(i) make any other change in the Subordinate Indenture that is determined by the Trustee not to be materially adverse to the interests of the Subordinate Indenture Bondholders;

(j) identify particular characteristics of Subordinate Indenture Bonds for purposes not inconsistent with the Subordinate Indenture including, without limitation, credit or liquidity support, remarketing, serialization, mandatory tender for purchase and defeasance;

(k) implement the issuance of Additional Subordinate Indenture Bonds, or the incurrence of other Parity Obligations or of Subordinated Indebtedness permitted under the Subordinate Indenture; or

(1) if all Subordinate Indenture Bonds in a Series are Book Entry Bonds, amend, modify, alter or replace any Letter of Representations as provided in the Subordinate Indenture 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 Subordinate Indenture.

Supplemental Indentures Requiring Subordinate Indenture 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 Subordinate Indenture, but only with the written consent of the holders of at least a majority in aggregate principal amount of the Revenue Bonds Outstanding at the time such consent is given, and in case such modification adversely affects the holders of the Special Revenue Bonds, of PennDOT; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Subordinate Indenture Bonds so affected remain Outstanding, the consent of the holders of such Subordinate Indenture Bonds shall not be required and such Subordinate Indenture Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Subordinate Indenture Bonds under this Section. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture shall permit any of the following, without the consent of each Subordinate Indenture Bondholder whose rights are affected thereby:

(a) a change in the terms of stated maturity or redemption of any Subordinate Indenture Bond or of any installment of interest thereon;

(b) a reduction in the principal amount of or redemption premium on any Subordinate Indenture Bond or in the rate of interest thereon or a change in the coin or currency in which such Subordinate Indenture 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 Subordinate Indenture) the lien or pledge granted to the Subordinate Indenture Bondholders under the Subordinate 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 Subordinate Indenture Bond or Subordinate Indenture Bonds over any other Subordinate Indenture Bond or Subordinate Indenture Bonds, except to the extent permitted under the Subordinate Indenture;

(e) a reduction in the aggregate principal amount of Subordinate Indenture Bonds of which the consent of the Subordinate Indenture Bondholders is required to effect any such modification or amendment; or

(f) a change in the provisions of this "Supplemental Indentures Requiring Subordinate Indenture Bondholders' Consent" section.

Notwithstanding the foregoing, the holder of any Subordinate Indenture Bond may extend the time for payment of the principal of or interest on such Subordinate Indenture Bond; provided, however, that upon the occurrence of an Event of Default, funds available under the Subordinate Indenture for the payment of the principal of and interest on the Subordinate Indenture 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 this Section shall be given to the Subordinate Indenture Bondholders promptly following the execution thereof.

Discharge

If (a) the principal of any Subordinate Indenture Bonds and the interest due or to become due thereon, together with any redemption premium required by redemption of any of the Subordinate Indenture Bonds prior to maturity, shall be paid, or is caused to be paid, or is provided for under the Subordinate Indenture, at the times and in the manner to which reference is made in the Subordinate Indenture Bonds, according to the true intent and meaning thereof, or the outstanding Subordinate Indenture Bonds shall have been paid and discharged in accordance with the Subordinate Indenture, and (b) all of the covenants, agreements, obligations, terms and conditions of the Commission under the Subordinate Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Subordinate Indenture 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 Subordinate 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 Subordinate 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 Subordinate Indenture except for amounts required to pay such Subordinate Indenture Bonds or held as described under "Rebate Fund."

Defeasance; Deposit of Funds for Payment of Subordinate Indenture Bonds

If the Commission deposits with the Trustee moneys or Defeasance Obligations which, together with the earnings thereon, are sufficient to pay the principal amount of and redemption premium on any particular Subordinate Indenture Bond or Subordinate Indenture. Bonds becoming due, either at maturity, by means of mandatory sinking fund redemption or by call for optional redemption or otherwise, together with all interest accruing thereon to the due date or Redemption Date, and pays or makes provision for payment of all fees, costs and expenses of the Commission and the Trustee due or to become due with respect to such Subordinate Indenture Bonds, all liability of the Commission with respect to such Subordinate Indenture Bond or

Subordinate Indenture Bonds shall cease, such Subordinate Indenture Bond or Subordinate Indenture Bonds shall be deemed not to be Outstanding under the Subordinate Indenture and the holder or holders of such Subordinate Indenture Bond or Subordinate Indenture Bonds shall be restricted exclusively to the moneys or Defeasance Obligations so deposited, together with any earnings thereon, for any claim of whatsoever nature with respect to such Subordinate Indenture Bond or Subordinate Indenture Bonds, and the Trustee shall hold such moneys, Defeasance Obligations and earnings in trust for such holder or holders. In determining the sufficiency of the moneys and Defeasance Obligations deposited pursuant to this Section, the Trustee shall receive, at the expense of the Commission, and may rely upon: (a) a verification report of a firm of nationally recognized independent certified public accountants or other qualified firm acceptable to the Commission and the Trustee; provided, however, that the Trustee may waive the requirement for the provision of such verification report if the Subordinate Indenture Bonds which are being defeased will be paid and cancelled within 90 days and the Trustee can calculate the interest to be paid on such Subordinate Indenture Bonds to and including such payment or redemption date; and (b) an opinion of Bond Counsel to the effect that (1) all conditions set forth in the Subordinate Indenture have been satisfied and (2) that defeasance of any Subordinate Indenture Bonds will not cause interest on the Subordinate Indenture Bonds to be includable in gross income for federal income tax purposes. Upon such defeasance, all rights of the Commission, including its right to provide for optional redemption or prepayment of any Subordinate Indenture Bonds on dates other than planned pursuant to such defeasance shall cease unless specifically retained by filing a written notification thereof with the Trustee at the time the Defeasance Obligations are deposited with the Trustee.

At such times as any Subordinate Indenture Bonds shall be deemed to be paid under the Subordinate Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Subordinate Indenture, except for the purposes of any such payment from such money or Defeasance Obligations.

Notice of Defeasance

(a) In case any of the Subordinate Indenture Bonds, for the payment of which moneys or Defeasance Obligations have been deposited with the Trustee pursuant to the Subordinate Indenture, are to be redeemed on any date prior to their maturity, the Commission shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Subordinate Indenture Bonds on the redemption date for such Subordinate Indenture Bonds.

(b) In addition to the foregoing notice, in the event such Subordinate Indenture Bonds to be redeemed are not by their terms subject to redemption within the next succeeding 60 days, the Trustee shall give further notice to the Subordinate Indenture Bondholders that the deposit required by the Subordinate Indenture has been made with the Trustee and that said Subordinate Indenture Bonds are deemed to have been paid in accordance the Subordinate Indenture and stating the maturity or redemption date or dates upon which moneys are to be available for the payment of the principal of and redemption premium, if any, on said Subordinate Indenture Bonds; such further notice shall be given promptly following the making of the deposit required by the Subordinate Indenture; and such further notice also shall be given in the manner set forth in the Subordinate Indenture; but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of the deposit.

(c) If the Commission has retained any rights pursuant to the Subordinate Indenture, notice thereof shall be sent to Subordinate Indenture Bondholders of such Subordinate Indenture Bonds as soon as practicable and not later than any notice required by paragraphs (a) or (b) above.

Limitation of Liability of Officials of the Commission

No covenant, stipulation, obligation or agreement contained in the Subordinate Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Commission in his individual capacity, and neither the members of the Commission nor any official executing the Subordinate Indenture Bonds shall be liable personally on the Subordinate Indenture Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. Notwithstanding anything to the contrary contained herein, the Trustee, the Subordinate Indenture Bondholders and any other party entitled to seek payment from the Commission under or to enforce the Subordinate Indenture and the Subordinate Indenture Bonds will be entitled to look solely to the Trust Estate, and such collateral, if any, as may now or hereafter be given to secure the payment of the obligations of the Commission under the Subordinate Indenture and the Subordinate Indenture Bonds, and no other property or assets of the Commission or any officer or director of the Commission shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies hereunder, or for any payment required to be made under the Subordinate Indenture and the Subordinate Indenture Bonds, or for the performance of any of the covenants or warranties contained herein.

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APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

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July ___, 2017

To: Pennsylvania Turnpike Commission
Middletown, PA

We have served as Co-Bond Counsel to our client the Pennsylvania Turnpike Commission (the "Commission") in connection with the issuance by the Commission of its $379,115,000 Turnpike Subordinate Revenue Bonds, Sub-Series B-1 of 2017 (the "2017B-1 Subordinate Revenue Bonds"), its $371,395,000 Turnpike Subordinate Revenue Bonds, Sub-Series B-2 of 2017 (the "2017B-2 Subordinate Revenue Bonds") and, its $45,390,000 Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Refunding Bonds, First Series of 2017 (the "2017 Special Revenue Bonds" and, together with the 2017B-1 Subordinate Revenue Bonds and the 2017B-2 Subordinate Revenue Bonds, the "2017 Bonds"), dated the date of this letter.

The 2017 Bonds are issued pursuant to the authority of an Act of the General Assembly of Pennsylvania 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, 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; and the Act of September 30, 1985, P. L. 240, No. 61 to the extent not repealed by Act 44, and the Act of November 25, 2013, P.L. 974, No. 89 (all such acts are referred to hereinafter collectively as the "Enabling Acts"), pursuant to the Resolution adopted by the Commission on June 20, 2017 (the "Resolution") and pursuant to the Subordinate Trust Indenture, dated as of April 1, 2008, as amended and supplemented prior to the date hereof (as so amended and supplemented, the "Existing Subordinate Indenture"), and as further supplemented by Supplemental Trust Indenture No. 27, dated as of July 1, 2017 ("Supplemental Indenture No. 27" and, together with the Existing Subordinate Indenture, the "Subordinate Indenture"), between the Commission and Wells Fargo Bank, N.A. (as successor trustee to TD Bank, National Association), the Trustee. *Capitalized terms not otherwise defined in this letter are used as defined in the Subordinate Indenture.*

In our capacity as Co-Bond Counsel, we have examined the transcript of proceedings relating to the issuance of the 2017 Bonds, the signed and authenticated 2017B-1 Subordinate Revenue Bonds, 2017B-2 Subordinate Revenue Bonds and 2017 Special Revenue Bonds, the Resolution, an executed counterpart of the Existing Subordinate Indenture, an executed counterpart of Supplemental Indenture No. 27, the Enabling Acts and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Commission is a validly existing instrumentality of the Commonwealth of Pennsylvania and has the power to enter into the transactions contemplated by Supplemental Indenture No. 27 and to carry out its obligations thereunder.

2. Supplemental Indenture No. 27 has been duly authorized, executed and delivered by the Commission and constitutes the valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms.

3. The 2017 Bonds have been duly and validly authorized and issued by the Commission and constitute the valid and binding limited obligations of the Commission, enforceable against the Commission in accordance with their terms, payable from the sources provided therefor in the Subordinate Indenture. The 2017 Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Commission or a general obligation or a pledge of the faith and credit or taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof. The Commission has no taxing power.

4. Interest on the 2017 Bonds is exempt from Commonwealth of Pennsylvania personal income tax and Commonwealth of Pennsylvania corporate net income tax.

5. Interest on the 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax. We express no opinion as to any other tax consequences regarding the Series 2017 Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Commission.

We express no opinion herein regarding the priority of any lien on the Trust Estate created by the Subordinate Indenture.

In rendering those opinions with respect to treatment of the interest on the 2017 Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Commission. Failure to comply with certain of those covenants subsequent to issuance of the 2017 Bonds may cause interest on the 2017 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the 2017 Bonds and the enforceability of the 2017 Bonds and the Subordinate Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as Co-Bond Counsel with respect to the 2017 Bonds is concluded upon delivery of this letter.

Respectfully submitted,

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE SENIOR INDENTURE

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE SENIOR INDENTURE

The following sets forth the definitions derived from the Senior Indenture concerning the Senior Revenue Bonds and the operation of the Senior Indenture. This summary of such terms does not purport to be complete or definitive and is subject to all of the terms and provisions of the Senior Indenture, a copy of which will be available at the corporate trust office of U.S. Bank National Association, as the trustee under the Senior Indenture (the "Senior Trustee"). Any references to "principal amount" shall mean the principal amount of any Senior Revenue Bonds plus the accreted amount on any Senior Revenue Bond which constitutes a capital appreciation or similar bond.

DEFINITIONS OF CERTAIN TERMS

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

"Additional Senior Revenue Bonds" shall mean the Senior Revenue Bonds of any series authorized to be issued under the Senior Indenture.

"Annual Debt Service" shall mean (i) the amount of principal and interest paid or payable with respect to Senior Revenue Bonds in a Fiscal Year plus (ii) Senior Indenture 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 Senior Indenture Approved Swap Agreements, minus (iv) the amounts, if any, paid or payable to the Commission in such Fiscal Year with respect to Senior Indenture 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 Senior Revenue Bonds or Senior Indenture Reimbursement Obligations in each Fiscal Year, payment shall be assumed to be made in accordance with any amortization schedule established for such Senior Indenture Indebtedness, including amounts paid or payable pursuant to any mandatory redemption schedule for such Senior Indenture Indebtedness;

(b) if any of the Senior Indenture Indebtedness or proposed Senior Indenture Indebtedness constitutes Balloon Senior Indenture Indebtedness, then such amounts thereof as constitute Balloon Senior Indenture Indebtedness shall be treated as if such Senior Indenture 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 Senior Indenture Indebtedness; anything to the contrary in the Senior Indenture notwithstanding, during the year preceding the final maturity date of such Senior Indenture Indebtedness, all of the principal thereof shall be considered to be due on such maturity date unless the Commission provides to the Senior Trustee a certificate of a Financial Consultant certifying that, in its judgment, the Commission will be able to refinance such Balloon Senior Indenture Indebtedness, in which event the Balloon Senior Indenture Indebtedness shall be amortized over the term of the Senior Indenture Indebtedness expected to refinance such Balloon Senior Indenture Indebtedness and shall bear the interest rate specified in the certificate of the Financial Consultant;

(c) if any of the Senior Indenture Indebtedness or proposed Senior Indenture Indebtedness constitutes Variable Rate Senior Indenture Indebtedness, then interest in future periods shall be based on the Senior Indenture Assumed Variable Rate;

(d) termination or similar payments under a Senior Indenture 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.

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

"Balloon Senior Indenture Indebtedness" shall mean Senior Indenture 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 Senior Indenture Indebtedness was issued to be amortized by payment or redemption prior to that Fiscal Year, provided that such Senior Indenture Indebtedness will not constitute Balloon Senior Indenture Indebtedness if the Senior Trustee is provided a certificate of a Commission Official certifying that such Senior Indenture Indebtedness is not to be treated as Balloon Senior Indenture Indebtedness (because, by way of example, such Indebtedness is intended to serve as "wrap around" Senior Indenture Indebtedness).

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

"Consultant" means 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.

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

"Current Expenses" shall mean 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 Senior Trustee and of the Senior Indenture Paying Agents, periodic fees or charges to maintain a Senior Indenture Debt Service Reserve Fund security, legal expenses and any other expenses required to be paid by the Commission as shown in the Annual Operating Budget for the System.

"Event of Senior Indenture Bankruptcy" shall mean the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceedings) by or against the Commission as debtor under 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.

"Financial Consultant" shall mean 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 hereof and who is retained by the Commission as a Financial Consultant for the purposes hereof.

"Historical Debt Service Coverage Ratio" shall mean 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" shall mean for any period of time, the ratio determined by dividing Net Revenues for such period by the Senior Indenture Maximum Annual Debt Service for all Applicable Long-Term Senior Indenture Indebtedness then outstanding and the Applicable Long-Term Senior Indenture Indebtedness proposed to be issued.

"Immediate Notice" means 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.

"Issuance Cost" shall mean costs incurred by or on behalf of the Commission in connection with the issuance of Additional Senior Revenue 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 Senior Revenue Bonds, the cost of printing, engraving and reproduction services, fees and expenses incurred in connection with any Credit Facility and any Senior Indenture Approved Swap Obligation, legal fees and expenses for Bond Counsel, Commission's counsel, Trustee's counsel, Disclosure Counsel and Underwriter's counsel relating to the issuance of the Senior Revenue Bonds, the initial or acceptance fee of the Trustee, and all other fees, charges and expenses incurred in connection with the issuance of the Senior Revenue Bonds and the preparation of the Senior Indenture.

"Long-Term Senior Indenture Indebtedness" shall mean all Senior Indenture Indebtedness, which is not (a) Short-Term Senior Indenture Indebtedness or (b) Subordinated Senior Indenture Indebtedness.

"Net Revenues" shall mean the amount by which total Revenues exceed Current Expenses for any particular period.

"Original Senior Indenture" shall mean the Indenture of Trust dated as of July 1, 1986 by and between the Commission and First Union Bank, as successor trustee to Fidelity Bank, National Association (the "Original Trustee").

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

"Outstanding" or "outstanding" in connection with Senior Revenue Bonds shall mean all Senior Revenue Bonds which have been authenticated and delivered under the Senior Indenture, except: (a) Senior Revenue Bonds theretofore cancelled or delivered to the Senior Trustee for cancellation under the Senior Indenture; (b) Senior Revenue Bonds which are deemed to be no longer Outstanding in accordance with the Senior Indenture; and (c) Senior Revenue Bonds in substitution for which other Senior Revenue Bonds have been authenticated and delivered pursuant to the Senior Indenture. In determining whether the owners of a requisite aggregate principal amount of Senior Revenue Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Senior Indenture, Senior Revenue Bonds which are held by or on behalf of the Commission (unless all of the Outstanding Senior Revenue Bonds are then owned by the Commission) shall be disregarded for the purpose of any such determination.

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

"Prior Senior Indenture" shall mean the Original Senior Indenture as supplemented and amended by a First Supplemental Indenture, dated as of August 1, 1986, a Second Supplemental Indenture, dated as of November 15, 1988, a Third Supplemental Indenture, dated as of May 15, 1989, a Fourth Supplemental Indenture, dated as of November 15, 1989, a Fifth Supplemental

Indenture, dated as of May 15, 1990, a Sixth Supplemental Indenture, dated as of November 15, 1990, a Seventh Supplemental Indenture, dated as of June 1, 1991, an Eighth Supplemental Indenture, dated as of July 1, 1991, a Ninth Supplemental Indenture, dated as of November 15, 1991, a Tenth Supplemental Indenture, dated as of August 1, 1992, an Eleventh Supplemental Indenture, dated as of June 1, 1998, and a Twelfth Supplemental Indenture, dated as of March 1, 2001.

"Projected Annual Debt Service" shall mean for any future period of time, shall equal the amount of Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness then Outstanding and on any Applicable Long-Term Senior Indenture Indebtedness proposed to be issued.

"Projected Debt Service Coverage Ratio" shall mean 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" shall mean 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.

"Rate Covenant" shall mean 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 E.

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

"Revenues" shall mean (a) all Tolls received by-or on behalf of the Commission from the System, (b) any other sources of revenues or funds of the Commission which the Commission chooses to include in the Senior Trust Estate pursuant to a Supplemental Senior Indenture, and (c) the interest and income earned on any fund or account where said interest or income is required to be credited to the Senior Indenture Revenue Fund pursuant to the Senior Indenture. As more fully provided in the Senior Indenture, in the event the Commission receives advances or prepayments or otherwise operates or participates in a system in which funds are collected prior to the actual usage of the System, such funds shall not be deemed to be Revenues until the usage occurs or the funds are earned pursuant to the agreement under which the Commission receives such funds.

"Senior Indenture" shall mean that certain Amended and Restated Trust Indenture originally dated as of July 1, 1986 and Amended and Restated as of March 1, 2001, between the Commission and the Senior Trustee, as supplemented and amended.

"Senior Indenture Approved Swap Agreement" shall mean a contract having an interest rate, currency, cash-flow, or other basis desired by the Commission, 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 for which the Commission has satisfied the conditions under the Senior Indenture to have payments to be made and received by the Commission thereunder taken into account in the calculation of Annual Debt Service.

"Senior Indenture Assumed Variable Rate" shall mean in the case of (1) Outstanding Variable Rate Senior Indenture Indebtedness, the average interest rate on such Senior Indenture Indebtedness for the most recently completed 12-month period; and (2) proposed Variable Rate Senior Indenture 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 Senior Indenture 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 Senior Trustee.

"Senior Indenture Bank" shall mean as to any particular series of Senior Revenue Bonds, each Person (other than a Senior Indenture 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 Senior Indenture to the Senior Indenture providing for the issuance of such Senior Revenue Bonds.

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

"Senior Indenture Events of Default" shall mean those events described under "The Senior Indenture—Events of Default" in this Appendix E, and such other events specified in any Supplemental Senior Indenture.

"Senior Indenture Indebtedness" shall mean any obligation or debt incurred for money borrowed.

"Senior Indenture Maximum Annual Debt Service" shall mean at any point in time the maximum amount of Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness, as required by the context (e.g., whether relating to all such Applicable Long-Term Senior Indenture Indebtedness or only specified Applicable Long-Term Senior Indenture Indebtedness) paid or payable in the then current or any future Fiscal Year.

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

"Senior Indenture Parity Swap Agreement" shall mean a Senior Indenture Approved Swap Agreement secured under the Senior Indenture on parity with all Senior Revenue Bonds and other Senior Indenture Parity Obligations.

"Senior Indenture Paying Agent" shall mean with respect to any Series of Senior Revenue 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 is currently the Senior Trustee.

"Senior Indenture Reimbursement Obligation" shall mean 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.

"Senior Indenture Secured Owner" shall mean each Person who is a bondholder of any Senior Revenue Bonds, each counterparty providing a Senior Indenture Parity Swap Agreement, each Senior Indenture Bank providing a Credit Facility and each Bond Insurer providing a bond insurance policy with respect to a Senior Indenture Parity Obligation.

"Senior Indenture Tender Indebtedness" shall mean any Senior Indenture Indebtedness or portion thereof:

(a) The terms of which include (1) 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 (2) 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 (1) one of the two highest long-term Rating Categories by the Rating Agency or (2) the highest short-term, note or commercial paper Rating Category by the Rating Agency.

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

"Senior Trust Estate" shall mean all right, title and interest of the Commission in and to (i) all Revenues, (ii) all monies deposited into accounts or funds created by the Senior Indenture and held by or on behalf of the Senior Trustee (other than the Senior Indenture 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 Senior Indenture Parity Swap

Agreements, and (v) all investment earnings on all moneys held in accounts and funds established by the Senior Indenture, other than the Senior Indenture Rebate Fund.

"Short-Term Senior Indenture Indebtedness" shall mean all Senior Indenture Indebtedness which matures in less than 365 days and is designated as Short-Term Indebtedness pursuant to the Senior Indenture. In the event a Senior Indenture 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 Senior Indenture Indebtedness and the full amount of such commitment or program shall not be treated as Short-Term Senior Indenture Indebtedness to the extent that such facility remains undrawn.

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

"Supplemental Senior Indenture" shall mean any duly authorized Supplemental Indenture as a supplement to the Senior Indenture, entered into in accordance with the provisions of the Senior Indenture, including any Supplemental Senior Indenture pursuant to which (and only for so long as) Senior Revenue Bonds are Outstanding thereunder.

"Tolls" shall mean 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.

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

"Variable Rate Senior Indenture Indebtedness" shall mean any Senior Indenture Indebtedness the interest rate on which fluctuates from time to time subsequent to the time of incurrence. Variable Rate Senior Indenture Indebtedness may include, without limitation, (a) "auction rate" Senior Indenture Indebtedness described in the Senior Indenture, (b) certain Senior Indenture Tender Indebtedness, (c) commercial paper Senior Indenture Indebtedness which is intended to be reissued and refinanced periodically, or (d) other forms of Senior Indenture Indebtedness on which the interest fluctuates or is subject to being set or reset from time to time.

THE SENIOR INDENTURE

Rate Covenant

The Commission has covenanted 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 Senior Indenture Indebtedness then outstanding under the provisions of the Senior Indenture, or (ii) 100% of the Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness, plus (a) the amount of required transfers from the Senior Indenture Revenue Fund to the credit of the Senior Indenture Reserve Maintenance Fund pursuant to the Annual Capital Budget, and (b) an amount sufficient to restore any deficiency in the Senior Indenture Debt Service Reserve Fund within an 18 month period; plus (2) the amount of any Short-Term Senior Indenture Indebtedness outstanding under 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 Senior Indenture Indebtedness, shall be sufficient to pay the Annual Debt Service for any Subordinated Senior Indenture Indebtedness (such covenant is referred to as the "Rate Covenant").

The Commission’s failure to meet the Rate Covenant shall not constitute a Senior Indenture Event of Default under the Senior Indenture if: (i) no Senior Indenture Event of Default occurred in debt service payments as a result of such failure; and (ii) the Commission promptly after determining that the Rate Covenant was not met retains a Consultant to make written recommendations as to appropriate revisions to the schedules of Tolls necessary or appropriate to meet the Rate Covenant and advises the Senior 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 a Senior Indenture 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 Senior Indenture Event of Default has occurred in debt service payments. If the Commission does not comply with the recommendations of the Consultant in respect of Tolls, the Senior Indenture Senior Trustee may, and upon the request of the holders of not less than 25% in principal amount of the Senior Revenue 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 Senior 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 Senior 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 Senior Trustee.

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

The Commission has agreed that Tolls will be classified in a reasonable way to cover all traffic, so that the Tolls may be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic; provided 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 and other Toll collection technologies, traffic management systems, and similar classifications. The Commission has agreed that it shall not grant free passage or reduced Tolls within a class, except in the limited manner permitted by the 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 the Army, Air Force, Navy, Coast Guard, Marine Corps or National Guard 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 duration of less than one year).

In the event the Commission did 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 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.

Creation of Funds

The following funds are created under the Senior Indenture, the Senior Indenture:

(a) Construction Fund;

(b) Revenue Fund;

(c) Debt Service Fund;

(d) Debt Service Reserve Fund;

(e) Reserve Maintenance Fund;

(f) General Reserve Fund; and

(g) Rebate Fund.

All Revenues are deposited into the Senior Indenture Revenue Fund and from there are transferred, in the following order of priority, to: the Senior Indenture Rebate Fund, the Operating Account held by the Commission outside of the Indenture, the Senior Indenture Debt Service Fund, the Senior Indenture Reserve Maintenance Fund, the Senior Indenture Debt Service Reserve Fund, and, provided there are moneys in the Senior Indenture Revenue Fund in excess of the amount required to be retained in the Senior Indenture Revenue Fund for future transfers to the Senior Indenture Debt Service Fund, the Senior Indenture General Reserve Fund.

Senior Indenture Debt Service Fund

There are two separate accounts in the Senior Indenture Debt Service Fund known as the "Interest Account" and the "Principal Account." The Senior Trustee and the Commission may create such additional accounts in the Senior Indenture Debt Service Fund pursuant to a Supplemental Senior Indenture as they deem necessary or appropriate.

On or before the last business day preceding each interest payment date or principal (or sinking fund redemption) payment date or such other day as set forth in a Supplemental Senior Indenture, after making the deposits to the Senior Indenture Operating Account pursuant to the Senior Indenture or identified in a certificate of a Commission Official, the Senior Trustee shall withdraw from the Senior Indenture Revenue Fund and deposit to the applicable Account in the Senior Indenture Debt Service Fund (or to a Series Credit Facility Fund in lieu of either of the foregoing) the amounts due on any Senior Indenture Parity Obligation.

The moneys in the Interest and Principal Accounts shall be held by the Senior Trustee in trust for the benefit of the Senior Revenue 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 Senior Revenue 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 Senior Trustee sufficient money for paying the interest on and the principal of and premium on the Senior Revenue 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 Senior Indenture Debt Service Fund as provided in any Supplemental Senior Indenture.

If at the time the Senior Trustee is required to make a withdrawal from the Senior Indenture Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Senior 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 Senior Indenture Debt Service Fund in the following order: the Senior Indenture Debt Service Reserve Fund, the Senior Indenture General Reserve Fund, and the Senior Indenture 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.

Senior Indenture Debt Service Reserve Fund

The Senior Indenture establishes a Senior Indenture Debt Service Reserve Fund and provides that a special account within the Senior Indenture Debt Service Reserve Fund may be created with respect to each series of Senior Indenture Debt Service Reserve Fund Bonds issued under the Senior Indenture and any Supplemental Senior Indenture.

In each Fiscal Year, after first having made the deposits to the Senior Indenture Operating Account, Senior Indenture Debt Service Fund and Senior Indenture Reserve Maintenance Fund described above, the Trustee shall transfer from the Senior Indenture Revenue Fund on or before the last day of each month to the credit of the Senior Indenture Debt Service Reserve Fund (a) the amount, if any, required to make the amount on deposit in the Senior Indenture Debt Service Reserve Fund equal to the Senior Indenture 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 Senior Indenture if an amount different from the Senior Indenture Debt Service Reserve Requirement is required.

To the extent accounts are created in the Senior Indenture Debt Service Reserve Fund for Senior Indenture 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 Senior Indenture Debt Service Reserve Fund Bonds.

Moneys held in the Senior Indenture Debt Service Reserve Fund shall be used for the purpose of paying interest on, maturing principal and mandatory sinking fund redemption price of Senior Indenture Debt Service Reserve Fund Bonds whenever and to the extent that the moneys held for the credit of the Senior Indenture 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 Senior Indenture Debt Service Reserve Fund shall exceed the Senior Indenture Debt Service Reserve Requirement, the Commission shall direct whether such excess moneys shall be transferred by the Trustee to the credit of the Senior Indenture 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 Senior Indenture Debt Service Reserve Fund to restore a deficiency in the Senior Indenture Debt Service Fund arising with respect to Senior Indenture 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 Senior Indenture 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 Senior Indenture Debt Service Reserve Requirement and the amounts then on deposit in the Senior Indenture 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 Senior Indenture Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Senior Revenue Bonds to the extent that such withdrawals cannot be made by amounts on deposit in the Senior Indenture 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 Senior Indenture 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 Senior Indenture Debt Service Reserve Fund equals the Senior Indenture 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 Senior Indenture Debt Service Reserve Fund in lieu of replacing such DSRF Security with another.

Additional Security; Parity With Other Parity Obligations

Except as otherwise provided or permitted in the Senior Indenture, the Senior Trust Estate securing all Bonds issued under the terms of the Senior Indenture shall be shared on a parity with other Senior Indenture Parity Obligations on an equal and ratable basis. The Commission may, however, in its discretion, provide additional security or credit enhancement for specified Senior Indenture Parity Obligations with no obligation to provide such additional security or credit enhancement to other Senior Indenture Parity Obligations, except that no additional security or credit enhancement shall be provided unless there shall have been first delivered to the Senior Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on any Senior Revenue Bonds for federal income tax purposes will not be adversely affected thereby. Moreover, the Commission may provide in a Supplemental Senior Indenture that bonds issued thereunder are not secured, or are secured only in part or only under certain circumstances, by the Trust Estate.

Additional Long-Term Senior Indenture Indebtedness

The Commission agrees that it will not issue any Additional Senior Revenue Bonds constituting Long-Term Senior Indenture Indebtedness unless prior to or contemporaneously with the incurrence thereof, certain provisions of the Senior Indenture are met and there is delivered to the Senior Trustee: (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 Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness then Outstanding and on any Applicable Long-Term Senior Indenture Indebtedness proposed to be issued (which report may assume any revisions of the Tolls which have been approved by the Commission subsequent to 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 Senior Indenture Indebtedness is being incurred solely for the purposes of refunding, repurchasing or refinancing (whether in advance or otherwise) any outstanding Long-Term Senior Indenture Indebtedness, a certificate of a Commission Official certifying the Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness prior to the issuance of the proposed Long-Term Senior Indenture Indebtedness is greater than the Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness after the issuance of such proposed Long-Term Senior Indenture Indebtedness.

Other Additional Senior Indenture Parity Obligations

In addition to additional Long-Term Senior Indenture Indebtedness described above, the Commission is also permitted to incur additional Short-Term Senior Indenture Indebtedness and Senior Indenture Parity Swap Agreements under certain conditions set forth in the Senior Indenture.

Events of Default

Each of the following is a "Senior Indenture 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 Senior Revenue Bond when the same becomes due and payable;

(b) Default in the payment by the Commission of any other Senior Indenture 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 Senior Indenture; or

(e) (1) The occurrence of an Event of Senior Indenture 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 a Senior Indenture Event of Default until written notice of such default shall have been given to the Commission by the Senior Trustee or by the holders of at least 25% in aggregate principal amount of the Senior Revenue 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 a Senior Indenture 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 Senior Trustee may, and upon the written request to the Senior Trustee by the holder or holders of not less than a majority in aggregate principal amount of the Senior Revenue Bonds then Outstanding shall, subject to the requirement that the Senior Trustee be provided with indemnity satisfactory to it, by written notice to the Commission, declare the principal and interest on of the Senior Revenue 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 Senior Trustee may, or the holders of not less than a majority in aggregate principal amount of the Senior Revenue Bonds then Outstanding, may by written notice to the Commission and the Senior Trustee, and subject to the provision to the Senior Trustee of satisfactory indemnity, direct the Senior Trustee to rescind and annul such declaration and its consequences if: (1) there has been paid to or deposited with the Senior Trustee by or for the account of the Commission, or provision satisfactory to the Senior Trustee has been made for the payment of a sum sufficient to pay: (i) all overdue installments of interest on the Senior Revenue Bonds; (ii) the principal of and redemption premium, if any, on any Senior Revenue Bonds which have become due other than by such declaration of acceleration and interest thereon; (iii) all amounts due on other Senior Indenture 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 Senior Trustee under the Senior Indenture, together with the reasonable compensation, expenses, disbursements and advances of the Senior 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.

Priority of Payment Following Event of Default

Any portion of the Senior Trust Estate held or received by the Senior Trustee, by any receiver or by any Senior Revenue 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 Senior Trustee and the transfer to Senior Indenture Secured Owners (other than Owners of the Senior Revenue 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 Senior Revenue 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 Senior Indenture Reimbursement Agreement) and such declaration has not been rescinded and annulled, there shall be deposited into the Senior Indenture 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 Senior Revenue 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 Senior Revenue 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 Senior Revenue 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 Senior Indenture Debt Service Fund, there shall be paid the Subordinated Senior Indenture Indebtedness issued or incurred by the Commission pursuant to the Senior Indenture.

(b) If the principal of and interest on all Senior Revenue Bonds then Outstanding and 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 Senior Indenture 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 Senior Revenue 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 Senior Revenue 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 Senior Revenue 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 Senior Indenture 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 Senior 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 Senior 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 Senior 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 Senior Revenue Bonds with respect to which the Event of Default occurred and shall not be required to make payment to any Senior Revenue Bond Owner until such Bonds shall be presented to the Senior Trustee for appropriate endorsement or for cancellation if fully paid.

[End of Appendix E]

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APPENDIX F

DEBT SERVICE REQUIREMENTS OF THE TURNPIKE REVENUE BONDS AND SUBORDINATE INDENTURE BONDS

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APPENDIX F

DEBT SERVICE REQUIREMENTS OF THE TURNPIKE SENIOR, SUBORDINATE AND SUBORDINATE SPECIAL REVENUE BONDS

Fiscal Year	Total Debt Service from Senior Revenue Bonds[1,2,3,4,5,6,7]	EB-5 Loans[8]	Total Debt Service from Senior Revenue Bonds (Including EB-5 Loans)[1,2,3,4,5,6,7,8]	Existing Debt Service from Subordinate Revenue Bonds[1,5,6]	Subordinate Series B of 2017			Total Debt Service from Subordinate Revenue Bonds[1,5,6]
					Principal[5]	Interest[5]	Total[5]	
2018	420,833,619	2,000,000	422,833,619	114,214,355		12,594,379	12,594,379	126,808,733
2019	463,297,551	4,000,000	467,297,551	272,634,760	190,000	36,559,575	36,749,575	309,384,335
2020	412,344,431	4,000,000	416,344,431	276,306,979	200,000	36,549,825	36,749,825	313,056,804
2021	441,679,106	5,319,444	446,998,550	293,456,734	210,000	36,539,575	36,749,575	330,206,309
2022	408,458,531	8,780,928	417,239,459	296,458,864	225,000	36,528,700	36,753,700	333,212,564
2023	244,463,681	11,314,000	255,777,681	298,550,391	545,000	36,509,450	37,054,450	335,604,841
2024	247,509,668	11,311,500	258,821,168	297,147,136	2,995,000	36,420,950	39,415,950	336,563,086
2025	249,201,015	11,312,250	260,513,265	300,889,627	1,955,000	36,297,200	38,252,200	339,141,827
2026	250,936,819	11,310,750	262,247,569	296,193,758	10,395,000	35,988,450	46,383,450	342,577,208
2027	222,109,044	11,311,750	233,420,794	312,603,710	13,670,000	35,386,825	49,056,825	361,660,535
2028	176,015,669	11,309,750	187,325,419	311,149,235	19,280,000	34,563,075	53,843,075	364,992,310
2029	179,410,994	11,314,500	190,725,494	302,491,173	38,875,000	33,109,200	71,984,200	374,475,373
2030	207,519,294	11,310,250	218,829,544	330,530,499	12,035,000	31,836,450	43,871,450	374,401,949
2031	211,132,781	11,312,000	222,444,781	331,319,035	14,550,000	31,171,825	45,721,825	377,040,860
2032	242,862,556	11,309,000	254,171,556	318,005,529	32,340,000	29,999,575	62,339,575	380,345,104
2033	246,448,931	11,311,000	257,759,931	307,018,514	45,315,000	28,058,200	73,373,200	380,391,714
2034	250,112,756	11,312,250	261,425,006	309,904,617	48,475,000	25,713,450	74,188,450	384,093,067
2035	254,091,731	11,312,250	265,403,981	312,729,014	53,755,000	23,157,700	76,912,700	389,641,714
2036	255,217,106	11,310,500	266,527,606	339,974,680	30,870,000	21,042,075	51,912,075	391,886,755
2037	252,954,457	11,316,500	264,270,957	360,828,386	15,470,000	19,883,575	35,353,575	396,181,961
2038	243,419,982	11,314,250	254,734,232	320,517,629	59,575,000	18,219,300	77,794,300	398,311,929
2039	247,790,386	11,313,500	259,103,886	317,620,495	63,235,000	15,581,825	78,816,825	396,437,320
2040	234,062,329	11,313,500	245,375,829	247,091,771	66,495,000	12,786,900	79,281,900	326,373,671
2041	249,140,136	11,313,500	260,453,636	346,805,227	23,115,000	10,774,050	33,889,050	380,694,277
2042	229,164,396	11,312,750	240,477,146	338,568,913	25,345,000	9,562,550	34,907,550	373,476,463
2043	233,129,292	11,310,500	244,439,792	169,080,248	27,725,000	8,235,800	35,960,800	205,041,048
2044	247,812,908	11,311,000	259,123,908	142,766,558	30,290,000	6,747,563	37,037,563	179,804,120
2045	204,026,235	11,313,250	215,339,485	84,831,318	33,065,000	5,084,494	38,149,494	122,980,811
2046	145,901,337	11,311,250	157,212,587	65,271,515	36,025,000	3,270,881	39,295,881	104,567,396
2047	116,397,026	11,314,250	127,711,276	5,347,600	39,175,000	1,296,881	40,471,881	45,819,481
2048	71,453,701	11,316,000	82,769,701		5,115,000	134,269	5,249,269	5,249,269
2049	71,450,320	11,315,500	82,765,820					
2050	71,453,471	11,311,750	82,765,221					
2051		11,313,750	11,313,750					
TOTAL	**$8,001,801,262**	**$352,163,372**	**$8,353,964,634**	**$8,020,308,268**	**$750,510,000**	**$709,604,566**	**$1,460,114,566**	**$9,480,422,834**

(1) All variable rate debt, unless subject to an interest rate swap agreement, is shown at an assumed rate of 4.0% plus the 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 2013B and 2014B-1 Turnpike Revenue Bonds (SIFMA Index Notes) and 2016A-2 Turnpike Revenue Bonds (70% LIBOR Index Notes) is swapped, the interest rate is a 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 the 6.9% reduction from federal fiscal year 2017 through federal fiscal year 2024. For information regarding the effects of sequestration on the federal subsidy payable with respect to the Commission's outstanding Build America Bonds, see "CURRENT RISK FACTORS - Reductions in federal subsidy payable to the Commission for its outstanding Build America Bonds due to sequestration" in this Official Statement.

(3) Does not reflect any future refunding of 2013A, 2013B, or 2014B-1 Turnpike Revenue Bonds (SIFMA Index Notes) or 2016A-2 Turnpike Revenue Bonds (70% LIBOR 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.

(8) Includes four tranches of EB-5 Loans (3 tranches issued on March 18, 2016 and the fourth tranche issued on May 11, 2016). First five years of debt service is interest only. Thereafter, assumes 30 year level debt service takeout with Turnpike Revenue Bonds.

APPENDIX F
DEBT SERVICE REQUIREMENTS OF THE TURNPIKE SENIOR, SUBORDINATE AND SUBORDINATE SPECIAL REVENUE BONDS

		MLF First Series of 2017				
Fiscal Year	Existing Debt Service from MLF Enhanced Subordinate Special Revenue Bonds[5,6]	Principal[5]	Interest[5]	Total[5]	Total Debt Service from MLF Revenue Bonds[5,6]	Aggregate Debt Service[1,2,3,4,5,6,7,8]
2018	23,380,104		781,717	781,717	24,161,820	573,804,173
2019	43,340,163		2,269,500	2,269,500	45,609,663	822,291,549
2020	45,350,563		2,269,500	2,269,500	47,620,063	777,021,297
2021	50,752,550		2,269,500	2,269,500	53,022,050	830,226,909
2022	51,426,000		2,269,500	2,269,500	53,695,500	804,147,523
2023	58,947,740		2,269,500	2,269,500	61,217,240	652,599,762
2024	56,353,790	2,820,000	2,199,000	5,019,000	61,372,790	656,757,045
2025	52,845,140	7,620,000	1,938,000	9,558,000	62,403,140	662,058,231
2026	49,653,128	11,550,000	1,458,750	13,008,750	62,661,878	667,486,654
2027	70,010,371	9,600,000	930,000	10,530,000	80,540,371	675,621,700
2028	76,561,146	4,940,000	566,500	5,506,500	82,067,646	634,385,375
2029	74,772,834	8,860,000	221,500	9,081,500	83,854,334	649,055,200
2030	82,228,453				82,228,453	675,459,945
2031	83,790,553				83,790,553	683,276,194
2032	85,894,353				85,894,353	720,411,013
2033	88,185,678				88,185,678	726,337,323
2034	90,440,278				90,440,278	735,958,351
2035	92,821,890				92,821,890	747,867,585
2036	98,201,190				98,201,190	756,615,551
2037	100,490,646				100,490,646	760,943,564
2038	103,561,626				103,561,626	756,607,787
2039	88,293,334				88,293,334	743,834,540
2040	63,109,455				63,109,455	634,858,955
2041	64,057,366				64,057,366	705,205,280
2042	56,361,900				56,361,900	670,315,508
2043	40,098,483				40,098,483	489,579,322
2044	25,398,093				25,398,093	464,326,121
2045	5,176,815				5,176,815	343,497,112
2046						261,779,984
2047						173,530,757
2048						88,018,970
2049						82,765,820
2050						82,765,221
2051						11,313,750
TOTAL	**$1,821,503,638**				**$1,886,336,604**	**$19,720,724,072**

(1) All variable rate debt, unless subject to an interest rate swap agreement, is shown at an assumed rate of 4.0% plus the 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 2013B and 2014B-1 Turnpike Revenue Bonds (SIFMA Index Notes) and 2016A-2 Turnpike Revenue Bonds (70% LIBOR Index Notes) is swapped, the interest rate is a 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 the 6.9% reduction from federal fiscal year 2017 through federal fiscal year 2024. For information regarding the effects of sequestration on the federal subsidy payable with respect to the Commission's outstanding Build America Bonds, see "CURRENT RISK FACTORS - Reductions in federal subsidy payable to the Commission for its outstanding Build America Bonds due to sequestration" in this Official Statement.

(3) Does not reflect any future refunding of 2013A, 2013B, or 2014B-1 Turnpike Revenue Bonds (SIFMA Index Notes) or 2016A-2 Turnpike Revenue Bonds (70% LIBOR 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.

(8) Includes four tranches of EB-5 Loans (3 tranches issued on March 18, 2016 and the fourth tranche issued on May 11, 2016). First five years of debt service is interest only. Thereafter, assumes 30 year level debt service takeout with Turnpike Revenue Bonds.

APPENDIX G

TRAFFIC AND REVENUE STUDY

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195 Church Street, Suite 7A
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May 3, 2017

Mr. Nikolaus Grieshaber
Chief Financial Officer
Pennsylvania Turnpike Commission
700 South Eisenhower Boulevard
Middletown, PA 17057

Subject: Pennsylvania Turnpike Commission 2017 Traffic and Toll Revenue Bring Down Letter

Dear Mr. Grieshaber:

The Pennsylvania Turnpike Commission (PTC or Commission) has asked CDM Smith to prepare this Bring Down Letter (2017 Bring Down Letter) to be used in support of the Commission's ongoing capital improvement program and other funding requirements. This letter provides an update to the *2016 Traffic and Toll Revenue Bring Down Letter* (2016 Bring Down Letter), dated March 4, 2016. The original comprehensive investment grade study titled as *2015 Traffic and Toll Revenue Forecast Study (*2015 Forecast Study) was submitted on March 17, 2015. The 2016 Bring Down Letter presented traffic and gross toll revenue forecasts from fiscal year (FY) 2015-16 through FY 2043-44, or 30 years. A fiscal year runs from June 1 through May 31. Actual traffic and revenue data were available through January 2016 for the 2016 Bring Down Letter and through March 2017 for the current 2017 Bring Down Letter.

This 2017 Bring Down Letter presents actual traffic and toll revenue data through March 2017 (the most recent month of actual experience), compares the forecasts between the 2017 Bring Down Letter and the 2016 Bring Down Letter, and provides updated traffic and revenue forecasts through FY 2044-45. The updated forecasts reflect the following changes from the 2016 Bring Down Letter.

- E-ZPass market share assumptions were increased slightly to reflect the fact that actual E-ZPass market share over the last 14 months has moderately exceeded assumptions in the 2016 Bring Down Letter.
- Actual traffic and toll revenue data for an additional 14 months (through March 2017).
- Normal traffic growth assumptions were adjusted downward slightly compared to those assumed in the 2016 Bring Down Letter.

These differences are described in more detail in the following sections.

It is important to note that the intent of this Bring Down Letter is to review and revise, if warranted, the short term forecasts originally developed as part of the 2015 Forecast Study. Any adjustments would be made based on the 14 months of new actual traffic and toll revenue experience since the 2016 Bring Down Letter. Since this Bring Down Letter does not include a reevaluation of the longer term economic growth forecasts, critical attention was placed on a review of near term growth through 2019 only. Growth rates beyond 2019 remain unchanged from those in the 2016 Bring Down Letter.

For a detailed review of the longer term growth assumptions, the 2015 Forecast Study provides information on the socioeconomic trends and forecasts for the state, region and country that formed the basis for the original traffic and toll revenue forecasts. Additional information regarding the Pennsylvania Turnpike (Turnpike), such as historical toll rate increases, sample toll rates, E-ZPass market share, and more, are also provided in the 2015 Forecast Study.

Historical Toll Rate Increases and Current Toll Rates

Table 1 provides a historical summary of toll rate increases on the Turnpike System from 2004 to the most recent increase implemented on January 8, 2017. Rate increases are presented as a percent increase over the previous toll rate for cash and E-ZPass. The most recent rate increases ranged from 5.0 percent to 6.0 percent and were implemented annually. Since 2009 the PTC has implemented annual system-wide toll increases with a few exceptions. A section of Turnpike 43 was exempted from the rate increase in 2009. The Turnpike 576 was exempted from 2009 through 2012, and 2014 through 2017. The Delaware River Bridge was also exempted from toll rate increases in 2017, and will also not change toll rates in 2018.

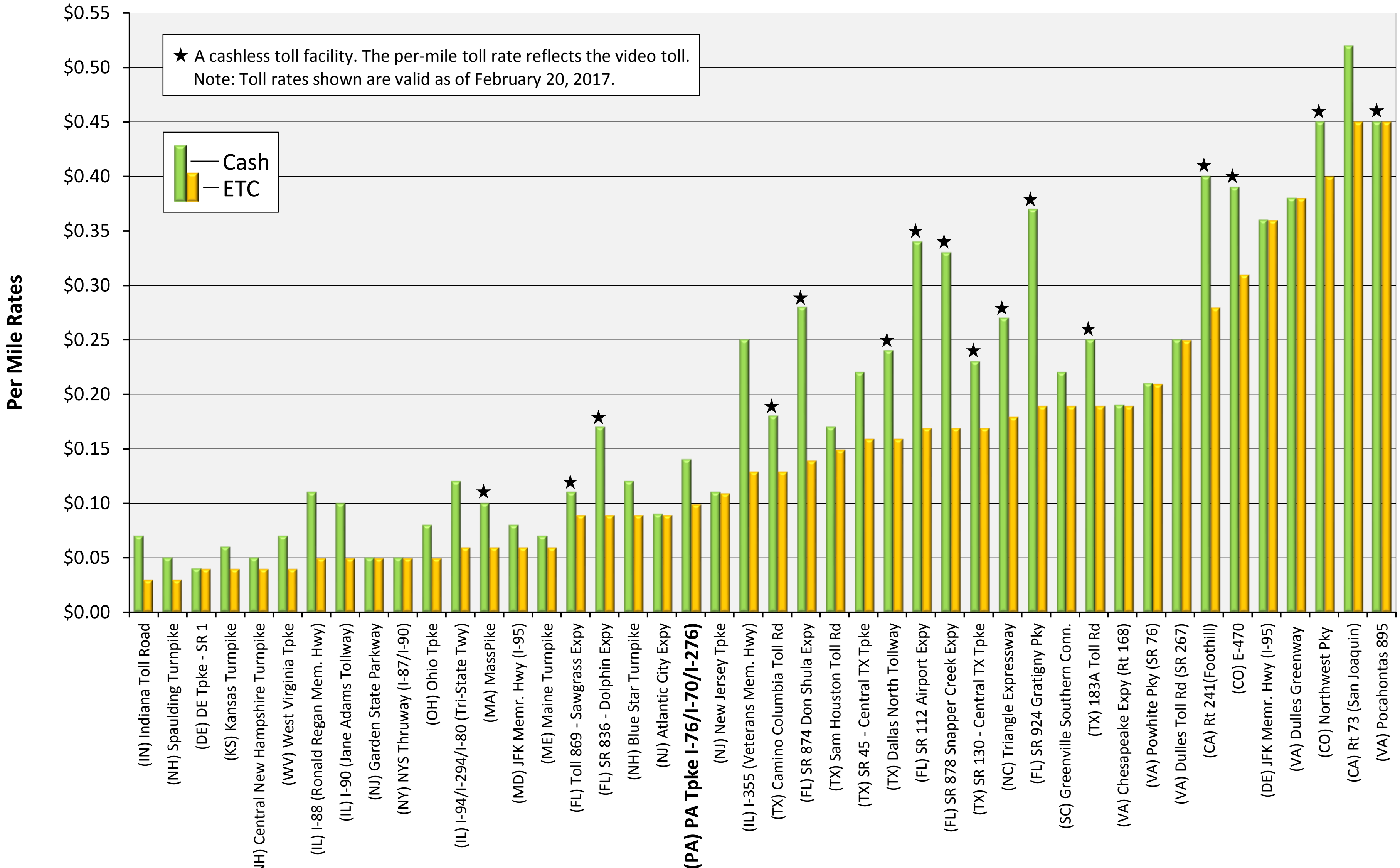
The first toll increase that created a differential between cash and E-ZPass toll rates was implemented on January 2, 2011, when E-ZPass tolls were increased by 3.0 percent and cash tolls were increased by 10.0 percent. Starting in 2015, cash and E-ZPass toll rates have grown at the same rate as one another. Equal toll rate increases, by payment type, will be applied every year into the future, though the magnitude of the toll rate increase will vary somewhat each year. This will be discussed in more detail later in this report.

Table 1
Historical Toll Rate Increases
Pennsylvania Turnpike System

Date	Percent Increase Cash	Percent Increase E-ZPass	Comment
8/1/2004	42.5	42.5	
1/4/2009	25.0	25.0	No toll increase on Turnpike I-576 or Turnpike 43 between Uniontown and Brownsville
1/3/2010	3.0	3.0	No toll increase on Turnpike I-576
1/2/2011	10.0	3.0	No toll increase on Turnpike I-576
1/1/2012	10.0	0.0	No toll increase on Turnpike I-576
1/6/2013	10.0	2.0	
1/5/2014	12.0	2.0	No toll increase on Turnpike I-576
1/4/2015	5.0	5.0	No toll increase on Turnpike I-576
1/3/2016	6.0	6.0	No toll increase on Turnpike I-576
1/8/2017	6.0	6.0	No toll increase on Turnpike I-576 or Delaware River Bridge

Figures 1 and 2 show the 2017 per-mile toll rates for a through trip on 44 U.S. toll facilities, for passenger cars and commercial vehicles, respectively. Per-mile rates are shown for both cash and ETC transactions in each figure. The per-mile toll rate is shown for the Pennsylvania Turnpike Ticket System, which is by far the largest component of the Turnpike System comprising about 78 percent of all transactions and 90 percent of all toll revenue in CY 2016. The purpose of these figures is to show that even with the eight consecutive annual toll increases since 2009, the passenger car per-mile toll rates on the Pennsylvania Turnpike System, at 10 cents per mile for E-ZPass customers and 14 cents per mile for cash customers are still very reasonably priced compared to other major toll facilities in the U.S.

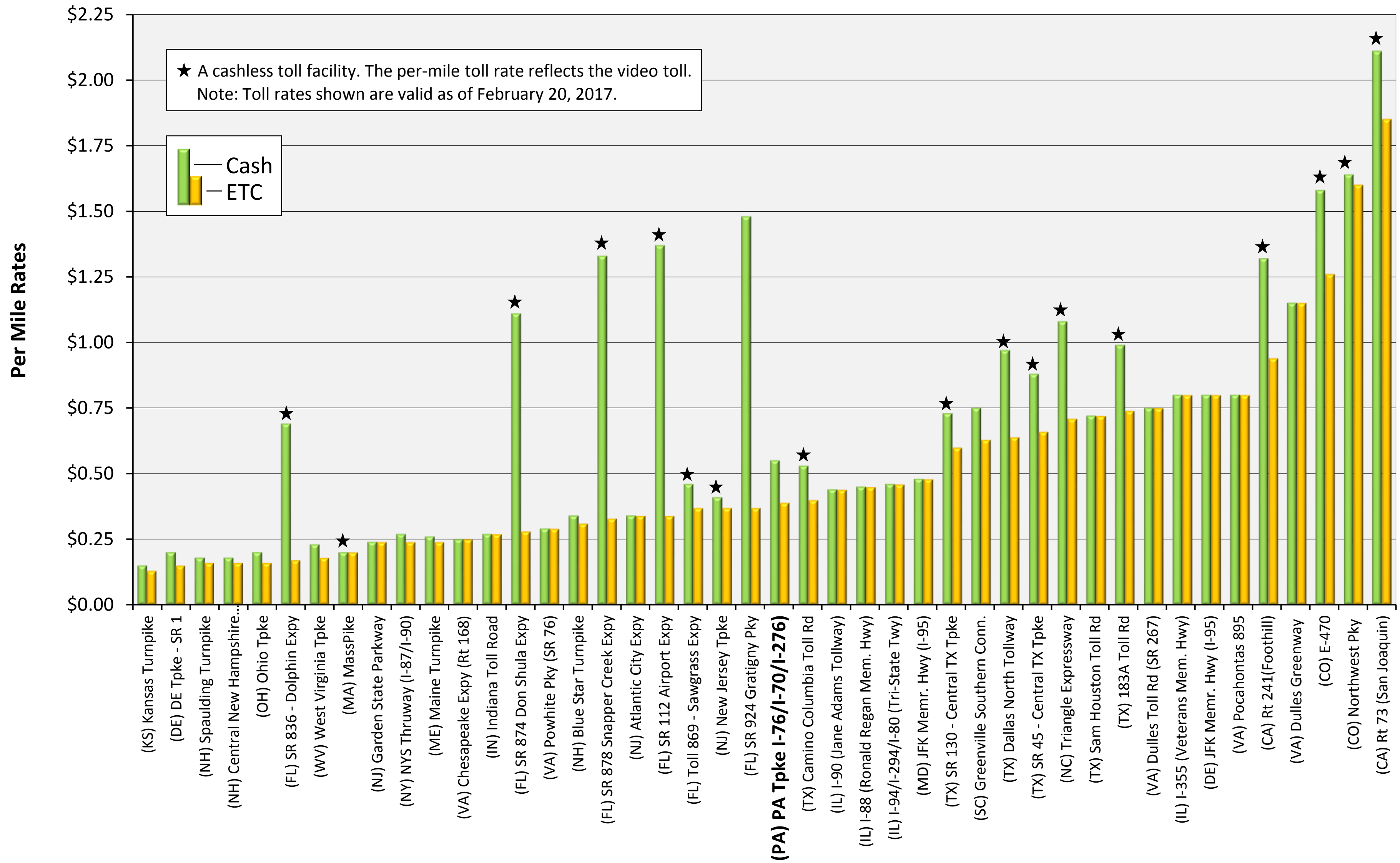
Rates for commercial vehicles on the Ticket System amount to 39 cents per mile for E-ZPass and 55 cents per mile for cash transactions. It should be remembered that the vast majority of both passenger car and commercial vehicle trips are made using the more cost effective E-ZPass payment method.



COMPARISON OF 2017 PASSENGER CAR PER-MILE THROUGH TRIP TOLL RATES (DATA SORTED BY ETC TOLL RATES)

CDM Smith

FIGURE 1



COMPARISON OF 2017 FIVE-AXLE VEHICLE PER-MILE THROUGH TRIP TOLL RATES (DATA SORTED BY ETC TOLL RATES)

FIGURE 2

Annual Transaction and Gross Toll Revenue Trends

Table 2 provides a summary of annual Systemwide transactions and gross toll revenue trends from FY 1994-95 through FY 2015-16. The Pennsylvania Turnpike System is a large, mature system that has demonstrated long-term growth in transactions and toll revenue. Between FY 1994-95 and FY 2005-06, Turnpike transactions and adjusted toll revenue grew by an average annual rate of 3.3 percent and 6.4 percent, respectively. Similarly, in the 10 years from FY 2005-06 to FY 2015-16, Turnpike transactions and adjusted gross toll revenue grew by average annual rates of 0.7 percent and 5.8 percent, respectively. The effect of the great recession can be observed in this trend table, most notably in FY 2008-2009. Traffic growth in the most recently completed fiscal year (2015-16) was the highest (3.4 percent) since FY 2003-04. Revenue growth in the most recent fiscal year was 10.7 percent, a level not achieved since FY 2009-10.

Monthly Transactions and Gross Toll revenue Trends

Tables 3 through 10 present recent monthly transaction and revenue trends from FY 2013-14 through March 2017 for all PTC toll facilities. The facilities are summarized in the following order:

- The Total Turnpike System (comprised of all the facilities listed below);
- The Ticket System – comprised of I-76/I-276 and I-476 (including Gateway Barrier Plaza);
- Turnpike 43 (Mon/Fayette Expressway);
- Turnpike 66 (Amos K. Hutchinson Bypass);
- Northeast Extension (I-476) Barrier Plazas;
- Turnpike I-376 (Beaver Valley Expressway);
- Turnpike I-576 (Southern Beltway – Findlay Connector) and;
- Delaware River Bridge.

The information is provided by passenger cars, commercial vehicles, and total vehicles. For comparative purposes, subtotals are provided for June through March for each fiscal year. It should be noted that the Delaware River Bridge (DRB) was converted to a westbound only cashless tolling system in January 2016. In previous Bring Down Letters, DRB traffic and revenue data were included in the Ticket System. For this Bring Down Letter, data for the DRB are shown separately.

As shown in Table 3, Systemwide toll revenue increased by 7.9 percent in FY 2014-15, and 10.7 percent in FY 2015-16. Year to date (June 2016 through March 2017) toll revenue growth was 8.6 percent compared to the same period in the prior year. Commercial vehicle toll revenue increased by 8.3 and passenger car toll revenue increased by 8.8 percent from June 2016 through March 2017

Table 2
Annual Systemwide Traffic and Gross Toll Revenue Trends
Pennsylvania Turnpike System
(in thousands)

	Transactions						**Gross Toll Revenue**					
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
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	327,761	1.5	271,165	0.5	598,926	1.1
2008-09 (2)	162,638	(0.9)	23,583	(7.4)	186,220	(1.8)	356,345	8.7	259,259	(4.4)	615,605	2.8
2009-10 (3)	163,599	0.6	22,933	(2.8)	186,531	0.2	415,981	16.7	302,057	16.5	718,038	16.6
2010-11 (4)	165,230	1.0	23,812	3.8	189,042	1.3	435,752	4.8	328,105	8.6	763,856	6.4
2011-12 (5)	164,960	(0.2)	24,127	1.3	189,087	0.0	455,133	4.4	342,646	4.4	797,779	4.4
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
2014-15 (8)	166,190	1.5	26,144	5.0	192,334	1.9	533,054	7.1	401,197	8.9	934,252	7.9
2015-16 (9,10)	171,565	3.2	27,319	4.5	198,884	3.4	590,229	10.7	443,902	10.6	1,034,131	10.7

Average Annual Percent Change

	Transactions			**Adjusted Gross Toll Revenue (9)**		
Fiscal Year	Cars	Trucks	Total	Cars	Trucks	Total
FY 1994-95 - FY 2005-06	3.2	4.5	3.3	6.2	6.6	6.4
FY 2005-06 - FY 2015-16	0.7	0.8	0.7	6.3	5.2	5.8
FY 1994-95 - FY 2015-16	2.0	2.7	2.1	6.2	6.0	6.1

(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-ZPass 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 Turnpike I-576 where the toll rates did not increase.
(6) An E-ZPass toll increase of 2% and a cash toll increase of 10% was implemented on January 6, 2013.
(7) 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.
(8) A toll increase of 5% was implemented on January 4, 2015, except for Turnpike I-576 where toll rates remained unchanged.
(9) A toll increase of 6% was implemented on January 3, 2016, except for Turnpike I-576 where toll rates remained unchanged.
(10) Tolled revenue for Delaware River Bridge assumes a 50% leakage rate for video transactions beginning January 3, 2016.

Table 3

Total Turnpike System - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	14,311	1.6	14,535	2.2	14,849	3.7	15,394	2,112	7.1	2,261	6.0	2,398	6.4	2,550	16,423	2.3	16,797	2.7	17,246	4.1	17,945
July	14,906	1.6	15,138	3.3	15,643	0.9	15,783	2,215	6.1	2,351	3.3	2,429	(0.4)	2,419	17,121	2.1	17,489	3.3	18,072	0.7	18,202
August	15,433	(0.1)	15,425	1.0	15,584	2.5	15,967	2,264	1.6	2,301	3.9	2,390	9.5	2,616	17,698	0.2	17,726	1.4	17,974	3.4	18,583
September	13,891	0.6	13,974	1.8	14,220	4.2	14,817	2,101	8.3	2,275	3.9	2,364	3.3	2,442	15,993	1.6	16,249	2.1	16,584	4.1	17,260
October	14,670	1.4	14,876	1.3	15,067	1.1	15,235	2,287	5.5	2,412	1.6	2,450	(0.8)	2,429	16,957	2.0	17,288	1.3	17,517	0.8	17,665
November	13,420	(0.5)	13,358	4.5	13,965	3.5	14,458	1,960	2.6	2,011	5.7	2,125	5.2	2,236	15,380	(0.1)	15,368	4.7	16,090	3.8	16,694
December	13,058	3.3	13,491	3.5	13,960	0.7	14,051	1,864	9.8	2,046	3.4	2,116	1.7	2,153	14,922	4.1	15,537	3.5	16,076	0.8	16,204
January	11,703	1.7	11,905	3.1	12,273	2.7	12,609	1,875	3.2	1,935	0.6	1,947	3.4	2,014	13,578	1.9	13,840	2.7	14,220	2.8	14,622
February	10,738	4.8	11,249	10.9	12,476	(8.6)	11,408	1,740	4.8	1,822	9.5	1,996	(9.0)	1,816	12,478	4.8	13,072	10.7	14,472	(8.6)	13,223
March	13,188	0.2	13,211	8.5	14,328	(6.4)	13,416	2,021	6.0	2,142	9.2	2,338	(5.2)	2,216	15,210	0.9	15,353	8.5	16,666	(6.2)	15,632
April	13,778	2.4	14,109	(0.0)	14,105			2,167	4.4	2,262	3.1	2,333			15,946	2.7	16,371	0.4	16,438		
May	14,690	1.6	14,919	1.2	15,095			2,283	1.8	2,325	4.7	2,434			16,974	1.6	17,244	1.7	17,529		
Total Year	163,788	1.5	166,190	3.2	171,565			24,891	5.0	26,144	4.5	27,319			188,679	1.9	192,334	3.4	198,884		
Jun - Mar	135,320	1.4	137,162	3.8	142,365	0.5	143,139	20,440	5.5	21,557	4.6	22,552	1.5	22,892	155,760	1.9	158,719	3.9	164,917	0.7	166,031

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$44,913	6.3	$47,759	6.8	$50,991	13.2	$57,743	$30,938	8.7	$33,638	11.8	$37,614	13.8	$42,794	$75,851	7.3	$81,397	8.9	$88,606	13.5	$100,537
July	48,219	6.9	51,527	9.9	56,625	12.1	63,499	31,597	9.3	34,536	9.1	37,680	8.8	40,995	79,816	7.8	86,063	9.6	94,305	10.8	104,494
August	49,761	6.6	53,065	5.7	56,072	8.2	60,684	32,289	5.3	33,994	8.8	36,983	17.5	43,463	82,050	6.1	87,060	6.9	93,054	11.9	104,147
September	41,023	4.9	43,042	10.2	47,419	16.4	55,202	30,066	11.4	33,490	8.9	36,472	12.7	41,113	71,089	7.7	76,532	9.6	83,891	14.8	96,315
October	42,409	7.8	45,711	7.9	49,331	12.4	55,431	32,692	8.6	35,507	6.4	37,786	5.9	40,011	75,101	8.1	81,218	7.3	87,117	9.6	95,442
November	39,752	7.0	42,534	10.5	47,013	12.4	52,823	28,554	5.9	30,250	9.4	33,096	12.4	37,214	68,306	6.6	72,785	10.1	80,109	12.4	90,037
December	39,259	6.4	41,766	8.8	45,446	12.1	50,933	27,577	13.0	31,154	6.8	33,264	11.2	36,992	66,836	9.1	72,921	7.9	78,709	11.7	87,925
January	33,403	8.2	36,138	14.6	41,428	7.6	44,592	28,936	9.2	31,609	8.2	34,212	7.2	36,663	62,338	8.7	67,747	11.7	75,640	7.4	81,255
February	30,259	10.0	33,282	23.1	40,986	(5.0)	38,957	27,168	9.5	29,753	18.4	35,234	(6.5)	32,933	57,427	9.8	63,035	20.9	76,220	(5.7)	71,890
March	39,421	4.7	41,277	20.9	49,886	(3.3)	48,232	31,644	10.4	34,940	15.7	40,442	0.6	40,690	71,065	7.3	76,218	18.5	90,328	(1.6)	88,922
April	42,363	8.3	45,872	8.3	49,683			32,811	9.5	35,912	11.6	40,066			75,174	8.8	81,784	9.7	89,749		
May	46,889	8.9	51,080	8.4	55,350			34,123	6.7	36,413	12.7	41,052			81,012	8.0	87,493	10.2	96,402		
Total Year	$497,671	7.1	$533,054	10.7	$590,229			$368,395	8.9	$401,197	10.6	$443,902			$866,066	7.9	$934,252	10.7	$1,034,131		
Jun - Mar	$408,418	6.8	$436,102	11.3	$485,197	8.8	$528,095	$301,461	9.1	$328,872	10.3	$362,783	8.3	$392,869	$709,879	7.8	$764,974	10.9	$847,980	8.6	$920,964

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 the Findlay 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 facilities except Turnpike I-576.

(6) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576.

(7) On January 8, 2017, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576 and Delaware River Bridge.

(8) Leap year occurred in 2016, resulting in negative traffic and toll revenue impacts in February 2017 compared to February 2016.

(9) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particularly among passenger cars.

(10) The Delaware River Bridge was closed due to structural integrity concerns from January 20, 2017 to March 9, 2017.

(11) Tolled revenue for Delaware River Bridge assumes a 50% leakage rate for video transactions.

Table 4

Ticket System (Including Gateway Barrier Plaza) - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	11,540	1.6	11,720	2.3	11,995	0.1	12,013	1,744	6.2	1,852	6.7	1,976	2.6	2,028	13,284	2.2	13,572	2.9	13,971	0.5	14,041
July	11,959	1.4	12,128	3.8	12,583	(3.1)	12,196	1,816	5.2	1,910	4.6	1,998	(3.5)	1,927	13,775	1.9	14,039	3.9	14,581	(3.1)	14,123
August	12,343	(0.5)	12,285	2.0	12,525	(1.4)	12,348	1,852	0.5	1,862	4.8	1,951	6.7	2,082	14,195	(0.3)	14,147	2.3	14,476	(0.3)	14,430
September	11,105	0.2	11,123	2.2	11,362	1.0	11,480	1,719	6.9	1,838	4.7	1,925	0.8	1,941	12,824	1.1	12,961	2.5	13,287	1.0	13,421
October	11,738	1.2	11,876	1.6	12,064	(1.9)	11,836	1,873	4.6	1,960	1.9	1,997	(3.4)	1,930	13,611	1.7	13,836	1.6	14,061	(2.1)	13,766
November	10,812	(0.5)	10,760	4.8	11,281	0.2	11,301	1,617	1.9	1,648	6.1	1,748	1.6	1,777	12,428	(0.2)	12,408	5.0	13,029	0.4	13,078
December	10,484	4.0	10,902	3.7	11,302	(2.6)	11,005	1,552	9.5	1,700	3.7	1,763	(1.7)	1,732	12,036	4.7	12,602	3.7	13,065	(2.5)	12,738
January	9,478	1.5	9,619	(0.1)	9,605	4.4	10,033	1,560	2.9	1,606	(3.3)	1,552	5.8	1,642	11,038	1.7	11,225	(0.6)	11,158	4.6	11,675
February	8,585	6.0	9,101	7.0	9,738	(5.3)	9,226	1,439	5.5	1,518	5.8	1,606	-5.7	1,514	10,023	5.9	10,619	6.8	11,345	(5.3)	10,741
March	10,649	(0.2)	10,627	5.1	11,168	(5.2)	10,589	1,666	5.9	1,763	6.0	1,869	-3.9	1,796	12,314	0.6	12,390	5.2	13,037	(5.0)	12,385
April	11,096	2.6	11,380	(3.8)	10,953			1,789	4.2	1,863	-0.3	1,858			12,884	2.8	13,244	(3.3)	12,812		
May	11,809	1.4	11,977	(2.2)	11,717			1,874	1.9	1,910	0.9	1,927			13,683	1.5	13,887	(1.7)	13,644		
Total Year	131,595	1.4	133,498	2.1	136,294			20,501	4.5	21,430	3.5	22,172			152,096	1.9	154,928	2.3	158,466		
Jun - Mar	108,690	1.3	110,141	3.2	113,624	(1.4)	112,027	16,838	4.9	17,657	4.1	18,386	(0.1)	18,369	125,529	1.8	127,798	3.3	132,010	(1.2)	130,396

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$41,761	6.3	$44,385	6.9	$47,437	8.1	$51,285	$29,642	8.4	$32,145	12.1	$36,033	9.1	$39,330	$71,403	7.2	$76,530	9.1	$83,470	8.6	$90,615
July	44,889	6.8	47,942	10.2	52,824	7.3	56,657	30,200	9.1	32,935	9.5	36,075	4.6	37,746	75,089	7.7	80,876	9.9	88,899	6.2	94,403
August	46,287	6.6	49,340	6.0	52,285	2.9	53,789	30,847	5.1	32,420	9.1	35,370	12.9	39,940	77,134	6.0	81,759	7.2	87,654	6.9	93,730
September	37,868	4.7	39,655	10.7	43,886	11.5	48,939	28,725	11.1	31,911	9.2	34,860	8.3	37,771	66,593	7.5	71,566	10.0	78,746	10.1	86,710
October	39,100	7.8	42,161	8.2	45,633	7.5	49,042	31,235	8.5	33,884	6.5	36,101	1.7	36,722	70,335	8.1	76,045	7.5	81,734	4.9	85,763
November	36,810	7.2	39,455	10.8	43,709	7.1	46,808	27,346	5.8	28,927	9.5	31,685	7.5	34,065	64,156	6.6	68,382	10.3	75,394	7.3	80,872
December	36,350	6.4	38,684	9.0	42,150	7.0	45,100	26,444	13.0	29,877	6.8	31,919	6.5	33,995	62,795	9.2	68,561	8.0	74,070	6.8	79,094
January	30,782	8.2	33,317	9.6	36,524	9.6	40,022	27,743	9.4	30,349	3.8	31,504	8.8	34,287	58,524	8.8	63,666	6.9	68,028	9.2	74,309
February	27,690	10.6	30,622	17.2	35,883	0.2	35,970	26,037	9.8	28,580	13.7	32,491	(2.6)	31,649	53,728	10.2	59,202	15.5	68,374	(1.1)	67,619
March	36,382	4.6	38,063	15.6	43,985	(1.6)	43,281	30,311	10.5	33,495	11.2	37,239	2.2	38,041	66,693	7.3	71,558	13.5	81,223	0.1	81,322
April	39,166	8.5	42,487	3.0	43,765			31,396	9.6	34,407	7.1	36,846			70,562	9.0	76,894	4.8	80,611		
May	43,440	9.1	47,413	3.3	48,983			32,623	6.9	34,875	8.1	37,714			76,063	8.2	82,287	5.4	86,697		
Total Year	$460,525	7.2	$493,523	8.8	$537,063			$352,550	8.9	$383,804	8.9	$417,839			$813,075	7.9	$877,327	8.8	$954,901		
Jun - Mar	$377,919	6.8	$403,623	10.1	$444,314	6.0	$470,892	$288,531	9.0	$314,522	9.1	$343,278	5.9	$363,545	$666,450	7.8	$718,145	9.7	$787,593	5.9	$834,437

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 the Findlay 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 facilities except Turnpike I-576.

(6) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576.

(7) On January 8, 2017, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576 and Delaware River Bridge.

(8) Leap year occurred in 2016, resulting in negative traffic and toll revenue impacts in February 2017 compared to February 2016.

(9) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particularly among passenger cars.

(10) The Delaware River Bridge was closed due to structural integrity concerns from January 20, 2017 to March 9, 2017.

(11) Before January 2016, Delaware River Bridge traffic and revenue were included in Ticket System reporting.

(12) Tolled revenue for Delaware River Bridge assumes a 50% leakage rate for video transactions.

Table 5

Turnpike 43 - Mon/Fayette Expressway - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

Month	Passenger Cars 2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	1,023	2.1	1,044	5.1	1,098	(1.4)	1,083
July	1,052	3.1	1,084	5.2	1,141	(2.6)	1,112
August	1,114	1.3	1,129	2.0	1,151	(0.9)	1,141
September	1,070	2.7	1,099	4.4	1,147	(3.5)	1,107
October	1,132	2.3	1,158	5.4	1,221	(7.1)	1,134
November	985	0.1	986	7.3	1,058	(4.3)	1,013
December	957	3.9	994	4.9	1,043	(5.6)	984
January	852	5.5	899	(1.4)	887	1.7	902
February	853	1.6	867	7.5	932	(4.3)	892
March	985	3.9	1,023	3.7	1,061	(3.1)	1,028
April	1,026	5.0	1,077	(2.5)	1,050		
May	1,082	6.1	1,147	(5.2)	1,088		
Total Year	12,129	3.1	12,508	2.9	12,876		
Jun - Mar	10,022	2.6	10,284	4.4	10,738	(3.2)	10,394

Month	Commercial Vehicles 2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	79	19.9	95	3.4	98	(2.9)	95
July	87	16.5	101	(2.6)	99	(12.9)	86
August	90	12.1	101	9.0	110	(13.2)	95
September	82	22.7	101	17.5	119	(25.0)	89
October	96	11.4	107	(0.3)	107	(16.9)	89
November	76	14.2	87	(0.8)	86	(9.0)	78
December	65	23.4	81	(6.4)	75	(3.5)	73
January	63	26.0	79	(16.0)	67	(5.4)	63
February	62	6.6	67	(5.4)	63	3.7	65
March	82	12.7	93	(7.4)	86	(8.8)	78
April	84	17.7	98	(15.7)	83		
May	92	8.7	100	(10.4)	90		
Total Year	959	15.7	1,110	(2.5)	1,082		
Jun - Mar	783	16.3	911	(0.2)	909	(10.7)	812

Month	Total Vehicles 2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	1,102	3.4	1,139	5.0	1,196	(1.5)	1,178
July	1,139	4.1	1,186	4.6	1,240	(3.4)	1,198
August	1,204	2.1	1,230	2.5	1,261	(2.0)	1,236
September	1,152	4.1	1,200	5.5	1,266	(5.5)	1,196
October	1,228	3.0	1,265	4.9	1,327	(7.9)	1,223
November	1,061	1.2	1,073	6.7	1,145	(4.7)	1,091
December	1,022	5.2	1,075	4.0	1,118	(5.5)	1,057
January	915	6.9	978	(2.5)	953	1.2	965
February	915	2.0	933	6.5	995	(3.8)	957
March	1,067	4.6	1,116	2.8	1,147	(3.5)	1,106
April	1,109	6.0	1,175	(3.7)	1,133		
May	1,174	6.3	1,248	(5.6)	1,178		
Total Year	13,089	4.0	13,618	2.5	13,958		
Jun - Mar	10,805	3.6	11,195	4.0	11,647	(3.8)	11,206

Toll Revenue (in $1,000s)

Month	Passenger Cars 2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$1,253	7.1	$1,341	9.5	$1,468	4.4	$1,532
July	1,290	8.2	1,397	9.8	1,533	3.4	1,586
August	1,362	6.8	1,454	6.1	1,542	4.4	1,610
September	1,295	7.6	1,393	8.1	1,506	2.2	1,539
October	1,363	7.4	1,464	8.7	1,592	(0.7)	1,581
November	1,186	5.2	1,248	11.1	1,386	1.3	1,404
December	1,156	9.0	1,259	9.5	1,379	(1.1)	1,363
January	1,069	10.0	1,176	3.9	1,222	6.1	1,297
February	1,077	5.6	1,138	13.1	1,287	1.0	1,300
March	1,250	8.0	1,350	9.7	1,481	1.6	1,505
April	1,297	9.6	1,421	2.7	1,460		
May	1,385	10.7	1,534	(0.4)	1,528		
Total Year	$14,984	7.9	$16,174	7.5	$17,384		
Jun - Mar	$12,301	7.5	$13,219	8.9	$14,397	2.2	$14,717

Month	Commercial Vehicles 2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$274	23.8	$339	8.1	$366	1.5	$372
July	297	20.6	358	2.2	366	(7.5)	338
August	305	16.3	355	11.8	397	(5.7)	374
September	280	26.5	354	17.9	417	(15.0)	355
October	323	17.0	378	2.1	386	(8.5)	353
November	258	19.0	307	4.0	319	(1.0)	316
December	230	26.0	290	0.4	292	0.5	293
January	228	30.4	297	(8.1)	273	(0.2)	272
February	225	11.2	250	4.7	262	8.0	283
March	289	18.6	343	(0.3)	342	(0.2)	341
April	303	20.2	364	(9.5)	329		
May	330	10.5	365	(2.4)	356		
Total Year	$3,342	19.7	$4,000	2.6	$4,106		
Jun - Mar	$2,709	20.8	$3,271	4.5	$3,420	(3.6)	$3,297

Month	Total Vehicles 2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$1,526	10.1	$1,680	9.2	$1,835	3.8	$1,904
July	1,587	10.5	1,755	8.2	1,899	1.3	1,924
August	1,667	8.5	1,809	7.2	1,939	2.3	1,984
September	1,575	10.9	1,747	10.1	1,923	(1.5)	1,894
October	1,686	9.3	1,842	7.4	1,978	(2.2)	1,934
November	1,444	7.7	1,555	9.7	1,705	0.9	1,720
December	1,386	11.8	1,550	7.8	1,671	(0.9)	1,656
January	1,297	13.6	1,473	1.5	1,495	5.0	1,569
February	1,302	6.6	1,388	11.6	1,549	2.2	1,583
March	1,539	10.0	1,693	7.6	1,823	1.3	1,846
April	1,600	11.6	1,785	0.2	1,789		
May	1,715	10.7	1,899	(0.8)	1,884		
Total Year	$18,325	10.1	$20,174	6.5	$21,490		
Jun - Mar	$15,010	9.9	$16,491	8.0	$17,817	1.1	$18,014

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 the Findlay 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 facilities except Turnpike I-576.

(6) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576.

(7) On January 8, 2017, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576 and Delaware River Bridge.

(8) Leap year occurred in 2016, resulting in negative traffic and toll revenue impacts in February 2017 compared to February 2016.

(9) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particularly among passenger cars.

Table 6

Turnpike 66 - Amos K. Hutchinson Bypass - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	573	1.8	584	(0.8)	579	(2.7)	563
July	588	0.8	592	(0.1)	591	(5.3)	560
August	612	(0.7)	608	(3.4)	587	(2.5)	572
September	581	3.3	601	(4.8)	571	(2.0)	560
October	612	4.4	639	(6.0)	600	(3.9)	577
November	561	(0.4)	559	(1.6)	550	(1.4)	542
December	561	0.9	566	(0.3)	564	(4.3)	540
January	489	4.2	509	(5.7)	480	1.3	487
February	474	(0.1)	473	3.2	489	(4.5)	467
March	551	1.5	559	(0.9)	554	(3.0)	537
April	573	0.0	573	(4.2)	549		
May	608	(0.6)	604	(4.9)	575		
Total Year	6,782	1.2	6,866	(2.6)	6,690		
Jun - Mar	5,602	1.6	5,689	(2.2)	5,566	(2.9)	5,405

	Commercial Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	91	7.4	98	(2.9)	95	(2.4)	93
July	96	3.8	100	(1.9)	98	(10.4)	88
August	100	(0.9)	99	(2.9)	97	(0.0)	96
September	94	10.5	104	(10.5)	93	0.8	94
October	98	10.4	108	(4.0)	104	(11.5)	92
November	80	15.7	92	(7.5)	86	(7.0)	80
December	72	15.9	83	(1.7)	82	(14.6)	70
January	77	(1.9)	76	(4.5)	72	(5.1)	69
February	72	1.5	73	(4.2)	70	(5.1)	67
March	84	1.2	85	(1.0)	84	(2.4)	82
April	93	0.2	93	(4.7)	89		
May	101	(7.9)	93	1.1	94		
Total Year	1,058	4.4	1,105	(3.8)	1,063		
Jun - Mar	865	6.3	919	(4.2)	881	(5.8)	830

	Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	664	2.6	681	(1.1)	674	(2.7)	656
July	684	1.2	692	(0.4)	689	(6.0)	648
August	713	(0.7)	707	(3.4)	684	(2.2)	669
September	675	4.3	704	(5.7)	665	(1.6)	654
October	710	5.2	747	(5.7)	705	(5.1)	669
November	641	1.6	651	(2.4)	635	(2.2)	621
December	633	2.6	649	(0.5)	646	(5.6)	610
January	566	3.3	585	(5.5)	552	0.5	555
February	546	0.1	547	2.3	559	(4.6)	533
March	635	1.5	645	(0.9)	639	(2.9)	620
April	666	0.0	666	(4.3)	637		
May	708	(1.6)	697	(4.1)	669		
Total Year	7,841	1.7	7,971	(2.7)	7,753		
Jun - Mar	6,467	2.2	6,608	(2.4)	6,447	(3.3)	6,235

Toll Revenue (in $1,000s)

	Passenger Cars						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$780	6.9	$833	2.7	$856	2.1	$874
July	800	6.3	851	3.5	880	(0.6)	875
August	831	4.8	871	0.1	872	1.6	886
September	785	7.9	846	(0.4)	843	2.9	867
October	824	8.6	895	(1.4)	882	1.1	892
November	753	4.7	788	2.3	806	3.5	834
December	751	5.8	795	3.5	823	0.6	828
January	678	9.0	739	(1.1)	731	5.6	771
February	663	3.8	688	8.4	746	0.9	752
March	778	5.1	818	4.2	852	1.8	868
April	810	3.8	841	0.4	844		
May	864	3.3	892	(0.7)	886		
Total Year	$9,317	5.8	$9,857	1.7	$10,021		
Jun - Mar	$7,643	6.3	$8,124	2.1	$8,291	1.9	$8,447

	Commercial Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$357	13.8	$406	(2.3)	$397	(0.6)	$395
July	372	11.2	414	(2.2)	404	(6.8)	377
August	388	4.5	405	(2.2)	396	7.0	424
September	366	16.4	426	(10.1)	383	7.3	411
October	384	12.9	434	0.3	435	(8.6)	398
November	309	21.9	376	(6.0)	354	(4.7)	337
December	289	16.4	336	0.5	338	(12.0)	297
January	325	(3.6)	313	2.6	322	(2.8)	313
February	304	1.9	310	0.0	310	(0.1)	310
March	359	(1.2)	354	5.2	373	2.6	382
April	393	(0.7)	391	(0.1)	390		
May	419	(8.6)	383	6.2	407		
Total Year	$4,265	6.7	$4,549	(0.9)	$4,509		
Jun - Mar	$3,452	9.4	$3,776	(1.7)	$3,712	(1.8)	$3,644

	Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$1,137	9.1	$1,240	1.1	$1,253	1.3	$1,269
July	1,172	7.8	1,264	1.6	1,285	(2.6)	1,252
August	1,219	4.7	1,276	(0.6)	1,268	3.3	1,311
September	1,150	10.6	1,272	(3.7)	1,226	4.3	1,278
October	1,208	10.0	1,329	(0.8)	1,318	(2.1)	1,290
November	1,062	9.7	1,164	(0.4)	1,160	1.0	1,171
December	1,040	8.8	1,131	2.6	1,161	(3.1)	1,125
January	1,003	4.9	1,052	(0.0)	1,052	3.0	1,084
February	967	3.2	998	5.8	1,056	0.6	1,062
March	1,137	3.1	1,173	4.5	1,225	2.0	1,250
April	1,204	2.3	1,231	0.2	1,234		
May	1,283	(0.6)	1,276	1.4	1,293		
Total Year	$13,582	6.1	$14,406	0.9	$14,530		
Jun - Mar	$11,095	7.3	$11,899	0.9	$12,003	0.7	$12,091

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 the Findlay 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.

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(6) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576.

(7) On January 8, 2017, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576 and Delaware River Bridge.

(8) Leap year occurred in 2016, resulting in negative traffic and toll revenue impacts in February 2017 compared to February 2016.

(9) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particularly among passenger cars.

Table 7

Northeast Extension Barrier Plazas - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	469	(4.0)	450	(0.5)	448	(6.9)	417	91	3.2	94	6.7	100	0.4	101	560	(2.8)	544	0.7	548	(5.5)	518
July	560	0.6	563	(1.6)	554	(6.4)	519	102	5.0	107	(4.1)	102	(2.3)	100	662	1.2	670	(2.0)	657	(5.8)	619
August	602	1.7	612	(8.2)	562	(10.6)	502	102	6.6	109	(6.1)	102	3.8	106	704	2.4	721	(7.9)	664	(8.4)	608
September	438	(0.5)	436	(2.0)	427	(7.3)	396	92	9.8	101	(4.2)	97	0.4	97	530	1.3	537	(2.4)	524	(5.9)	493
October	453	3.5	469	(3.7)	452	(11.9)	398	95	8.6	104	(2.2)	101	(8.2)	93	549	4.4	573	(3.4)	553	(11.2)	491
November	404	(0.5)	402	1.1	406	(7.4)	376	81	(0.6)	80	7.2	86	3.7	89	485	(0.6)	482	2.1	492	(5.5)	466
December	388	(8.3)	356	3.5	369	(10.9)	329	79	(0.8)	78	6.3	83	(0.5)	83	467	(7.0)	434	4.0	452	(9.0)	411
January	307	(4.3)	294	(2.1)	288	(3.9)	277	80	(3.2)	77	(0.0)	77	5.6	81	387	(4.1)	371	(1.7)	365	(1.9)	358
February	279	(3.4)	269	6.3	286	(6.8)	267	73	0.1	73	4.0	76	1.2	77	352	(2.7)	342	5.8	362	(5.1)	344
March	352	(3.2)	341	3.1	351	(15.4)	297	83	2.8	85	1.7	86	1.0	87	435	(2.1)	426	2.8	438	(12.2)	384
April	398	(2.7)	387	(6.7)	361			87	1.4	88	0.9	89			485	(2.0)	476	(5.3)	451		
May	450	2.7	462	(6.4)	433			95	3.0	98	0.9	99			545	2.8	560	(5.1)	531		
Total Year	5,101	(1.2)	5,042	(2.1)	4,937			1,060	3.3	1,094	0.5	1,100			6,160	(0.4)	6,136	(1.6)	6,037		
Jun - Mar	4,253	(1.4)	4,193	(1.2)	4,143	(8.8)	3,777	877	3.5	908	0.4	912	0.3	914	5,130	(0.6)	5,100	(0.9)	5,055	(7.2)	4,692

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$379	1.0	$383	4.0	$398	(2.4)	$389	$364	7.7	$392	11.1	$435	8.5	$472	$743	4.2	$775	7.6	$834	3.3	$861
July	454	6.2	483	3.1	497	(1.5)	490	403	8.9	439	(1.5)	432	5.7	457	857	7.5	921	0.9	930	1.8	947
August	486	7.7	524	(4.2)	502	(6.4)	470	405	9.8	445	(2.5)	434	13.3	491	891	8.7	969	(3.4)	936	2.7	961
September	350	4.4	366	2.7	376	(2.5)	366	369	13.5	419	(0.1)	419	7.9	452	719	9.1	785	1.2	794	3.0	818
October	361	8.9	393	0.9	397	(8.1)	365	394	10.6	436	1.2	441	(2.4)	430	755	9.8	829	1.1	838	(5.1)	796
November	320	4.6	335	5.7	354	(3.2)	343	336	1.1	340	11.8	380	9.1	415	657	2.8	675	8.8	734	3.2	757
December	307	(3.9)	295	8.5	320	(7.1)	298	331	2.3	339	9.9	372	4.3	388	638	(0.7)	634	9.2	693	(1.0)	686
January	255	(0.8)	253	3.0	261	(0.1)	260	344	0.6	346	5.7	366	10.9	406	599	(0.0)	599	4.6	627	6.3	666
February	232	0.5	233	11.5	260	(1.8)	256	316	4.1	329	10.4	364	5.3	383	549	2.5	563	10.9	624	2.3	638
March	297	0.8	299	8.3	324	(11.5)	287	358	7.4	385	7.6	414	6.8	442	655	4.4	684	7.9	738	(1.2)	729
April	338	1.1	341	(1.7)	336		0	373	6.0	395	8.9	431			711	3.7	737	4.0	766		
May	381	7.6	410	(2.1)	401		0	396	7.0	424	10.2	467			777	7.3	834	4.2	868		
Total Year	$4,162	3.7	$4,316	2.6	$4,427			$4,391	6.8	$4,689	5.7	$4,955			$8,553	5.3	$9,004	4.2	$9,382		
Jun - Mar	$3,443	3.5	$3,564	3.5	$3,690	(4.5)	$3,523	$3,622	6.8	$3,870	4.9	$4,057	6.9	$4,337	$7,065	5.2	$7,434	4.2	$7,747	1.5	$7,860

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 the Findlay 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 facilities except Turnpike I-576.

(6) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576.

(7) On January 8, 2017, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576 and Delaware River Bridge.

(8) Leap year occurred in 2016, resulting in negative traffic and toll revenue impacts in February 2017 compared to February 2016.

(9) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particularly among passenger cars.

Table 8

Turnpike I-376 - Beaver Valley Expressway - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	567	4.4	592	(3.0)	574	(2.1)	562	93	15.9	107	0.2	108	3.3	111	659	6.0	699	(2.5)	682	(1.2)	673
July	601	2.3	615	(0.8)	610	(3.7)	588	101	13.6	115	(1.6)	113	(8.4)	104	703	3.9	730	(0.9)	723	(4.5)	691
August	612	3.1	631	(4.8)	601	(3.6)	579	106	5.8	112	(1.7)	110	2.7	113	718	3.5	743	(4.3)	711	(2.6)	693
September	564	1.1	570	(0.8)	565	(2.7)	550	100	13.8	114	(3.9)	109	(4.6)	104	664	3.0	684	(1.4)	675	(3.0)	654
October	595	(2.2)	582	(0.8)	577	(4.1)	553	108	5.2	114	2.5	117	(10.5)	105	703	(1.1)	696	(0.3)	694	(5.2)	658
November	534	(3.0)	518	2.1	529	(3.6)	509	91	(2.3)	89	10.1	98	(3.2)	95	625	(2.9)	607	3.2	627	(3.6)	605
December	541	(1.4)	533	1.2	539	(7.8)	497	84	6.6	90	3.8	93	(13.8)	80	625	(0.4)	622	1.5	632	(8.7)	577
January	458	0.5	460	(1.0)	455	(1.2)	450	85	(1.0)	84	(3.2)	82	(2.0)	80	543	0.3	544	(1.3)	537	(1.3)	530
February	439	(3.4)	424	5.2	446	(3.2)	432	83	(4.9)	79	3.1	81	(3.7)	78	521	(3.6)	503	4.9	527	(3.3)	510
March	523	0.1	523	(0.7)	519	(4.0)	499	94	6.1	99	(0.3)	99	(7.4)	92	617	1.0	623	(0.7)	619	(4.5)	591
April	551	(0.6)	548	(6.3)	513			100	0.9	101	0.7	102			651	(0.3)	649	(5.2)	616		
May	597	(3.4)	576	(5.1)	547			107	(3.9)	103	3.7	107			704	(3.4)	680	(3.8)	654		
Total Year	6,580	(0.1)	6,572	(1.5)	6,476			1,153	4.8	1,208	0.9	1,220			7,733	0.6	7,780	(1.1)	7,696		
Jun - Mar	5,433	0.3	5,448	(0.6)	5,416	(3.6)	5,220	945	6.2	1,004	0.7	1,010	(4.8)	962	6,378	1.1	6,451	(0.4)	6,426	(3.8)	6,182

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$640	11.4	$713	1.3	$723	4.2	$753	$273	18.9	$325	3.7	$337	9.4	$368	$914	13.6	$1,038	2.1	$1,060	5.8	$1,121
July	681	9.6	747	3.9	776	2.5	795	297	19.5	354	1.1	358	(5.3)	339	978	12.6	1,101	3.0	1,134	0.0	1,135
August	688	11.1	764	(0.7)	759	1.2	769	314	5.7	332	2.6	341	10.1	375	1,003	9.4	1,097	0.3	1,100	4.0	1,144
September	631	7.8	680	3.9	707	2.8	727	298	15.2	343	0.6	346	(0.4)	344	929	10.2	1,024	2.8	1,052	1.8	1,071
October	662	4.2	690	4.3	719	1.4	729	324	4.1	337	10.7	373	(8.8)	340	986	4.2	1,027	6.4	1,092	(2.1)	1,070
November	595	3.5	616	7.1	659	1.2	668	273	(1.1)	270	16.1	314	(0.6)	312	868	2.1	886	9.9	973	0.7	980
December	604	5.1	635	6.1	673	(3.2)	652	256	8.8	278	7.4	299	(11.3)	265	860	6.2	913	6.5	972	(5.7)	917
January	536	5.6	566	4.5	592	2.8	608	271	1.5	275	1.1	278	1.0	281	807	4.2	841	3.4	870	2.2	889
February	519	0.4	521	11.3	580	2.2	593	262	(2.6)	255	9.0	278	(1.3)	274	781	(0.6)	776	10.5	858	1.1	867
March	623	4.4	650	4.6	680	1.1	687	299	9.6	328	3.5	339	(4.5)	324	922	6.1	978	4.2	1,019	(0.8)	1,011
April	657	3.8	682	(1.1)	674			314	0.9	317	7.3	341			971	2.9	999	1.6	1,015		
May	717	1.1	725	(0.0)	724			325	(1.3)	321	11.8	359			1,042	0.4	1,045	3.6	1,083		
Total Year	$7,553	5.8	$7,989	3.5	$8,268			$3,506	6.6	$3,736	6.0	$3,961			$11,058	6.0	$11,724	4.3	$12,229		
Jun - Mar	$6,179	6.5	$6,583	4.3	$6,869	1.6	$6,981	$2,867	8.1	$3,097	5.3	$3,262	(1.2)	$3,223	$9,046	7.0	$9,680	4.7	$10,131	0.7	$10,205

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 the Findlay 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 facilities except Turnpike I-576.

(6) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576.

(7) On January 8, 2017, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576 and Delaware River Bridge.

(8) Leap year occurred in 2016, resulting in negative traffic and toll revenue impacts in February 2017 compared to February 2016.

(9) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particularly among passenger cars.

Table 9

Turnpike I-576 - Southern Beltway - Findlay Connector - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	140	4.4	146	6.2	155	(2.9)	151	14	9.8	15	35.1	20	(6.2)	19	154	4.9	161	8.9	175	(3.3)	170
July	146	5.9	154	5.6	163	(0.5)	162	13	34.4	18	8.0	19	(5.6)	18	159	8.3	172	5.8	182	(1.1)	180
August	150	6.6	159	(0.7)	158	5.9	168	14	30.8	18	11.9	20	(0.3)	20	164	8.6	178	0.6	179	5.2	188
September	134	8.7	145	0.9	147	2.6	151	14	26.9	17	23.7	21	(15.0)	18	147	10.4	163	3.3	168	0.4	169
October	140	8.9	153	0.5	154	0.4	154	15	21.3	18	26.1	23	2.2	24	155	10.1	171	3.2	177	0.6	178
November	125	5.8	133	6.1	141	4.7	147	15	(6.9)	14	47.2	21	(7.2)	19	140	4.5	146	10.0	161	3.2	166
December	128	9.8	140	2.1	143	(0.8)	142	12	23.3	15	33.6	20	(4.1)	19	140	10.9	155	5.1	163	(1.2)	161
January	119	4.6	124	(0.2)	124	5.8	131	11	19.7	13	23.5	16	21.8	20	130	5.8	137	2.1	140	7.7	151
February	110	4.9	115	6.3	122	1.8	124	11	22.7	13	17.1	15	(1.0)	15	120	6.5	128	7.4	137	1.5	139
March	129	6.8	138	3.5	143	2.3	146	13	26.9	16	6.8	17	2.4	18	142	8.6	154	3.8	160	2.3	164
April	135	5.8	143	(3.7)	138			14	24.0	18	(5.0)	17			150	7.5	161	(3.9)	155		
May	146	4.5	152	(3.2)	147			14	51.2	21	(0.6)	21			159	8.6	173	(2.9)	168		
Total Year	1,601	6.4	1,703	1.8	1,735			159	23.5	197	17.7	231			1,760	8.0	1,900	3.5	1,966		
Jun - Mar	1,320	6.7	1,408	3.0	1,449	1.8	1,476	131	20.5	158	22.6	194	(1.9)	190	1,451	7.9	1,566	4.9	1,643	1.4	1,666

Toll Revenue (in $1,000s)

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17	2013-14	% Chg	2014-15	% Chg	2015-16	% Chg	2016-17
June	$100	3.5	$103	5.8	$109	(3.2)	$105	$28	12.4	$32	43.8	$46	(9.0)	$41	$128	5.4	$135	14.7	$154	(4.9)	$147
July	104	5.1	109	5.1	114	(0.8)	113	28	29.4	37	18.1	43	(8.7)	40	132	10.3	146	8.4	158	(3.0)	153
August	106	5.9	113	(1.3)	111	5.5	117	29	29.0	37	20.8	45	(1.9)	44	135	10.9	150	4.2	156	3.4	162
September	95	8.1	102	0.5	103	2.1	105	28	26.8	36	30.8	47	(14.8)	40	123	12.4	138	8.4	150	(3.2)	145
October	99	8.5	107	(0.1)	107	(0.1)	107	32	18.5	38	29.6	49	(0.1)	49	131	10.9	145	7.7	157	(0.1)	156
November	89	5.1	93	5.6	98	4.2	102	31	(4.7)	30	48.1	44	(4.4)	42	120	2.6	123	15.9	142	1.5	144
December	90	8.9	98	1.6	100	(1.6)	98	26	24.2	33	33.7	44	0.6	44	117	12.3	131	9.6	144	(0.9)	142
January	84	4.0	87	(0.9)	86	5.2	91	25	17.0	29	26.8	37	26.2	46	108	7.0	116	6.0	123	11.5	137
February	77	4.3	80	5.7	85	1.3	86	24	19.1	29	23.1	35	(3.3)	34	101	7.8	109	10.3	120	(0.1)	120
March	91	6.3	97	2.8	99	1.6	101	28	26.4	36	11.7	40	2.1	41	119	11.1	132	5.2	139	1.7	142
April	95	5.2	100	(4.2)	96			31	20.8	38	0.8	38			127	9.1	138	(2.8)	134		
May	103	4.0	107	(3.8)	103			30	55.1	46	(2.3)	45			132	15.5	153	(3.4)	148		
Total Year	$1,131	5.8	$1,196	1.3	$1,212			$341	22.8	$419	22.4	$513			$1,473	9.7	$1,615	6.7	$1,725		
Jun - Mar	$933	6.0	$989	2.4	$1,013	1.3	$1,026	$280	19.6	$335	28.2	$430	(1.9)	$422	$1,214	9.1	$1,325	8.9	$1,443	0.4	$1,448

NOTES:

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(2) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Findlay 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 facilities except Turnpike I-576.

(6) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576.

(7) On January 8, 2017, a 6% E-Zpass and cash toll increase was implemented on all toll facilities except Turnpike I-576 and Delaware River Bridge.

(8) Leap year occurred in 2016, resulting in negative traffic and toll revenue impacts in February 2017 compared to February 2016.

(9) Abnormally severe winter weather negatively impacted traffic and toll revenue in January and February 2014, particularly among passenger cars.

Table 10

Delaware River Bridge - Monthly Transaction and Revenue Trends

Transactions Include Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

	Passenger Cars			Commercial Vehicles			Total Vehicles		
Month	2015-16	% Chg	2016-17	2015-16	% Chg	2016-17	2015-16	% Chg	2016-17
June			606			103			709
July			647			97			744
August			657			103			760
September			573			99			672
October			583			97			680
November			570			98			668
December			555			96			651
January	434	(24.1)	330	81	(26.6)	59	515	(24.5)	389
February	463	(100.0)	0	84	(100.0)	0	547	(100.0)	0
March	531	(39.8)	320	95	(34.1)	63	627	(39.0)	383
April	541			95			636		
May	588			97			685		
Total Year	2,558			452			3,009		
Jun - Mar			4,841			814			5,655

Toll Revenue (in $1,000s)

	Passenger Cars			Commercial Vehicles			Total Vehicles		
Month	2015-16	% Chg	2016-17	2015-16	% Chg	2016-17	2015-16	% Chg	2016-17
June			$2,804			$1,816			$4,620
July			2,983			1,698			4,682
August			3,043			1,813			4,856
September			2,659			1,740			4,399
October			2,714			1,719			4,433
November			2,665			1,727			4,392
December			2,595			1,710			4,304
January	2,013	(23.4)	1,542	1,433	(26.2)	1,058	3,446	(24.5)	2,601
February	2,145	(100.0)	0	1,495	(100.0)	0	3,640	(100.0)	0
March	2,465	(39.0)	1,503	1,696	(34.0)	1,119	4,161	(37.0)	2,622
April	2,508			1,691			4,199		
May	2,725			1,704			4,429		
Total Year	$11,855			$8,019			$19,874		
Jun - Mar			$22,509			$14,400			$36,909

NOTES:

(1) The Delaware River Bridge was closed due to structural integrity concerns from January 20, 2017 to March 9, 2017.

(2) Tolled revenue for Delaware River Bridge assumes a 50% leakage rate for video transactions.

compared to the same time period in the prior year. These increases in toll revenue were largely due to annual toll increases. Year-to-date toll total transactions grew by 0.5 percent, 1.5 percent, and 0.7 percent for passenger cars, commercial vehicles, and for the total System, respectively.

It should be noted that the Delaware River Bridge (DRB) was closed on January 20, 2017 due to a fracture in one of the structural support beams. The structure was closed to all traffic through March 9, 2017. This event has negatively impacted the year-to-date traffic and revenue values for FY 2016-17. CDM Smith analyzed the impact on Turnpike traffic and revenue during the closure and estimated that losses over this period amounted to 1.8 million transactions and $12.1 million in toll revenue. Thus, absent the DRB closure, the total FY 2016-17 year-to-date Turnpike traffic would have increased by 1.8 percent (instead of 0.7 percent) compared to the same time period in the previous year. Total toll revenue would have increased by 10.0 percent (instead of 8.6 percent) compared to the same time period in the previous year.

As previously mentioned, the Ticket System is by far the largest component of both traffic and toll revenue on the Turnpike System. As shown in Table 4, total year-to-date transactions decreased 1.2 percent compared to the same period in the prior year. Passenger car transactions decreased by 1.4 percent during this period. Commercial vehicle activity has been more stable during this period, with traffic dropping only 0.1 percent compared to the previous ten-month period. Total revenue for the Ticket System grew by 7.9 percent in FY 2014-15 and by 8.8 percent in FY 2015-16. Year-to-date FY 2016-17 revenue has grown by 5.9 percent compared to the same time frame in the previous year. The above mentioned DRB closure would also have negatively affected Ticket System traffic and revenue in January, February, and March 2017.

Similar traffic and toll revenue trends for each of the five individual barrier toll systems are provided in Tables 5 through 10. Together, these represent only about 10 percent of total System-wide toll revenue. There is somewhat more variability in monthly and annual growth rates on the barrier facilities.

The effects of ramp-up, inclement weather, alternative routes, and new developments have a more significant impact on these relatively low volume roads. Traffic growth has been negative on all of these barrier facilities thus far in FY 2016-17, with the exception of Turnpike I-576 (Findlay Connector). Revenue growth, however, has been slightly positive on all of the barrier facilities due to the impact of the annual toll increase.

As noted above, stand-alone DRB traffic and revenue is now being provided for the first time since its conversion to Cashless Tolling on January 3, 2016. The impact of its closure during a portion of January and March, and for all of February 2017 is clearly evident in Table 10. Upon re-opening to traffic on March 10, 2017, traffic volumes appear to have returned to normal levels.

PTC only provides total video transactions passing through the DRB tolling zone; CDM Smith then develops the estimated toll revenue generated from these transactions. CDM Smith is currently analyzing the portion of video transactions for which revenue is actually recovered. Toll revenue leakage occurs among video transactions due to unreadable plates, lack of up-to-date Department of Motor Vehicle address information, non-payment of invoices, etc.

This plaza has been operational for just over one year so the full process of identifying video transactions and completing the invoicing cycles is still in the early stages. In addition, Pennsylvania's governor signed Act 165 on November 4, 2016, which goes into effect on August 4, 2017. Act 165 provides for more aggressive toll violation enforcement. Early estimates are that between 40 and 50 percent of DRB video revenue is not collected. For purposes of conservatism, CDM Smith has assumed a 50 percent video revenue leakage rate thus far (as well as for the forecast period). As legislation improves and PTC forms reciprocity agreements with other states, actual video revenue leakage rates will likely be less than that assumed in this analysis.

The actual portion of DRB revenue at risk of not being collected is relatively small given that about 80 percent of total toll transactions at this location are via E-ZPass. Thus, only about 20 percent of transactions would be at risk for revenue leakage. In total, only about $6.5 million was estimated to be lost at DRB in calendar year 2016 due to video revenue leakage, which amounts to about 0.5 percent of total System toll revenue. Presumably, some, if not all, of this revenue loss would be made up in fines and other fees that would be assessed to video customers who do not promptly pay their invoice. Such fee/fine revenue is not included in CDM Smith's forecast.

Actual and Assumed Toll Rate Increases

At the direction of the PTC, annual toll rate increases are assumed to occur on the entire Turnpike System. The toll rate increases are assumed to occur at 12:01 AM on first Sunday after January 1 of each year. The assumptions regarding the planned toll rate increases have not changed since the 2016 Bring Down Letter except for the Delaware River Bridge. The DRB toll was not increased in 2017 and it is assumed to stay at the same level in 2018. Table 11 presents a summary of the annual percent increases in toll rates for E-ZPass and cash from calendar year 2016 through 2045.

The percent increases in toll rates in Table 11 are actual through 2017. In 2017, PTC increased E-ZPass and cash tolls by 6.0 percent (except on Turnpike 576 and Delaware River Bridge, which did not experience a toll increase). Beginning in 2019, DRB toll rates will increase at the same rate as the rest of the System. As noted at the bottom of Table 11, Turnpike I-576 tolls are assumed to increase every five years; the next scheduled increase is in 2018.

Table 11
Actual and Assumed Percent Changes in Toll Rates
Pennsylvania Turnpike System

Calendar Year	Percent Changes in Turnpike System's Toll Rates [(1)] 2017 Draw Down E-ZPass	2017 Draw Down Cash
2016	6.00	6.00
2017	6.00	6.00
2018	6.00	6.00
2019	6.00	6.00
2020	6.00	6.00
2021	5.00	5.00
2022	5.00	5.00
2023	5.00	5.00
2024	5.00	5.00
2025	5.00	5.00
2026	4.00	4.00
2027	3.50	3.50
2028	3.00	3.00
2029	3.00	3.00
2030	3.00	3.00
2031	3.00	3.00
2032	3.00	3.00
2033	3.00	3.00
2034	3.00	3.00
2035	3.00	3.00
2036	3.00	3.00
2037	3.00	3.00
2038	3.00	3.00
2039	3.00	3.00
2040	3.00	3.00
2041	3.00	3.00
2042	3.00	3.00
2043	3.00	3.00
2044	3.00	3.00
2045	3.00	3.00

(1) Toll rate increases are the same for all facilities and vehicle classes except: Turnpike I-576 had no toll increase in 2016 or 2017. Delaware River Bridge was exempt from toll increases in 2017 and will be in 2018 also.

Note:
The toll rate increases for this 2017 Bring Down Letter are actual through 2017.
For Turnpike I-576, toll rates are assumed to increase every fifth year. The next increase is scheduled for 2018. Refer to Table 4-3 on Page 4-6 of the 2015 Forecast Study for additional details.

Actual and Assumed E-ZPass Penetration Rates

Table 12 presents the actual and assumed annual E-ZPass penetration rates from calendar year 2016 through 2045. The first three columns show the E-ZPass market share assumptions for the current 2017 Bring Down Letter. These were increased slightly, by the amount shown in the three rightmost columns, over assumptions used in the 2016 Bring Down Letter. Actual experience over the last 12 months has shown that the E-ZPass market share has increased at a slightly higher rate than assumed in the last study. The overall impact of increasing the assumed future year E-ZPass market share is a slight reduction in future year toll revenue. This is due to the lower average toll rate assessed to E-ZPass transactions.

The revised E-ZPass penetration rates range from 0.1 percent higher to 3.3 percent higher than those in the 2016 Bring Down Letter. The upward adjustment to the commercial vehicle rates is gradually reduced until the adjustment is reduced to zero in 2030. This occurs because a maximum cap of 95 percent E-ZPass market share is assumed for trucks and this level was achieved for commercial vehicles in the 2016 Bring Down Letter in 2030 (thus no additional upward adjust was possible beyond that date in the current study). A 90 percent E-ZPass market share cap was assumed for cars, but this level is not reached within the forecast period. By 2045, E-ZPass market share on the Turnpike System is estimated to reach 89.6 percent for cars, 95.0 percent for trucks, and 90.4 percent overall.

Table 12
Actual and Assumed Percent E-ZPass Penetration
Pennsylvania Turnpike System

	E-ZPass Penetration Rates					
Calendar	2017 Bring Down Letter			Difference from 2016 Bring Down Letter		
Year	Cars	Trucks	Total	Cars	Trucks	Total
2016	76.2	89.2	78.0	0.9	0.1	0.8
2017	77.8	90.6	79.6	1.5	0.7	1.4
2018	79.3	91.9	81.1	2.1	1.3	2.0
2019	80.6	92.8	82.3	2.7	1.7	2.5
2020	81.6	93.6	83.3	3.2	2.0	3.0
2021	82.3	94.1	83.9	3.3	2.0	3.1
2022	82.9	94.5	84.5	3.3	1.9	3.1
2023	83.4	94.7	85.0	3.3	1.7	3.1
2024	83.9	94.9	85.5	3.3	1.4	3.0
2025	84.4	94.9	85.9	3.3	1.0	3.0
2026	84.8	94.9	86.3	3.3	0.7	2.9
2027	85.3	95.0	86.7	3.3	0.4	2.9
2028	85.7	95.0	87.0	3.3	0.2	2.8
2029	86.1	95.0	87.4	3.3	0.1	2.8
2030	86.6	95.0	87.8	3.3	0.0	2.8
2031	86.9	95.0	88.1	3.3	0.0	2.8
2032	87.3	95.0	88.4	3.3	0.0	2.8
2033	87.6	95.0	88.7	3.3	0.0	2.8
2034	87.9	95.0	89.0	3.2	0.0	2.8
2035	88.2	95.0	89.2	3.2	0.0	2.7
2036	88.5	95.0	89.4	3.1	0.0	2.6
2037	88.7	95.0	89.6	3.0	0.0	2.5
2038	88.9	95.0	89.8	2.9	0.0	2.4
2039	89.0	95.0	89.9	2.7	0.0	2.3
2040	89.2	95.0	90.1	2.6	0.0	2.2
2041	89.3	95.0	90.2	2.4	0.0	2.1
2042	89.4	95.0	90.2	2.3	0.0	2.0
2043	89.4	95.0	90.3	2.2	0.0	1.8
2044	89.5	95.0	90.4	2.1	0.0	1.7
2045	89.6	95.0	90.4			

Note: The E-ZPass penetration rates for this 2017 Bring Down Letter are actual through 2016 and were actual only through 2015 for the 2016 Bring Down Letter.

Summary of Changes in Future Year Estimates for U.S. Gross Domestic Product and Pennsylvania Gross State Product

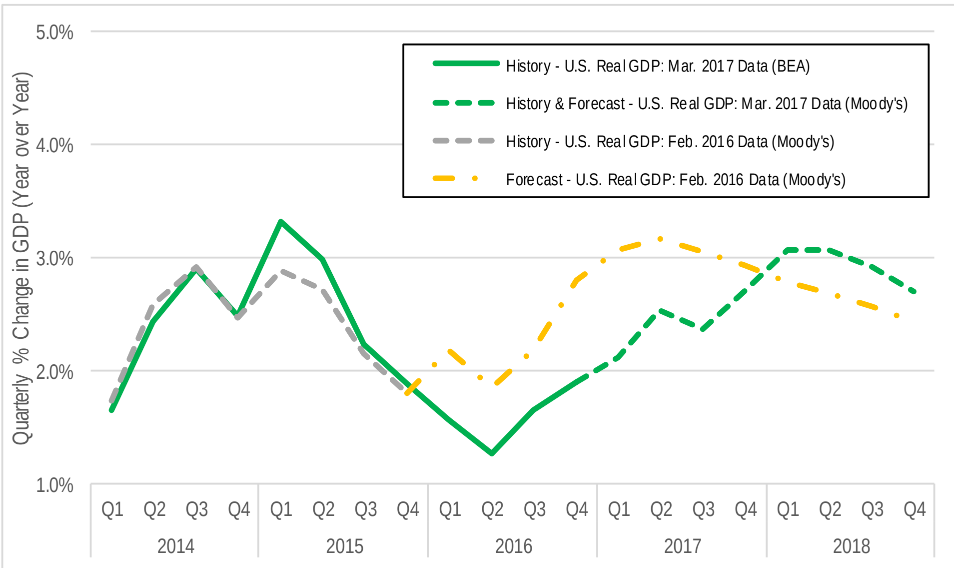
This section presents a comparison of the Gross Domestic Product (GDP) and Gross State Product (GSP) information available for the 2016 Bring Down Letter with updated forecasts for both measures from Moody's Analytics. This information was a key input in developing estimated growth forecasts for the Turnpike System.

Figure 3 shows actual and estimated GDP at the time of the 2016 Bring Down Letter as well as the revised figures based on updated Moody's Analytic's forecasts as of March 2017. As shown, actual experience in 2016 underperformed prior estimates by between about 0.5 to 0.9 percent (though GDP growth remained positive throughout the period). The revised GDP growth estimates in 2017 shows a lower growth than the prior forecast. Beginning in the first quarter of 2018, the revised GDP estimates surpasses the prior forecast.

Figure 4 shows GSP trend and forecast data for Pennsylvania. The GSP growth in 2015 exceeded the prior estimates by a range of 0.6 percent to 2.6 percent. The GSP growth estimates for 2016 are estimated to be lower than the previous estimates by a range of 2.1 to 3.4 percent. By the end of 2017, both forecasts align, and in 2018, the March 2017 GSP forecast surpasses the February 2016 forecast for all four quarters.

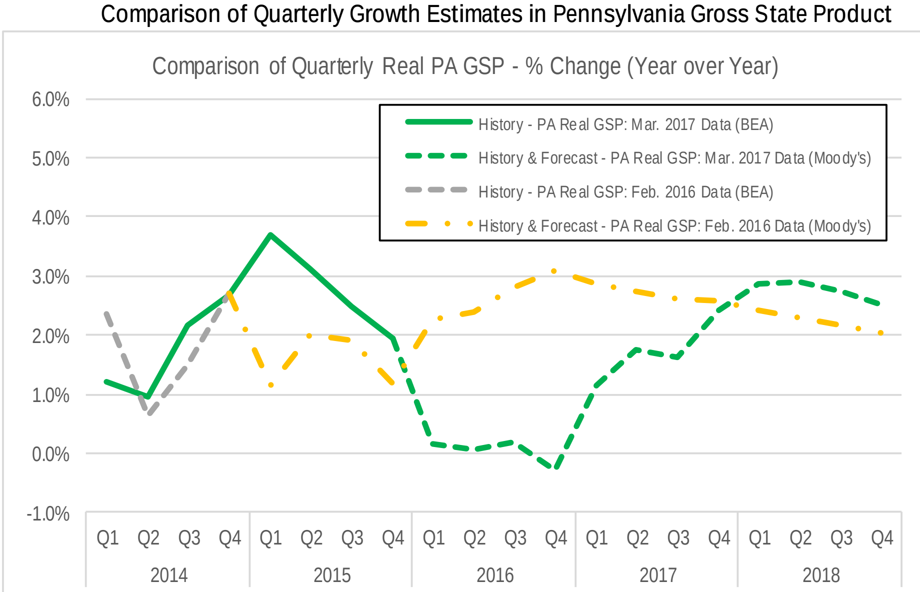
Based on this information alone it would be assumed that actual traffic growth in 2016 would have underperformed CDM Smith's 2016 Forecast Study estimates. As will be discussed below, that was not the case across all the facilities. In fact, actual traffic and toll revenue on the total System slightly outperformed CDM Smith's estimates. This is likely due to other factors, namely motor fuel prices and consumer confidence, which are discussed in the next section.

Figure 3
Comparison of Quarterly Growth Estimates in U.S. Gross Domestic Product



Sources: Historical estimates are from the BEA, and the forecasts are from Moody's Analytics
(Feb. 2016, and Mar. 2017 Releases)

Figure 4
Comparison of Quarterly Growth Estimates in Pennsylvania Gross State Product



Sources: Historical estimates are from the BEA, and the forecasts are from Moody's Analytics
(Feb. 2016, and Mar. 2017 Releases)

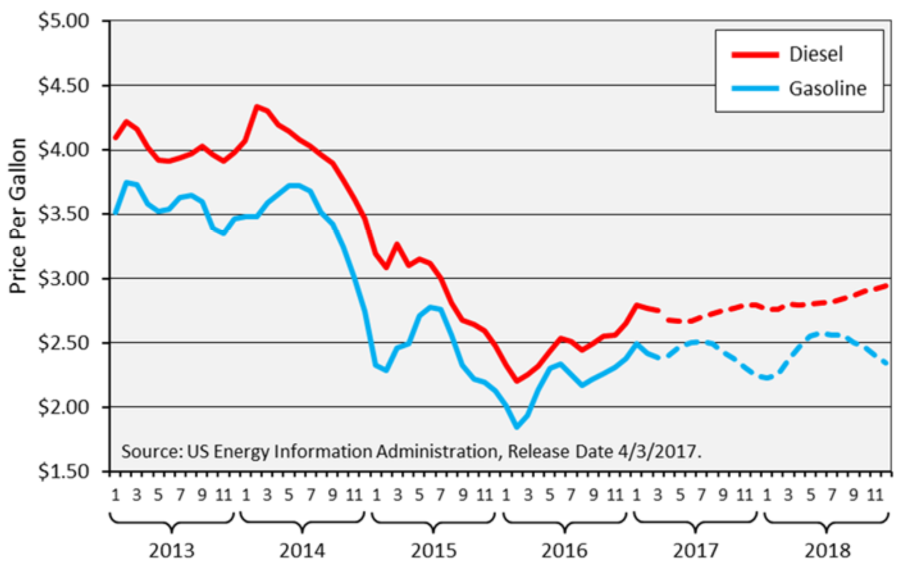
Summary of Trends in Fuel Prices

Figure 5 includes gasoline and diesel prices for the Central Atlantic Region from January 2013 through March 2017. As shown, gasoline and diesel prices have followed generally similar trends throughout this period. From January 2013 through September 2014, both gasoline and diesel prices fluctuated within a relatively narrow range. Beginning around October 2014, however, motor fuel prices began a noticeable decline. Fuel prices reached a low in the first quarter of 2016, and have risen slowly since then. Gasoline averaged $2.38 per gallon in March 2017. Diesel prices have also risen slightly year over year, averaging $2.75 in March 2017. Based on current forecasts from the U.S. Energy Information Administration, near term price forecasts are expected to remain low. This should prove positive to current trends in passenger car and commercial vehicle traffic growth on the Pennsylvania Turnike. The decline in motor fuel prices effectively decreased the negative impact (i.e., diversion) from toll increases and lower than estimated economic growth. The continued low level of fuel prices should provide the PTC with positive benefits into the near future.

FIGURE 5

Fuel Prices in Central Atlantic Region ($ Per Gallon)

With Forecast

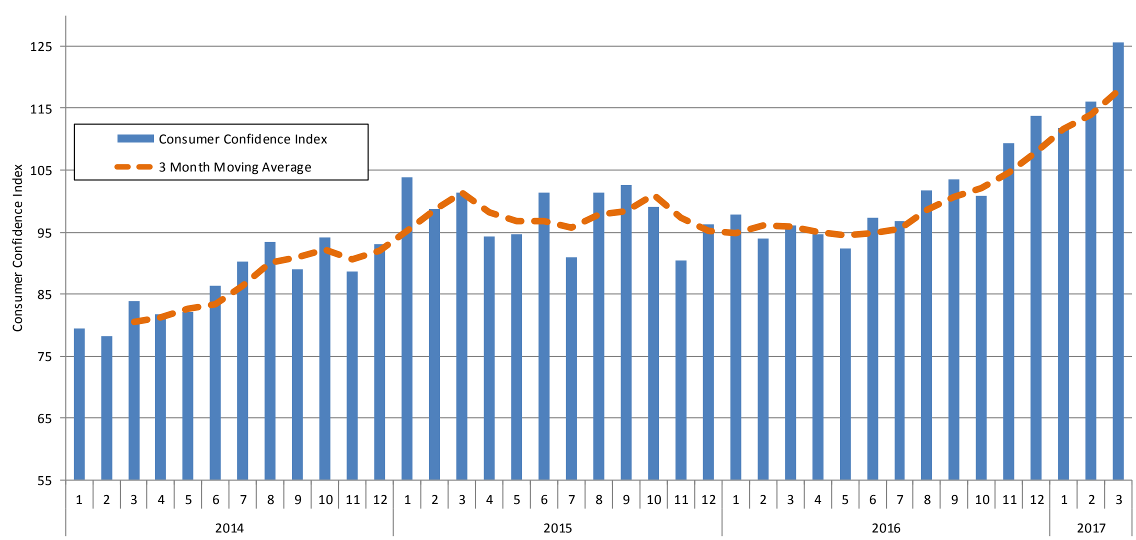


Consumer Confidence

Figure 6 shows the Conference Board Consumer Confidence Index for the period between January 2014 and March 2017. The individual blue bars show the index values for each month while the dotted line shows the three-month moving average. As shown, consumer confidence has trended up over the period shown. The average exceeded 85 in 2014, and was about 98 in 2015 and 2016. Consumer Confidence Index has been showing a steady upward trend beginning in the second half of 2016. By the end of 2016, consumer confidence rose to pre-recession levels for the first time since the 2008 recession. In the most recent month of March, 2017, the consumer confidence index rose above 125 for the first time since 2000.

Consumer confidence is an important measure in that it highlights consumer's confidence in making purchases, their willingness to travel more, etc. Thus, we can infer that higher consumer confidence spurs demand for various goods and services and that higher demand results in higher traffic on the roadways.

Figure 6
Conference Board Consumer Confidence Index



Source: The Conference Board - Consumer Confidence Index®.

Actual Versus Estimated Traffic and Toll Revenue

Table 13 provides a comparison of actual traffic and toll revenue versus estimated traffic and toll revenue from CDM Smith's 2016 Bring Down Letter. The analysis period in this table is from February 2016 through March 2017. This fourteen-month period corresponds to the period for which actual data currently exists, but was estimated at the time of the 2016 Bring Down Letter.

On a system level, estimated traffic and toll revenue tracked favorably compared to forecasts. Systemwide, actual passenger car transactions surpassed estimates by 1.2 percent, and passenger-car toll revenue exceeded estimates by 2.0 percent. Commercial vehicle transactions exceeded estimates by 1.1 percent, and actual commercial vehicle toll revenue was 0.3 percent greater than estimates. When all vehicles are considered, actual transactions were higher than estimates by 1.2 percent and toll revenue exceeded estimates by 1.3 percent.

The same information is provided in Table 13 for each of the Turnpike toll facilities. Actual versus estimated traffic and toll revenue for the Ticket System tracks slightly higher than that of the total System. Actual traffic and toll revenue for ticket system would have been even higher absence of negative impact of the DRB closure in January through March 2017.

All barrier facilities underperformed when compared to the 2016 CDM Smith Bring Down Letter forecasts. Barrier System toll revenue was lower than CDM Smith estimates by between 3.2 percent (Turnpike I-576) and 6.4 percent (Turnpike 43) for both passenger car and commercial revenue combined.

Despite actual tolled transaction and toll revenue values underperforming forecasted levels for all Barrier facilities, the total System remained positive overall. This occurs because the vast majority of traffic and revenue is generated by the Ticket System. The recent trends for all facilities was taken into account when adjusting the short term forecasts for this Bring Down Letter.

Table 13
Comparison of Estimated and Actual Traffic Volumes and Toll Revenue
From February 2016 through March 2017 (1)
Pennsylvania Turnpike System

	Total Traffic (in Thousands)			Total Toll Revenue (in Thousands)		
Facility	Estimated (2)	Actual (3)	Actual as Percent of Estimated	Estimated (2)	Actual (3,4)	Actual as Percent of Estimated
			Passenger Cars			
Ticket and Gateway Barrier		155,603			$ 643,508	
Delaware River Bridge		6,965			32,351	
Subtotal	**158,651**	**162,568**	**2.5**	**659,530**	**675,859**	**2.5**
Turnpike 43	15,185	14,524	(4.4)	21,418	20,473	(4.4)
Turnpike 66	7,835	7,571	(3.4)	12,249	11,775	(3.9)
Northeast Extension (Barrier)	5,620	5,208	(7.3)	5,253	4,844	(7.8)
Turnpike I-376	7,491	7,246	(3.3)	9,923	9,640	(2.8)
Turnpike I-576	2,056	2,027	(1.4)	1,430	1,409	(1.5)
Total System	**196,838**	**199,144**	**1.2**	**$ 709,802**	**$ 724,000**	**2.0**
			Commercial Vehicles			
Ticket and Gateway Barrier		25,630			$ 507,835	
Delaware River Bridge		1,185			20,986	
Subtotal	**26,015**	**26,816**	**3.1**	**525,335**	**528,821**	**0.7**
Turnpike 43	1,356	1,134	(16.4)	5,351	4,587	(14.3)
Turnpike 66	1,252	1,167	(6.8)	5,650	5,124	(9.3)
Northeast Extension (Barrier)	1,288	1,265	(1.8)	6,079	6,013	(1.1)
Turnpike I-376	1,441	1,351	(6.2)	4,914	4,539	(7.6)
Turnpike I-576	286	260	(9.2)	624	580	(7.1)
Total System	**31,638**	**31,992**	**1.1**	**$ 547,953**	**$ 549,664**	**0.3**
			Total Vehicles			
Ticket and Gateway Barrier		181,233			$ 1,151,343	
Delaware River Bridge		8,150			53,337	
Subtotal	**184,665**	**189,383**	**2.6**	**1,184,865**	**1,204,680**	**1.7**
Turnpike 43	16,541	15,658	(5.3)	26,769	25,059	(6.4)
Turnpike 66	9,087	8,738	(3.8)	17,899	16,899	(5.6)
Northeast Extension (Barrier)	6,908	6,473	(6.3)	11,332	10,857	(4.2)
Turnpike I-376	8,932	8,597	(3.8)	14,837	14,180	(4.4)
Turnpike I-576	2,342	2,287	(2.4)	2,054	1,989	(3.2)
Total System	**228,476**	**231,136**	**1.2**	**$ 1,257,755**	**$ 1,273,664**	**1.3**

(1) These 14 months correspond to the period for which actual data exists, but was estimated at the time of CDM Smith's March 2016 Bring Down Letter.
(2) Estimates for Ticket System include Delaware River Bridge traffic and revenue.
(3) Actuals reflect Delaware River Bridge closure due to structural integrity concerns from January 20, 2017 to March 9, 2017.
(4) Actual tolled revenue assumes a 50% leakage rate for video transactions for Delaware River Bridge.

Estimated Traffic and Gross Toll Revenue

Updated traffic and gross toll revenue impacts were developed through FY 2044-45 incorporating the following changes into the forecast. All these changes were described in previous sections.

- Actual traffic and revenue experience through March 2017;
- Slightly adjusted short term (through 2019) growth forecasts based on recent the experience of actual traffic and revenue compared to assumptions in the 2016 Bring Down Letter and continued low motor fuel prices ;
- Higher E-ZPass penetration rates;
- Delaware River Bridge facility is treated as a standalone barrier facility. It was reported as a part of Ticket System in the 2016 Bring Down Letter; and
- No toll increases assumed at Delaware River Bridge location for 2017 and 2018.

Other assumptions remain unchanged from the 2016 Bring Down Letter including:

- Long range normal growth rates from 2020 through the end of the forecast period;
- Annual Systemwide toll rate increases;
- Structure of the commercial vehicle discount program; and
- Long range economic indicators.

Table 14 shows the total traffic and toll revenue for the Ticket System only. Data for FY 2015-16 reflects a full year of actual experience and FY 2016-17 includes ten months of actual experience (through March 2017). Total toll transactions increase from 158.5 million to 222.0 million over the forecast period, an average annual increase of 1.2 percent. Gross toll revenue increases from $954.9 million to $3.9 billion by FY 2044-45. This amounts to an average annual increase of 5.0 percent, reflecting the impact of normal growth plus the annual rate adjustments.

The same information is shown for the Barrier Systems in Table 15. Total annual toll transactions are estimated to grow from 40.4 million to 65.6 million over the forecast period, an average rate of 1.7 percent. Barrier System total revenue is estimated to increase from $79.2 million to $451.6 million over the forecast period, an annual rate of 6.2 percent. It should be noted that the addition of the DRB traffic and toll revenue to the Barrier System subtotals, beginning in January 2016, adds slightly to the growth rates shown (and slightly reduces traffic and revenue on the Ticket System).

Table 16 identifies total combined transactions and gross toll revenue and also factors in estimated toll discounts and adjustments. The vast majority of the discounts and adjustments result from commercial account toll adjustments due to the Turnpike's volume discount program. The volume discount program allows for a 3.0 percent discount to be provided to accounts that accrue $20,000 or more in monthly tolls. Discounts and adjustments shown in Table 16 assume no further changes to the post-paid commercial volume discount program during the forecast period. The result is that the current forecasts have a negative adjustment applied for FY 2016-17 and beyond that equals approximately 0.8 percent of the commercial vehicle gross toll revenue.

As shown in Table 16, total toll transactions are expected to increase from nearly 198.9 million to 287.5 million over the forecast period. This amounts to an average annual growth rate of 1.3 percent. Total adjusted gross toll revenue is estimated to grow from approximately $1.0 billion in FY 2015-16 to $4.3 billion by FY 2044-45. This reflects an average annual growth rate in gross toll revenue of 5.1 percent. Again, this includes the impact of normal growth plus annual toll rate adjustments.

Table 17 provides a comparison of the current traffic and adjusted gross toll revenue forecast with the forecast developed as part of the 2016 Bring Down Letter. As shown, the current toll transaction forecasts are slightly higher than the previous forecasts, while current toll revenue forecasts are just slightly below those for the previous forecast beginning FY 2018-19. Current toll transactions are slightly higher than previous forecasts largely due to actual experience since the last forecast. As shown in Table 13, actual toll transaction experience exceeded CDM Smith estimates by just over 1.0 percent. That, and the fact that we reduced Barrier System growth rates, accounts for the relationship between current and previous transaction forecasts.

Current toll revenue forecasts are just slightly lower than those estimated as part of the 2016 Bring Down Letter. This occurs for two reasons. First, in the 2016 Bring Down Letter it was assumed that there would be a toll increase on DRB in 2017 and 2018. In fact, DRB toll rates will remain unchanged from 2016 levels until 2019. Secondly, the previously discussed increased assumptions in future E-ZPass market share for the current analysis also contribute to slightly lower future revenue. This is due to the toll discount afforded to E-ZPass transactions.

Table 14
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 (7)	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Revenue
2015-16 (2,4,6)	136,294	22,172	158,466	$537,063	$417,839	$954,901
2016-17 (3,5,8)	135,383	22,259	157,643	570,746	444,025	1,014,771
2017-18	139,088	23,074	162,162	608,614	481,836	1,090,451
2018-19 (9)	142,983	23,839	166,822	648,957	518,944	1,167,901
2019-20	144,699	24,256	168,955	688,933	556,658	1,245,592
2020-21	146,435	24,681	171,116	730,943	595,550	1,326,493
2021-22	148,192	25,108	173,300	773,362	634,481	1,407,843
2022-23	149,971	25,535	175,505	818,522	676,400	1,494,922
2023-24	151,770	25,969	177,739	866,825	721,544	1,588,369
2024-25	153,592	26,405	179,997	917,931	769,912	1,687,843
2025-26	155,435	26,841	182,275	968,440	818,321	1,786,761
2026-27	157,300	27,284	184,584	1,013,804	863,364	1,877,168
2027-28	159,188	27,728	186,916	1,056,133	906,319	1,962,452
2028-29	161,098	28,172	189,270	1,096,875	948,445	2,045,320
2029-30	162,968	28,623	191,590	1,138,697	992,529	2,131,226
2030-31	164,696	29,075	193,771	1,181,391	1,038,450	2,219,841
2031-32	166,343	29,526	195,868	1,225,728	1,086,182	2,311,910
2032-33	168,006	29,983	197,990	1,271,678	1,136,109	2,407,787
2033-34	169,686	30,448	200,134	1,319,305	1,188,330	2,507,635
2034-35	171,383	30,914	202,297	1,369,241	1,242,698	2,611,939
2035-36	173,097	31,378	204,475	1,421,275	1,299,179	2,720,454
2036-37	174,692	31,848	206,540	1,474,863	1,358,226	2,833,089
2037-38	176,089	32,326	208,415	1,528,875	1,419,958	2,948,833
2038-39	177,498	32,811	210,309	1,585,285	1,484,495	3,069,780
2039-40	178,918	33,296	212,214	1,644,284	1,551,649	3,195,933
2040-41	180,349	33,779	214,129	1,705,921	1,621,372	3,327,294
2041-42	181,792	34,269	216,061	1,770,724	1,694,229	3,464,952
2042-43	183,246	34,766	218,012	1,838,345	1,770,359	3,608,704
2043-44	184,712	35,270	219,982	1,908,565	1,849,910	3,758,475
2044-45	186,190	35,781	221,972	1,981,458	1,933,036	3,914,494

(1) Includes the transactions and toll revenue from the Gateway Plaza.
(2) Reflects actual traffic and revenue experience.
(3) Reflects actual experience through March 2017.
(4) Cash and E-ZPass tolls increased by 6% on January 3, 2016, except for Turnpike I-576.
(5) Cash and E-ZPass tolls increased by 6% on January 8, 2017, except for Turnpike I-576 and Delaware River Bridge.
(6) Reflects removal of Delaware River Bridge from the Ticket System beginning January 3, 2016.
(7) Annual toll rate increases are assumed to be implemented on the first Sunday after January 1st of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.0% to 6.0%, depending upon the year. The rates for each year are listed in Table 10.
(8) The Delaware River Bridge was closed due to structural integrity concerns from January 20, 2017 to March 9, 2017.
(9) Includes impacts for I-95 Interchange Stage 1.

Table 15
Barrier System: Estimated Annual Transactions and Gross Toll Revenue
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

	Annual Transactions			Annual Gross Toll Revenue (1)		
Fiscal Year (7)	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Revenue
2015-16 (2,4,6)	35,271	5,147	40,418	$53,166	$26,063	$79,230
2016-17 (3,5,8)	37,675	5,497	43,171	69,988	36,090	106,078
2017-18	38,678	5,705	44,383	77,044	40,306	117,351
2018-19	38,929	5,780	44,709	81,157	42,689	123,847
2019-20	39,413	5,891	45,304	86,841	46,070	132,911
2020-21	40,051	6,028	46,079	92,817	49,619	142,436
2021-22	40,697	6,164	46,861	98,623	53,118	151,740
2022-23	41,343	6,302	47,645	104,998	56,927	161,926
2023-24	41,995	6,441	48,436	111,894	61,044	172,938
2024-25	42,652	6,582	49,235	118,892	65,297	184,189
2025-26	43,310	6,724	50,034	125,879	69,558	195,437
2026-27	43,970	6,866	50,836	132,315	73,531	205,846
2027-28	44,635	7,009	51,644	138,639	77,441	216,080
2028-29	45,306	7,155	52,461	144,944	81,365	226,308
2029-30	45,976	7,302	53,278	151,146	85,335	236,481
2030-31	46,633	7,450	54,084	157,509	89,485	246,993
2031-32	47,282	7,599	54,881	164,078	93,811	257,889
2032-33	47,937	7,749	55,686	171,126	98,414	269,540
2033-34	48,595	7,901	56,496	178,543	103,285	281,829
2034-35	49,261	8,055	57,316	185,975	108,239	294,215
2035-36	49,927	8,208	58,135	193,717	113,392	307,109
2036-37	50,574	8,362	58,936	201,699	118,768	320,467
2037-38	51,217	8,517	59,735	210,169	124,491	334,660
2038-39	51,865	8,676	60,541	219,104	130,545	349,650
2039-40	52,515	8,834	61,350	228,038	136,685	364,723
2040-41	53,175	8,992	62,167	237,356	143,061	380,417
2041-42	53,844	9,152	62,995	247,083	149,739	396,822
2042-43	54,522	9,315	63,837	257,493	156,849	414,342
2043-44	55,209	9,481	64,690	268,502	164,369	432,871
2044-45	55,906	9,651	65,557	279,557	172,041	451,598

(1) Toll revenue for Delaware River Bridge assumes a 50% leakage rate for video transactions.
(2) Reflects actual traffic and revenue experience.
(3) Reflects actual experience through March 2017.
(4) Cash and E-ZPass tolls increased by 6% on January 3, 2016, except for Turnpike I-576.
(5) Cash and E-ZPass tolls increased by 6% on January 8, 2017, except for Turnpike I-576 and Delaware River Bridge.
(6) Reflects addition of Delaware River Bridge to the Barrier System beginning January 3, 2016.
(7) Annual toll rate increases are assumed to be implemented on the first Sunday after January 1st of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.0% to 6.0%, depending upon the year. The rates for each year are listed in Table 10.
(8) The Delaware River Bridge was closed due to structural integrity concerns from January 20, 2017 to March 9, 2017.

Table 16
Total System: Estimated Annual Transactions and Gross Toll Revenue
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

Fiscal Year (6)		Annual Transactions: Passenger Cars	Annual Transactions: Commercial Vehicles	Annual Transactions: Total Vehicles	Annual Gross Toll Revenue (1): Passenger Cars	Annual Gross Toll Revenue (1): Commercial Vehicles	Annual Gross Toll Revenue (1): Total Revenue	Discounts and Adjustments (9)	Adjusted Annual Gross Revenue
2015-16	(2,4)	171,565	27,319	198,884	$590,229	$443,902	$1,034,131	(1,504)	$1,032,627
2016-17	(3,5,7)	173,058	27,756	200,814	640,734	480,115	1,120,848	(3,841)	1,117,007
2017-18		177,766	28,779	206,545	685,658	522,143	1,207,801	(4,177)	1,203,624
2018-19	(8)	181,912	29,619	211,531	730,114	561,633	1,291,747	(4,493)	1,287,254
2019-20		184,112	30,147	214,259	775,774	602,728	1,378,502	(4,822)	1,373,680
2020-21		186,487	30,709	217,195	823,760	645,169	1,468,929	(5,161)	1,463,768
2021-22		188,889	31,272	220,162	871,985	687,599	1,559,583	(5,501)	1,554,082
2022-23		191,314	31,837	223,150	923,520	733,328	1,656,847	(5,867)	1,650,980
2023-24		193,765	32,410	226,175	978,719	782,588	1,761,307	(6,261)	1,755,046
2024-25		196,244	32,987	229,231	1,036,823	835,209	1,872,032	(6,682)	1,865,350
2025-26		198,745	33,564	232,309	1,094,320	887,879	1,982,199	(7,103)	1,975,096
2026-27		201,270	34,149	235,419	1,146,119	936,895	2,083,014	(7,495)	2,075,519
2027-28		203,822	34,738	238,560	1,194,772	983,760	2,178,532	(7,870)	2,170,662
2028-29		206,404	35,327	241,731	1,241,819	1,029,810	2,271,629	(8,238)	2,263,391
2029-30		208,943	35,924	244,868	1,289,843	1,077,864	2,367,707	(8,623)	2,359,084
2030-31		211,329	36,525	247,854	1,338,900	1,127,935	2,466,834	(9,023)	2,457,811
2031-32		213,625	37,125	250,750	1,389,806	1,179,993	2,569,799	(9,440)	2,560,359
2032-33		215,943	37,732	253,676	1,442,804	1,234,523	2,677,327	(9,876)	2,667,451
2033-34		218,281	38,349	256,630	1,497,849	1,291,615	2,789,464	(10,333)	2,779,131
2034-35		220,645	38,969	259,613	1,555,216	1,350,938	2,906,154	(10,808)	2,895,346
2035-36		223,024	39,586	262,609	1,614,992	1,412,571	3,027,563	(11,301)	3,016,262
2036-37		225,266	40,210	265,476	1,676,562	1,476,994	3,153,556	(11,816)	3,141,740
2037-38		227,307	40,843	268,150	1,739,044	1,544,449	3,283,493	(12,356)	3,271,137
2038-39		229,363	41,487	270,850	1,804,389	1,615,040	3,419,429	(12,920)	3,406,509
2039-40		231,433	42,131	273,564	1,872,322	1,688,334	3,560,655	(13,507)	3,547,148
2040-41		233,524	42,771	276,295	1,943,277	1,764,434	3,707,711	(14,115)	3,693,596
2041-42		235,636	43,421	279,057	2,017,807	1,843,968	3,861,775	(14,752)	3,847,023
2042-43		237,768	44,081	281,849	2,095,839	1,927,207	4,023,046	(15,418)	4,007,628
2043-44		239,921	44,751	284,673	2,177,068	2,014,278	4,191,346	(16,114)	4,175,232
2044-45		242,096	45,432	287,528	2,261,015	2,105,077	4,366,092	(16,841)	4,349,251

(1) Toll revenue for Delaware River Bridge assumes a 50% leakage rate for video transactions.
(2) Reflects actual traffic and revenue experience.
(3) Reflects actual experience through March 2017.
(4) Cash and E-ZPass tolls increased by 6% on January 3, 2016, except for Turnpike I-576.
(5) Cash and E-ZPass tolls increased by 6% on January 8, 2017, except for Turnpike I-576 and Delaware River Bridge.
(6) Annual toll rate increases are assumed to be implemented on the first Sunday after January 1st of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.0% to 6.0%, depending upon the year. The rates for each year are listed in Table 10.
(7) The Delaware River Bridge was closed due to structural integrity concerns from January 20, 2017 to March 9, 2017.
(8) Includes impacts for I-95 Interchange Stage 1.
(9) No changes are assumed in the commercial volume discount program over the forecast period. The current program results in a 0.8% reduction in commercial vehicle gross toll revenue and is assumed to remain at this level throughout the forecast period.

Table 17
Comparison of New Traffic and Revenue
Estimates with those from the 2016 Bring Down Letter
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

		Total Annual Transactions			Total Annual Adjusted Gross Toll Revenue		
Fiscal Year		Current Estimates	2016 Bring Down Letter	Percent Difference	Current Estimates	2016 Bring Down Letter	Percent Difference
2015-16		198,884	197,128	0.9	$1,032,627	$1,022,289	1.0
2016-17	(1,2)	200,814	199,656	0.6	1,117,007	1,112,611	0.4
2017-18	(2)	206,545	204,228	1.1	1,203,624	1,195,848	0.7
2018-19		211,531	209,665	0.9	1,287,254	1,287,891	(0.0)
2019-20		214,259	212,569	0.8	1,373,680	1,380,972	(0.5)
2020-21		217,195	215,502	0.8	1,463,768	1,475,606	(0.8)
2021-22		220,162	218,465	0.8	1,554,082	1,567,634	(0.9)
2022-23		223,150	221,450	0.8	1,650,980	1,665,475	(0.9)
2023-24		226,175	224,471	0.8	1,755,046	1,769,559	(0.8)
2024-25		229,231	227,523	0.8	1,865,350	1,879,504	(0.8)
2025-26		232,309	230,597	0.7	1,975,096	1,988,758	(0.7)
2026-27		235,419	233,701	0.7	2,075,519	2,088,604	(0.6)
2027-28		238,560	236,836	0.7	2,170,662	2,183,472	(0.6)
2028-29		241,731	240,000	0.7	2,263,391	2,276,275	(0.6)
2029-30		244,868	243,133	0.7	2,359,084	2,372,314	(0.6)
2030-31		247,854	246,119	0.7	2,457,811	2,471,927	(0.6)
2031-32		250,750	249,015	0.7	2,560,359	2,575,585	(0.6)
2032-33		253,676	251,941	0.7	2,667,451	2,683,889	(0.6)
2033-34		256,630	254,895	0.7	2,779,131	2,796,877	(0.6)
2034-35		259,613	257,878	0.7	2,895,346	2,913,858	(0.6)
2035-36		262,609	260,874	0.7	3,016,262	3,035,302	(0.6)
2036-37		265,476	263,742	0.7	3,141,740	3,160,567	(0.6)
2037-38		268,150	266,423	0.6	3,271,137	3,289,377	(0.6)
2038-39		270,850	269,130	0.6	3,406,509	3,423,635	(0.5)
2039-40		273,564	271,852	0.6	3,547,148	3,562,414	(0.4)
2040-41		276,295	274,590	0.6	3,693,596	3,707,223	(0.4)
2041-42		279,057	277,359	0.6	3,847,023	3,859,278	(0.3)
2042-43		281,849	280,160	0.6	4,007,628	4,018,021	(0.3)
2043-44		284,673	282,993	0.6	4,175,232	4,183,578	(0.2)
2044-45		287,528			4,349,251		

(1) The Delaware River Bridge was closed due to structural integrity concerns from January 20, 2017 to March 9, 2017.
(2) Toll rates at the Delaware River Bridge are not increased in 2017 and expected to stay at the current rate in 2018.

Disclaimer

Current accepted professional practices and procedures were used in the development of these 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 the forecasters. In formulating its forecasts, CDM Smith has reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the Pennsylvania Turnpike Commission. 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.

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 underling 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 estimates and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple federal, state and local agencies, including the Pennsylvania Turnpike Commission, and some independent parties. 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 estimates or projections expressed in this report, such that CDM Smith does not specifically guarantee or warrant any estimate 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.

Sincerely,

Robert W. Pintar Jr.

Gary Quinlin

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March 4, 2016

Mr. Nikolaus Grieshaber
Chief Financial Officer
Pennsylvania Turnpike Commission
700 South Eisenhower Boulevard
Middletown, PA 17057

Subject: Pennsylvania Turnpike Commission 2016 Traffic and Toll Revenue Bring Down Letter

Dear Mr. Grieshaber:

The Pennsylvania Turnpike Commission (PTC or Commission) has asked CDM Smith to prepare this Bring Down Letter (2016 Bring Down Letter) to be used in support of the Commission's ongoing capital improvement program and other funding requirements. This letter provides an update to the *2015 Traffic and Toll Revenue Forecast Study* (2015 Forecast Study), dated March 17, 2015. The 2015 Forecast Study was a comprehensive investment grade study which presented traffic and gross toll revenue forecasts from fiscal year (FY) 2014-15 through FY 2043-44, or 30 years. A fiscal year runs from June 1 through May 31. Actual traffic and revenue data were available through January 2015 for the 2015 Forecast Study and through January 2016 for the current 2016 Bring Down Letter.

This 2016 Bring Down Letter presents actual traffic and toll revenue data through January 2016 (the most recent month of actual experience), compares the forecasts between the 2016 Bring Down Letter and the 2015 Forecast Study, and provides updated traffic and revenue forecasts through FY 2043-44. The updated forecasts reflect the following changes from the 2015 Forecast Study.

- E-ZPass market share assumptions were increased slightly to reflect the fact that actual E-ZPass market share over the last 12 months has moderately exceeded assumptions in the 2015 Forecast Study.
- Actual traffic and toll revenue data for an additional 12 months (through January 2016).
- Normal traffic growth assumptions were adjusted upward slightly to account for more robust traffic growth than that assumed in the 2015 Forecast Study.

These differences are described in more detail in the following sections.

It is important to note that the intent of this Bring Down Letter is to review and revise, if warranted, the short term forecasts originally developed as part of the 2015 Forecast Study. Any adjustments would be made based on the 12 months of new actual traffic and toll revenue experience since the 2015 Forecast Study. Since this Bring Down Letter does not include a reevaluation of the longer term economic growth forecasts, critical attention was placed on a review of near term growth through 2018 only. Growth rates beyond 2018 remain unchanged from those in the 2015 Forecast Study.

For detailed review of the longer term growth assumptions, the 2015 Forecast Study provides information on the socioeconomic trends and forecasts for the state, region and country that formed the basis for the original traffic and toll revenue forecasts. Additional information regarding the Pennsylvania Turnpike (Turnpike), such as historical toll rate increases, sample toll rates, E-ZPass market share, and more, are also provided in the 2015 Forecast Study.

Historical Toll Rate Increases and Current Toll Rates

Table 1 provides a historical summary of toll rate increases on the Turnpike System from 2004 to the most recent increase implemented on January 3, 2016. Rate increases are presented as a percent increase over the previous toll rate for cash and E-ZPass. The four most recent rate increases ranged from 2.0 percent to 12.0 percent and were implemented annually. Since 2009 the PTC has implemented annual system-wide toll increases, although a section of Turnpike 43 was exempted from the rate increase in 2009, and Turnpike 576 was exempted from 2009 through 2012, and 2014 through 2016.

The first toll increase that created a differential between cash and E-ZPass toll rates was implemented on January 2, 2011, when E-ZPass tolls were increased by 3.0 percent and cash tolls were increased by 10.0 percent. Starting in 2015, cash and E-ZPass toll rates have grown at the same rate as one another. Equal toll rate increases by payment type will be applied every year into the future, though the quantity of the toll rate increase will vary somewhat each year. This will be discussed in more detail later in this report.

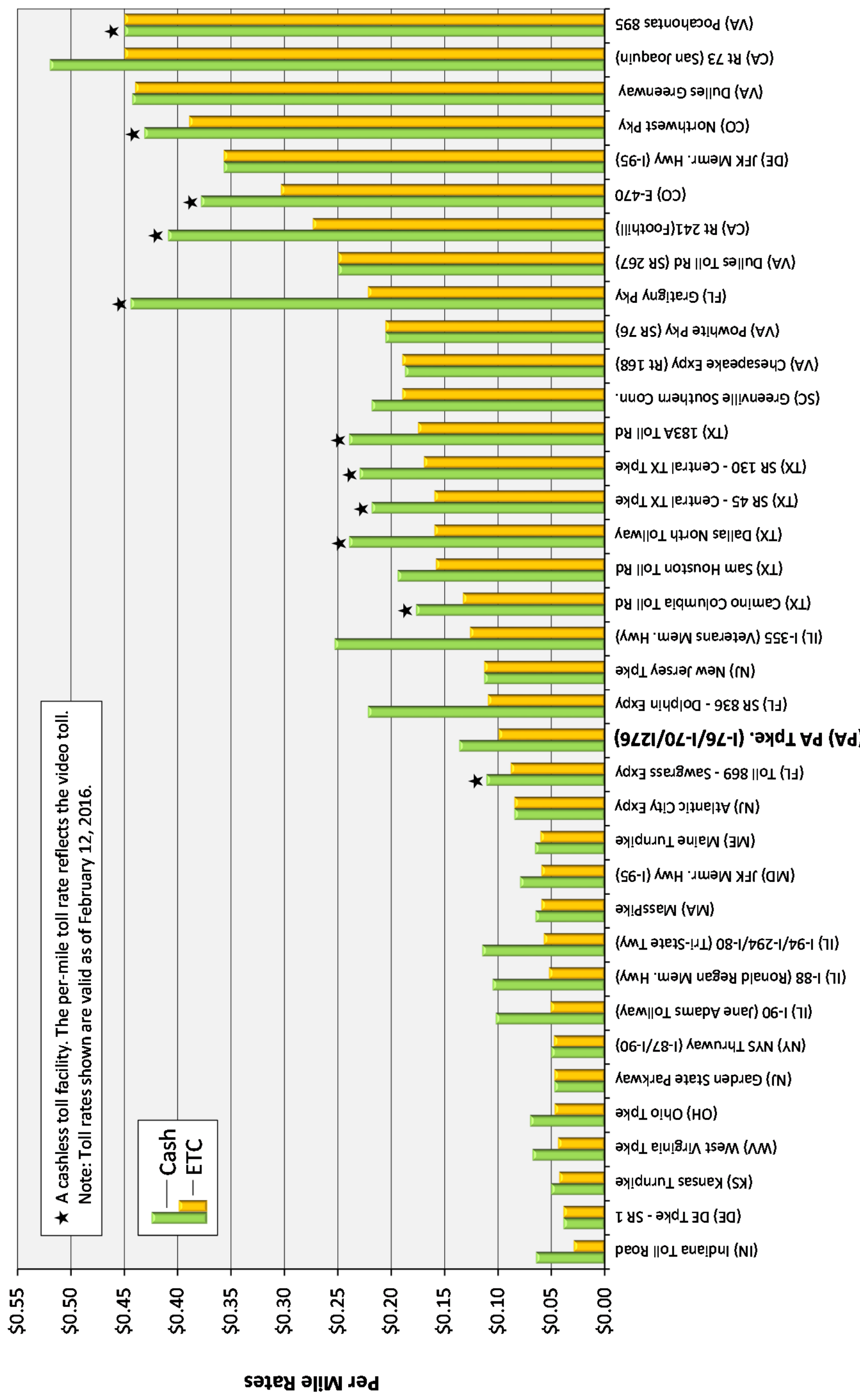
Table 1
Historical Toll Rate Increases
Pennsylvania Turnpike System

Date	Percent Increase Cash	Percent Increase E-ZPass	Comment
8/1/2004	42.5	42.5	
1/4/2009	25.0	25.0	No toll increase on Turnpike 576 or Turnpike 43 between Uniontown and Brownsville
1/3/2010	3.0	3.0	No toll increase on Turnpike 576
1/2/2011	10.0	3.0	No toll increase on Turnpike 576
1/1/2012	10.0	0.0	No toll increase on Turnpike 576
1/6/2013	10.0	2.0	
1/5/2014	12.0	2.0	No toll increase on Turnpike 576
1/4/2015	5.0	5.0	No toll increase on Turnpike 576
1/3/2016	6.0	6.0	No toll increase on Turnpike 576

Figures 1 and 2 show the 2016 per-mile toll rates for a through trip on 37 U.S. toll facilities, for passenger cars and commercial vehicles, respectively. Per-mile rates are shown for both cash and ETC transactions in each figure. The per-mile toll rate is shown for the Pennsylvania Turnpike Ticket System, which is by far the largest component of the Turnpike System comprising about 81 percent of all transactions and 94 percent of all toll revenue in FY 2014-15. The purpose of these figures is to show that even with the eight consecutive annual toll increases since 2009, the passenger car per-mile toll rates on the Pennsylvania Turnpike System, at 10 cents per mile for E-ZPass customers and 14 cents per mile for cash customers are still very reasonably priced compared to other major toll facilities in the U.S.

Rates for commercial vehicles on the Ticket System amount to 37 cents per mile for E-ZPass and 52 cents per mile for cash transactions. It should be remembered that the vast majority of both passenger car and commercial vehicle trips are made using the more cost effective E-ZPass payment method.

Figure 1
COMPARISON OF 2016 PASSENGER CAR PER-MILE THROUGH TRIP TOLL RATES
(DATA SORTED BY ETC TOLL RATES)



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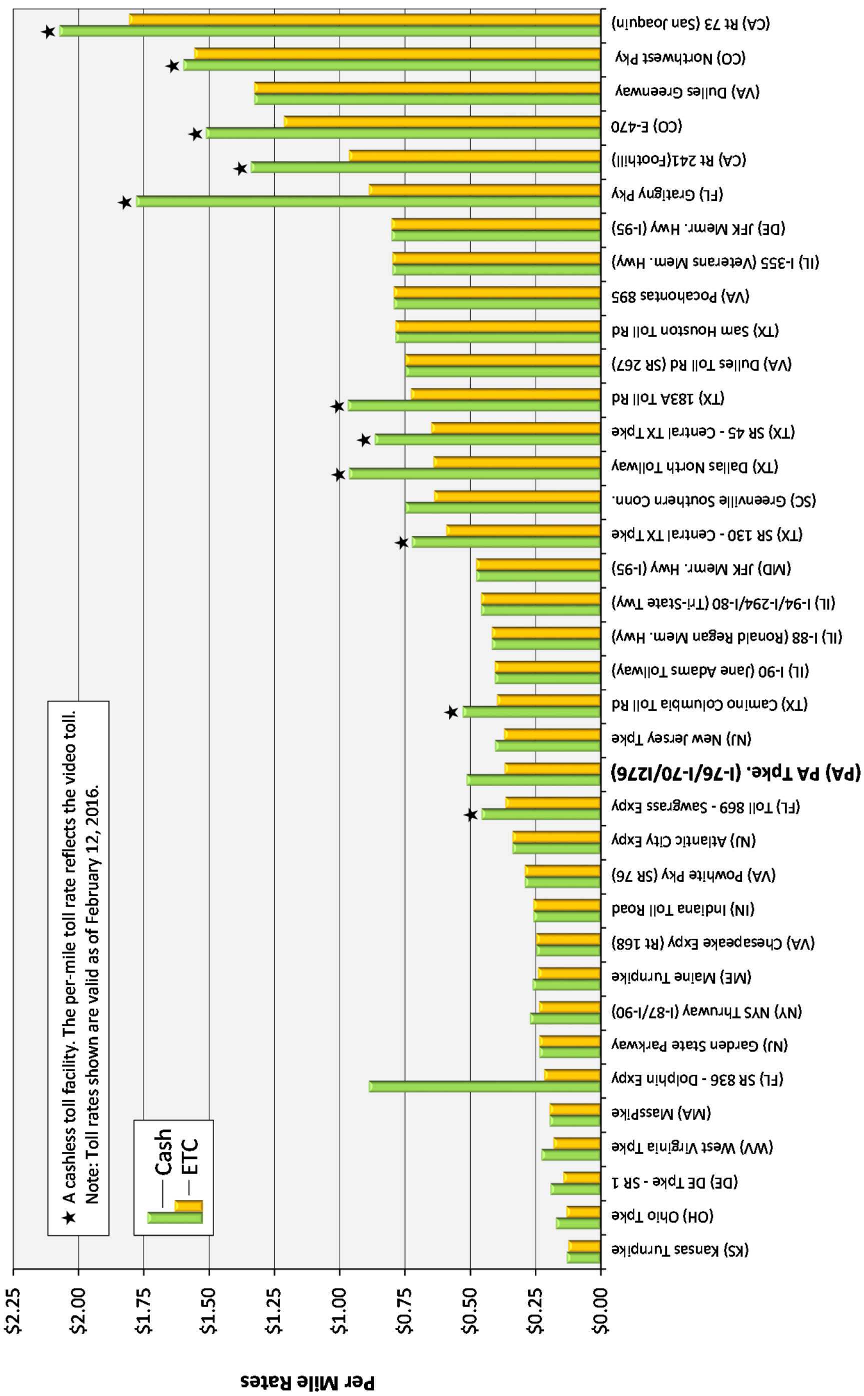

Figure 2
COMPARISON OF 2016 COMMERCIAL VEHICLE PER-MILE THROUGH TRIP TOLL RATES
(DATA SORTED BY ETC TOLL RATES)

Annual Transaction and Gross Toll Revenue Trends

Table 2 provides a summary of annual Systemwide transactions and adjusted gross toll revenue trends from FY 1994-95 through FY 2014-15. Note that the adjusted toll revenue includes adjustments and discounts attributable to the commercial volume discount program. Prior to the implementation of discounted E-ZPass toll rates, a post-paid, volume discount program was

Table 2
Annual Systemwide Traffic and Adjusted Gross Toll Revenue Trends
Pennsylvania Turnpike System
(in thousands)

	Transactions						Adjusted Toll Revenue (9)					
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
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	327,761	1.5	271,165	0.5	598,926	1.1
2008-09 (2)	162,638	(0.9)	23,583	(7.4)	186,220	(1.8)	356,345	8.7	259,259	(4.4)	615,605	2.8
2009-10 (3)	163,599	0.6	22,933	(2.8)	186,531	0.2	415,981	16.7	302,057	16.5	718,038	16.6
2010-11 (4)	165,230	1.0	23,812	3.8	189,042	1.3	435,752	4.8	328,105	8.6	763,856	6.4
2011-12 (5)	164,960	(0.2)	24,127	1.3	189,087	0.0	455,133	4.4	342,646	4.4	797,779	4.4
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
2014-15 (8)	166,190	1.5	26,144	5.0	192,334	1.9	533,054	7.1	401,197	8.9	934,252	7.9

Average Annual Percent Change

	Transactions			Adjusted Gross Toll Revenue (9)		
Fiscal Year	Cars	Trucks	Total	Cars	Trucks	Total
FY 1994-95 - FY 2004-05	3.0	4.0	3.2	5.3	5.0	5.2
FY 2004-05 - FY 2014-15	0.1	0.3	0.2	4.6	4.5	4.6
FY 1994-95 - FY 2014-15	3.2	4.4	3.3	10.2	9.7	10.0

(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 i
(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) A toll increase of 5% was implemented on January 4, 2015, except for Turnpike 576 where toll rates remained unchanged.
(9) The toll revenue includes the adjustments associated with the Commercial Vehicle Volume Discount Program.

established for high-volume commercial E-ZPass accounts. With the advent of an automatically applied toll discount to E-ZPass accounts, the commercial volume discount program has been modified over the last several years. Effective January 5, 2014 the volume discount program was amended so that a 3.0 percent discount is provided to accounts that accrue $20,000 or more in monthly tolls.

The Pennsylvania Turnpike System is a large, mature system that has demonstrated long-term growth in transactions and toll revenue. Table 2 presents historical traffic and toll revenue growth over the past 20 years, from FY 1994-95 through FY 2014-15. Between FY 1994-95 and FY 2004-05, Turnpike transactions and adjusted toll revenue grew by an average annual rate of 3.8 percent and 6.2 percent, respectively. Similarly, in the 10 years from FY 2004-05 to FY 2014-15, Turnpike transactions and adjusted gross toll revenue grew by average annual rates of 0.2 percent and 5.5 percent, respectively. The effect of the great recession can be observed in this trend table, most notably in FY 2008-2009. Although annual transaction growth since the recession has been slow, revenue gains have been consistent and significant due to annual toll rate increases.

Monthly Transactions and Gross Toll revenue Trends

Tables 3 through 9 present recent monthly transaction and revenue trends from FY 2012-13 through January 2016 for all PTC toll facilities. The facilities are summarized in the following order:

- The Total Turnpike System (comprised of all the facilities listed below);
- The Ticket System – comprised of I-76/I-276 and I-476;
- Turnpike 43 (Mon/Fayette Expressway);
- Turnpike 66 (Amos K. Hutchinson Bypass);
- Northeast Extension (I-476) Barrier Plazas;
- Turnpike I-376 (Beaver Valley Expressway) and;
- Turnpike I-576 (Southern Beltway – Findlay Connector).

Table 3

Total Turnpike System - Monthly Transaction and Revenue Trends

Transactions Inlcude Only Toll Transactions - Non-Revenue Transactions Are Not Included

Toll Transactions (in 1,000s)

Month	Passenger Cars 2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	14,418	(0.7)	14,311	1.6	14,535	2.1	14,848
July	14,726	1.2	14,906	1.6	15,138	3.3	15,642
August	15,300	0.9	15,433	(0.1)	15,425	1.0	15,583
September	13,625	2.0	13,891	0.6	13,974	1.8	14,219
October	13,886	5.6	14,670	1.4	14,876	1.3	15,066
November	13,508	(0.6)	13,420	(0.5)	13,358	4.5	13,964
December	12,975	0.6	13,058	3.3	13,491	3.5	13,959
January	12,236	(4.4)	11,703	1.7	11,905	2.3	12,177
February	11,417	(5.9)	10,738	4.8	11,249		
March	13,334	(1.1)	13,188	0.2	13,211		
April	13,585	1.4	13,778	2.4	14,109		
May	14,679	0.1	14,690	1.6	14,919		
Total Year	163,690	0.1	163,788	1.5	166,190		
Jun - Jan	110,673	0.7	111,393	1.2	112,702	2.4	115,457

Month	Commercial Vehicles 2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	2,122	(0.5)	2,112	7.1	2,261	6.0	2,397
July	2,085	6.2	2,215	6.1	2,351	3.3	2,429
August	2,232	1.4	2,264	1.6	2,301	3.8	2,390
September	1,958	7.3	2,101	8.3	2,275	3.9	2,364
October	2,115	8.1	2,287	5.5	2,412	1.6	2,449
November	2,008	(2.4)	1,960	2.6	2,011	5.7	2,125
December	1,774	5.1	1,864	9.8	2,046	3.4	2,116
January	1,892	(0.9)	1,875	3.2	1,935	0.1	1,938
February	1,728	0.6	1,740	4.8	1,822		
March	1,915	5.6	2,021	6.0	2,142		
April	2,111	2.6	2,167	4.4	2,262		
May	2,267	0.7	2,283	1.8	2,325		
Total Year	24,207	2.8	24,891	5.0	26,144		
Jun - Jan	16,186	3.0	16,679	5.5	17,593	3.5	18,208

Month	Total Vehicles 2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	16,539	(0.7)	16,423	2.3	16,797	2.7	17,245
July	16,811	1.8	17,121	2.1	17,489	3.3	18,071
August	17,532	0.9	17,698	0.2	17,726	1.4	17,973
September	15,583	2.6	15,993	1.6	16,249	2.1	16,583
October	16,001	6.0	16,957	2.0	17,288	1.3	17,516
November	15,516	(0.9)	15,380	(0.1)	15,368	4.7	16,088
December	14,749	1.2	14,922	4.1	15,537	3.5	16,075
January	14,128	(3.9)	13,578	1.9	13,840	2.0	14,114
February	13,146	(5.1)	12,478	4.8	13,072		
March	15,249	(0.3)	15,210	0.9	15,353		
April	15,697	1.6	15,946	2.7	16,371		
May	16,946	0.2	16,974	1.6	17,244		
Total Year	187,897	0.4	188,679	1.9	192,334		
Jun - Jan	126,859	1.0	128,072	1.7	130,295	2.6	133,665

Toll Revenue (in $1,000s)

Month	Passenger Cars 2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$42,563	5.5	$44,913	6.3	$47,759	6.8	$50,991
July	44,813	7.6	48,219	6.9	51,527	9.9	56,625
August	46,109	7.9	49,761	6.6	53,065	5.7	56,072
September	38,737	5.9	41,023	4.9	43,042	10.2	47,419
October	38,571	9.9	42,409	7.8	45,711	7.9	49,331
November	38,446	3.4	39,752	7.0	42,534	10.5	47,013
December	36,642	7.1	39,259	6.4	41,766	8.8	45,446
January	33,172	0.7	33,403	8.2	36,138	13.3	40,959
February	30,841	(1.9)	30,259	10.0	33,282		
March	38,716	1.8	39,421	4.7	41,277		
April	38,904	8.9	42,363	8.3	45,872		
May	44,000	6.6	46,889	8.9	51,080		
Total Year	$471,514	5.5	$497,671	7.1	$533,054		
Jun - Jan	319,053	6.2	338,738	6.7	361,543	8.9	393,856

Month	Commercial Vehicles 2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$29,797	3.8	$30,938	8.7	$33,638	11.8	$37,614
July	28,953	9.1	31,597	9.3	34,536	9.1	37,680
August	31,222	3.4	32,289	5.3	33,994	8.8	36,983
September	28,222	6.5	30,066	11.4	33,490	8.9	36,472
October	29,595	10.5	32,692	8.6	35,507	6.4	37,786
November	28,976	(1.5)	28,554	5.9	30,250	9.4	33,096
December	26,096	5.7	27,577	13.0	31,154	6.8	33,264
January	28,813	0.4	28,936	9.2	31,609	7.9	34,097
February	26,223	3.6	27,168	9.5	29,753		
March	29,182	8.4	31,644	10.4	34,940		
April	30,610	7.2	32,811	9.5	35,912		
May	32,537	4.9	34,123	6.7	36,413		
Total Year	$350,226	5.2	$368,395	8.9	$401,197		
Jun - Jan	231,674	4.7	242,649	8.9	264,179	8.6	286,992

Month	Total Vehicles 2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$72,360	4.8	$75,851	7.3	$81,397	8.9	$88,606
July	73,767	8.2	79,816	7.8	86,063	9.6	94,305
August	77,330	6.1	82,050	6.1	87,060	6.9	93,054
September	66,959	6.2	71,089	7.7	76,532	9.6	83,891
October	68,166	10.2	75,101	8.1	81,218	7.3	87,117
November	67,422	1.3	68,306	6.6	72,785	10.1	80,109
December	62,738	6.5	66,836	9.1	72,921	7.9	78,709
January	61,985	0.6	62,338	8.7	67,747	10.8	75,056
February	57,064	0.6	57,427	9.8	63,035		
March	67,899	4.7	71,065	7.3	76,218		
April	69,514	8.1	75,174	8.8	81,784		
May	76,536	5.8	81,012	8.0	87,493		
Total Year	$821,740	5.4	$866,066	7.9	$934,252		
Jun - Jan	550,727	5.6	581,387	7.6	625,721	8.8	680,848

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) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(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.
(9) The video component of traffic and revenue at the Delaware River Bridge is not included in the January 2016 values.

Table 4

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)

Passenger Cars

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	11,622	(0.7)	11,540	1.6	11,720	2.3	11,994
July	11,765	1.7	11,959	1.4	12,128	3.7	12,582
August	12,181	1.3	12,343	(0.5)	12,285	1.9	12,524
September	10,800	2.8	11,105	0.2	11,123	2.1	11,361
October	10,998	6.7	11,738	1.2	11,876	1.6	12,063
November	10,832	(0.2)	10,812	(0.5)	10,760	4.8	11,280
December	10,446	0.4	10,484	4.0	10,902	3.7	11,301
January	9,925	(4.5)	9,478	1.5	9,619	3.4	9,942
February	9,189	(6.6)	8,585	6.0	9,101		
March	10,761	(1.0)	10,649	(0.2)	10,627		
April	10,890	1.9	11,096	2.6	11,380		
May	11,756	0.5	11,809	1.4	11,977		
Total Year	131,165	0.3	131,595	1.4	133,498		
Jun - Jan	88,569	1.0	89,457	1.1	90,413	2.9	93,047

Commercial Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	1,754	(0.5)	1,744	6.2	1,852	6.7	1,976
July	1,717	5.7	1,816	5.2	1,910	4.6	1,997
August	1,839	0.7	1,852	0.5	1,862	4.8	1,951
September	1,619	6.2	1,719	6.9	1,838	4.7	1,924
October	1,749	7.1	1,873	4.6	1,960	1.9	1,997
November	1,685	(4.0)	1,617	1.9	1,648	6.1	1,748
December	1,493	3.9	1,552	9.5	1,700	3.7	1,763
January	1,591	(1.9)	1,560	2.9	1,606	1.1	1,624
February	1,448	(0.7)	1,439	5.5	1,518		
March	1,605	3.8	1,666	5.9	1,763		
April	1,752	2.1	1,789	4.2	1,863		
May	1,874	(0.0)	1,874	1.9	1,910		
Total Year	20,125	1.9	20,501	4.5	21,430		
Jun - Jan	13,446	2.1	13,734	4.7	14,376	4.2	14,981

Total Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	13,376	(0.7)	13,284	2.2	13,572	2.9	13,970
July	13,482	2.2	13,775	1.9	14,039	3.9	14,580
August	14,020	1.2	14,195	(0.3)	14,147	2.3	14,474
September	12,419	3.3	12,824	1.1	12,961	2.5	13,286
October	12,747	6.8	13,611	1.7	13,836	1.6	14,060
November	12,517	(0.7)	12,428	(0.2)	12,408	5.0	13,028
December	11,939	0.8	12,036	4.7	12,602	3.7	13,064
January	11,516	(4.1)	11,038	1.7	11,225	3.0	11,566
February	10,638	(5.8)	10,023	5.9	10,619		
March	12,366	(0.4)	12,314	0.6	12,390		
April	12,641	1.9	12,884	2.8	13,244		
May	13,630	0.4	13,683	1.5	13,887		
Total Year	151,290	0.5	152,096	1.9	154,928		
Jun - Jan	102,016	1.2	103,191	1.5	104,789	3.1	108,028

Toll Revenue (in $1,000s)

Passenger Cars

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$39,610	5.4	$41,761	6.3	$44,385	6.9	$47,437
July	41,674	7.7	44,889	6.8	47,942	10.2	52,824
August	42,785	8.2	46,287	6.6	49,340	6.0	52,285
September	35,739	6.0	37,868	4.7	39,655	10.7	43,886
October	35,501	10.1	39,100	7.8	42,161	8.2	45,633
November	35,597	3.4	36,810	7.2	39,455	10.8	43,709
December	33,936	7.1	36,350	6.4	38,684	9.0	42,150
January	30,574	0.7	30,782	8.2	33,317	14.3	38,068
February	28,308	(2.2)	27,690	10.6	30,622		
March	35,792	1.6	36,382	4.6	38,063		
April	35,848	9.3	39,166	8.5	42,487		
May	40,696	6.7	43,440	9.1	47,413		
Total Year	$436,059	5.6	$460,525	7.2	$493,523		
Jun - Jan	295,415	6.2	313,847	6.7	334,938	9.3	365,992

Commercial Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$28,554	3.8	$29,642	8.4	$32,145	12.1	$36,033
July	27,706	9.0	30,200	9.1	32,935	9.5	36,075
August	29,883	3.2	30,847	5.1	32,420	9.1	35,370
September	27,060	6.2	28,725	11.1	31,911	9.2	34,860
October	28,342	10.2	31,235	8.5	33,884	6.5	36,101
November	27,854	(1.8)	27,346	5.8	28,927	9.5	31,685
December	25,115	5.3	26,444	13.0	29,877	6.8	31,919
January	27,718	0.1	27,743	9.4	30,349	8.1	32,822
February	25,204	3.3	26,037	9.8	28,580		
March	28,054	8.0	30,311	10.5	33,495		
April	29,312	7.1	31,396	9.6	34,407		
May	31,134	4.8	32,623	6.9	34,875		
Total Year	$335,935	4.9	$352,550	8.9	$383,804		
Jun - Jan	222,231	4.5	232,182	8.7	252,448	8.9	274,867

Total Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$68,164	4.8	$71,403	7.2	$76,530	9.1	$83,470
July	69,380	8.2	75,089	7.7	80,876	9.9	88,899
August	72,668	6.1	77,134	6.0	81,759	7.2	87,654
September	62,798	6.0	66,593	7.5	71,566	10.0	78,746
October	63,843	10.2	70,335	8.1	76,045	7.5	81,734
November	63,451	1.1	64,156	6.6	68,382	10.3	75,394
December	59,050	6.3	62,795	9.2	68,561	8.0	74,070
January	58,292	0.4	58,524	8.8	63,666	11.3	70,890
February	53,512	0.4	53,728	10.2	59,202		
March	63,845	4.5	66,693	7.3	71,558		
April	65,160	8.3	70,562	9.0	76,894		
May	71,830	5.9	76,063	8.2	82,287		
Total Year	$771,994	5.3	$813,075	7.9	$877,327		
Jun - Jan	517,647	5.5	546,029	7.6	587,386	9.1	640,858

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) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.

(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.

(9) The video component of traffic and revenue at the Delaware River Bridge is not included in the January 2016 values.

Table 5

Turnpike 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

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	978	4.6	1,023	2.1	1,044	5.1	1,098
July	1,042	0.9	1,052	3.1	1,084	5.2	1,141
August	1,134	(1.7)	1,114	1.3	1,129	2.0	1,151
September	1,059	1.1	1,070	2.7	1,099	4.4	1,147
October	1,098	3.0	1,132	2.3	1,158	5.4	1,221
November	998	(1.3)	985	0.1	986	7.3	1,058
December	946	1.1	957	3.9	994	4.9	1,043
January	881	(3.2)	852	5.5	899	(1.4)	887
February	876	(2.7)	853	1.6	867		
March	984	0.0	985	3.9	1,023		
April	1,034	(0.9)	1,026	5.0	1,077		
May	1,092	(0.9)	1,082	6.1	1,147		
Total Year	12,122	0.1	12,129	3.1	12,508		
Jun - Jan	8,136	0.6	8,184	2.6	8,394	4.2	8,745

Commercial Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	66	20.0	79	19.9	95	3.4	98
July	67	30.1	87	16.5	101	(2.6)	99
August	74	20.6	90	12.1	101	9.0	110
September	61	34.6	82	22.7	101	17.5	119
October	69	39.0	96	11.4	107	(0.3)	107
November	60	27.2	76	14.2	87	(0.8)	86
December	50	29.7	65	23.4	81	(6.4)	75
January	55	14.3	63	26.0	79	(16.0)	67
February	56	12.1	62	6.6	67		
March	64	29.7	82	12.7	93		
April	73	15.2	84	17.7	98		
May	77	19.5	92	8.7	100		
Total Year	772	24.3	959	15.7	1,110		
Jun - Jan	503	27.0	639	17.7	752	1.1	760

Total Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	1,044	5.6	1,102	3.4	1,139	5.0	1,196
July	1,109	2.7	1,139	4.1	1,186	4.6	1,240
August	1,209	(0.4)	1,204	2.1	1,230	2.5	1,261
September	1,120	2.9	1,152	4.1	1,200	5.5	1,266
October	1,167	5.2	1,228	3.0	1,265	4.9	1,327
November	1,058	0.3	1,061	1.2	1,073	6.7	1,145
December	997	2.5	1,022	5.2	1,075	4.0	1,118
January	936	(2.2)	915	6.9	978	(2.5)	953
February	932	(1.8)	915	2.0	933		
March	1,048	1.8	1,067	4.6	1,116		
April	1,107	0.2	1,109	6.0	1,175		
May	1,169	0.4	1,174	6.3	1,248		
Total Year	12,894	1.5	13,089	4.0	13,618		
Jun - Jan	8,638	2.1	8,823	3.7	9,145	3.9	9,506

Toll Revenue (in $1,000s)

Passenger Cars

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$1,105	13.3	$1,253	7.1	$1,341	9.5	$1,468
July	1,201	7.4	1,290	8.2	1,397	9.8	1,533
August	1,325	2.8	1,362	6.8	1,454	6.1	1,542
September	1,225	5.7	1,295	7.6	1,393	8.1	1,506
October	1,264	7.9	1,363	7.4	1,464	8.7	1,592
November	1,149	3.2	1,186	5.2	1,248	11.1	1,386
December	1,093	5.7	1,156	9.0	1,259	9.5	1,379
January	1,056	1.2	1,069	10.0	1,176	3.9	1,222
February	1,059	1.8	1,077	5.6	1,138		
March	1,195	4.6	1,250	8.0	1,350		
April	1,250	3.8	1,297	9.6	1,421		
May	1,326	4.4	1,385	10.7	1,534		
Total Year	$14,247	5.2	$14,984	7.9	$16,174		
Jun - Jan	9,418	5.9	9,974	7.6	10,731	8.4	11,629

Commercial Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$210	30.1	$274	23.8	$339	8.1	$366
July	222	33.7	297	20.6	358	2.2	366
August	251	21.6	305	16.3	355	11.8	397
September	209	34.2	280	26.5	354	17.9	417
October	236	36.7	323	17.0	378	2.1	386
November	206	25.4	258	19.0	307	4.0	319
December	173	33.1	230	26.0	290	0.4	292
January	198	15.1	228	30.4	297	(8.1)	273
February	197	14.1	225	11.2	250		
March	222	30.2	289	18.6	343		
April	252	20.1	303	20.2	364		
May	268	23.2	330	10.5	365		
Total Year	$2,644	26.4	$3,342	19.7	$4,000		
Jun - Jan	1,705	28.7	2,195	22.0	2,678	5.1	2,816

Total Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$1,315	16.0	$1,526	10.1	$1,680	9.2	$1,835
July	1,423	11.5	1,587	10.5	1,755	8.2	1,899
August	1,576	5.8	1,667	8.5	1,809	7.2	1,939
September	1,433	9.9	1,575	10.9	1,747	10.1	1,923
October	1,500	12.4	1,686	9.3	1,842	7.4	1,978
November	1,355	6.6	1,444	7.7	1,555	9.7	1,705
December	1,266	9.5	1,386	11.8	1,550	7.8	1,671
January	1,254	3.4	1,297	13.6	1,473	1.5	1,495
February	1,256	3.7	1,302	6.6	1,388		
March	1,417	8.6	1,539	10.0	1,693		
April	1,502	6.5	1,600	11.6	1,785		
May	1,595	7.6	1,715	10.7	1,899		
Total Year	$16,892	8.5	$18,325	10.1	$20,174		
Jun - Jan	11,123	9.4	12,169	10.2	13,409	7.7	14,445

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) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(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 6

Turnpike 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							
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	593	(3.3)	573	1.8	584	(0.8)	579
July	590	(0.4)	588	0.8	592	(0.1)	591
August	622	(1.6)	612	(0.7)	608	(3.4)	587
September	581	0.1	581	3.3	601	(4.8)	571
October	604	1.3	612	4.4	639	(6.0)	600
November	568	(1.3)	561	(0.4)	559	(1.6)	550
December	556	1.0	561	0.9	566	(0.3)	564
January	512	(4.5)	489	4.2	509	(5.7)	480
February	483	(2.0)	474	(0.1)	473		
March	548	0.6	551	1.5	559		
April	575	(0.4)	573	0.0	573		
May	601	1.2	608	(0.6)	604		
Total Year	6,832	(0.7)	6,782	1.2	6,866		
Jun - Jan	4,625	(1.0)	4,577	1.7	4,657	(2.9)	4,523

Commercial Vehicles							
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	93	(1.6)	91	7.4	98	(2.9)	95
July	92	4.2	96	3.8	100	(1.9)	98
August	98	2.0	100	(0.9)	99	(2.9)	97
September	87	8.5	94	10.5	104	(10.5)	93
October	95	3.9	98	10.4	108	(4.0)	104
November	79	0.6	80	15.7	92	(7.5)	86
December	68	4.9	72	15.9	83	(1.7)	82
January	74	4.6	77	(1.9)	76	(4.5)	72
February	68	5.8	72	1.5	73		
March	75	12.1	84	1.2	85		
April	88	5.2	93	0.2	93		
May	96	4.5	101	(7.9)	93		
Total Year	1,014	4.4	1,058	4.4	1,105		
Jun - Jan	686	3.3	709	7.3	761	(4.5)	726

Total Vehicles							
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	685	(3.0)	664	2.6	681	(1.1)	674
July	682	0.3	684	1.2	692	(0.4)	689
August	721	(1.1)	713	(0.7)	707	(3.4)	684
September	667	1.2	675	4.3	704	(5.7)	665
October	699	1.7	710	5.2	747	(5.7)	705
November	648	(1.1)	641	1.6	651	(2.4)	635
December	624	1.4	633	2.6	649	(0.5)	646
January	585	(3.4)	566	3.3	585	(5.5)	552
February	551	(1.0)	546	0.1	547		
March	623	2.0	635	1.5	645		
April	664	0.3	666	0.0	666		
May	697	1.6	708	(1.6)	697		
Total Year	7,846	(0.1)	7,841	1.7	7,971		
Jun - Jan	5,311	(0.5)	5,286	2.5	5,417	(3.1)	5,250

Toll Revenue (in $1,000s)

Passenger Cars							
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$764	2.0	$780	6.9	$833	2.7	$856
July	763	4.9	800	6.3	851	3.5	880
August	802	3.7	831	4.8	871	0.1	872
September	747	5.1	785	7.9	846	(0.4)	843
October	772	6.7	824	8.6	895	(1.4)	882
November	726	3.7	753	4.7	788	2.3	806
December	707	6.3	751	5.8	795	3.5	823
January	678	(0.1)	678	9.0	739	(1.1)	731
February	646	2.6	663	3.8	688		
March	736	5.7	778	5.1	818		
April	773	4.9	810	3.8	841		
May	810	6.6	864	3.3	892		
Total Year	$8,924	4.4	$9,317	5.8	$9,857		
Jun - Jan	5,959	4.1	6,201	6.7	6,618	1.1	6,693

Commercial Vehicles							
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$347	2.9	$357	13.8	$406	(2.3)	$397
July	346	7.5	372	11.2	414	(2.2)	404
August	370	4.8	388	4.5	405	(2.2)	396
September	331	10.5	366	16.4	426	(10.1)	383
October	358	7.4	384	12.9	434	0.3	435
November	301	2.6	309	21.9	376	(6.0)	354
December	261	10.7	289	16.4	336	0.5	338
January	289	12.6	325	(3.6)	313	2.6	322
February	267	13.9	304	1.9	310		
March	297	20.9	359	(1.2)	354		
April	347	13.5	393	(0.7)	391		
May	377	11.3	419	(8.6)	383		
Total Year	$3,890	9.6	$4,265	6.7	$4,549		
Jun - Jan	2,603	7.2	2,790	11.5	3,111	(2.6)	3,029

Total Vehicles							
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$1,111	2.3	$1,137	9.1	$1,240	1.1	$1,253
July	1,109	5.7	1,172	7.8	1,264	1.6	1,285
August	1,172	4.0	1,219	4.7	1,276	(0.6)	1,268
September	1,078	6.7	1,150	10.6	1,272	(3.7)	1,226
October	1,130	6.9	1,208	10.0	1,329	(0.8)	1,318
November	1,027	3.4	1,062	9.7	1,164	(0.4)	1,160
December	968	7.5	1,040	8.8	1,131	2.6	1,161
January	967	3.7	1,003	4.9	1,052	(0.0)	1,052
February	913	5.9	967	3.2	998		
March	1,033	10.1	1,137	3.1	1,173		
April	1,120	7.5	1,204	2.3	1,231		
May	1,187	8.1	1,283	(0.6)	1,276		
Total Year	$12,814	6.0	$13,582	6.1	$14,406		
Jun - Jan	8,562	5.0	8,991	8.2	9,729	(0.1)	9,722

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) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.
(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 7

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)

Passenger Cars

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	451	4.0	469	(4.0)	450	(0.5)	448
July	526	6.6	560	0.6	563	(1.6)	554
August	553	8.8	602	1.7	612	(8.2)	562
September	402	8.8	438	(0.5)	436	(2.0)	427
October	406	11.7	453	3.5	469	(3.7)	452
November	403	0.3	404	(0.5)	402	1.1	406
December	350	10.8	388	(8.3)	356	3.5	369
January	302	1.6	307	(4.3)	294	(2.1)	288
February	293	(4.9)	279	(3.4)	269		
March	375	(6.2)	352	(3.2)	341		
April	403	(1.3)	398	(2.7)	387		
May	498	(9.7)	450	2.7	462		
Total Year	4,963	2.8	5,101	(1.2)	5,042		
Jun - Jan	3,393	6.8	3,622	(1.1)	3,583	(2.1)	3,506

Commercial Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	89	2.3	91	3.2	94	6.7	100
July	90	12.9	102	5.0	107	(4.1)	102
August	94	8.3	102	6.6	109	(6.1)	102
September	81	13.5	92	9.8	101	(4.2)	97
October	85	12.5	95	8.6	104	(2.2)	101
November	81	0.1	81	(0.6)	80	7.2	86
December	70	13.4	79	(0.8)	78	6.3	83
January	75	5.9	80	(3.2)	77	(0.0)	77
February	69	5.2	73	0.1	73		
March	77	7.5	83	2.8	85		
April	90	(2.8)	87	1.4	88		
May	104	(8.7)	95	3.0	98		
Total Year	1,005	5.4	1,060	3.3	1,094		
Jun - Jan	665	8.5	721	3.9	750	(0.1)	749

Total Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	540	3.7	560	(2.8)	544	0.7	548
July	615	7.5	662	1.2	670	(2.0)	657
August	647	8.8	704	2.4	721	(7.9)	664
September	483	9.6	530	1.3	537	(2.4)	524
October	491	11.9	549	4.4	573	(3.4)	553
November	483	0.3	485	(0.6)	482	2.1	492
December	420	11.3	467	(7.0)	434	4.0	452
January	377	2.5	387	(4.1)	371	(1.7)	365
February	363	(3.0)	352	(2.7)	342		
March	452	(3.8)	435	(2.1)	426		
April	493	(1.6)	485	(2.0)	476		
May	602	(9.5)	545	2.8	560		
Total Year	5,968	3.2	6,160	(0.4)	6,136		
Jun - Jan	4,058	7.0	4,344	(0.3)	4,333	(1.8)	4,255

Passenger Cars

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$348	9.1	$379	1.0	$383	4.0	$398
July	405	12.1	454	6.2	483	3.1	497
August	425	14.5	486	7.7	524	(4.2)	502
September	307	14.1	350	4.4	366	2.7	376
October	309	17.0	361	8.9	393	0.9	397
November	305	4.9	320	4.6	335	5.7	354
December	266	15.7	307	(3.9)	295	8.5	320
January	237	7.7	255	(0.8)	253	3.0	261
February	232	0.0	232	0.5	233		0
March	301	(1.2)	297	0.8	299		0
April	325	4.0	338	1.1	341		0
May	402	(5.2)	381	7.6	410		0
Total Year	$3,861	7.8	$4,162	3.7	$4,316		
Jun - Jan	2,601	12.0	2,914	4.0	3,032	2.4	3,105

Commercial Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$351	3.8	$364	7.7	$392	11.1	$435
July	346	16.6	403	8.9	439	(1.5)	432
August	364	11.4	405	9.8	445	(2.5)	434
September	318	16.2	369	13.5	419	(0.1)	419
October	339	16.3	394	10.6	436	1.2	441
November	327	2.8	336	1.1	340	11.8	380
December	285	16.2	331	2.3	339	9.9	372
January	318	8.3	344	0.6	346	5.7	366
February	293	8.1	316	4.1	329		
March	326	9.9	358	7.4	385		
April	377	(1.1)	373	6.0	395		
May	425	(6.8)	396	7.0	424		
Total Year	$4,067	8.0	$4,391	6.8	$4,689		
Jun - Jan	2,647	11.4	2,947	7.1	3,155	3.9	3,280

Total Vehicles

Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$699	6.4	$743	4.2	$775	7.6	$834
July	751	14.2	857	7.5	921	0.9	930
August	789	13.0	891	8.7	969	(3.4)	936
September	625	15.2	719	9.1	785	1.2	794
October	648	16.6	755	9.8	829	1.1	838
November	632	3.8	657	2.8	675	8.8	734
December	551	16.0	638	(0.7)	634	9.2	693
January	555	8.0	599	(0.0)	599	4.6	627
February	525	4.5	549	2.5	563		
March	627	4.6	655	4.4	684		
April	702	1.3	711	3.7	737		
May	826	(6.0)	777	7.3	834		
Total Year	$7,928	7.9	$8,553	5.3	$9,004		
Jun - Jan	5,248	11.7	5,861	5.6	6,187	3.2	6,385

NOTES:

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(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) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.

(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 8

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	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	625	(9.4)	567	4.4	592	(3.0)	574	108	(14.2)	93	15.9	107	0.2	108	733	(10.1)	659	6.0	699	(2.5)	682
July	650	(7.5)	601	2.3	615	(0.8)	610	107	(5.4)	101	13.6	115	(1.6)	113	757	(7.2)	703	3.9	730	(0.9)	723
August	654	(6.3)	612	3.1	631	(4.8)	601	113	(6.1)	106	5.8	112	(1.7)	110	767	(6.3)	718	3.5	743	(4.3)	711
September	588	(4.1)	564	1.1	570	(0.8)	565	96	4.2	100	13.8	114	(3.9)	109	684	(3.0)	664	3.0	684	(1.4)	675
October	606	(1.9)	595	(2.2)	582	(0.8)	577	104	4.4	108	5.2	114	2.5	117	710	(1.0)	703	(1.1)	696	(0.3)	694
November	569	(6.1)	534	(3.0)	518	2.1	529	92	(0.3)	91	(2.3)	89	10.1	98	660	(5.3)	625	(2.9)	607	3.2	627
December	546	(1.0)	541	(1.4)	533	1.2	539	83	1.4	84	6.6	90	3.8	93	629	(0.6)	625	(0.4)	622	1.5	632
January	493	(7.2)	458	0.5	460	(1.0)	455	88	(3.0)	85	(1.0)	84	(3.2)	82	581	(6.5)	543	0.3	544	(1.3)	537
February	463	(5.3)	439	(3.4)	424			78	6.6	83	(4.9)	79			541	(3.6)	521	(3.6)	503		
March	538	(2.9)	523	0.1	523			84	11.8	94	6.1	99			622	(0.9)	617	1.0	623		
April	551	(0.0)	551	(0.6)	548			97	3.3	100	0.9	101			648	0.5	651	(0.3)	649		
May	587	1.6	597	(3.4)	576			102	5.8	107	(3.9)	103			689	2.2	704	(3.4)	680		
Total Year	6,871	(4.2)	6,580	(0.1)	6,572			1,150	0.3	1,153	4.8	1,208			8,021	(3.6)	7,733	0.6	7,780		
Jun - Jan	4,731	(5.5)	4,471	0.7	4,501	(1.1)	4,450	790	(2.7)	769	7.4	826	0.6	830	5,521	(5.1)	5,240	1.6	5,326	(0.9)	5,281

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$661	(3.1)	$640	11.4	$713	1.3	$723	$315	(13.2)	$273	18.9	$325	3.7	$337	$976	(6.4)	$914	13.6	$1,038	2.1	$1,060
July	692	(1.6)	681	9.6	747	3.9	776	315	(5.7)	297	19.5	354	1.1	358	1,007	(2.9)	978	12.6	1,101	3.0	1,134
August	695	(0.9)	688	11.1	764	(0.7)	759	332	(5.2)	314	5.7	332	2.6	341	1,026	(2.3)	1,003	9.4	1,097	0.3	1,100
September	622	1.4	631	7.8	680	3.9	707	282	5.8	298	15.2	343	0.6	346	904	2.8	929	10.2	1,024	2.8	1,052
October	639	3.6	662	4.2	690	4.3	719	297	8.9	324	4.1	337	10.7	373	936	5.3	986	4.2	1,027	6.4	1,092
November	599	(0.7)	595	3.5	616	7.1	659	269	1.6	273	(1.1)	270	16.1	314	868	0.0	868	2.1	886	9.9	973
December	575	4.9	604	5.1	635	6.1	673	244	4.7	256	8.8	278	7.4	299	820	4.9	860	6.2	913	6.5	972
January	544	(1.4)	536	5.6	566	4.5	592	270	0.4	271	1.5	275	1.1	278	813	(0.8)	807	4.2	841	3.4	870
February	517	0.5	519	0.4	521			242	8.3	262	(2.6)	255			758	3.0	781	(0.6)	776		
March	603	3.4	623	4.4	650			260	14.9	299	9.6	328			863	6.8	922	6.1	978		
April	616	6.6	657	3.8	682			296	6.2	314	0.9	317			912	6.5	971	2.9	999		
May	662	8.3	717	1.1	725			305	6.6	325	(1.3)	321			967	7.7	1,042	0.4	1,045		
Total Year	$7,424	1.7	$7,553	5.8	$7,989			$3,426	2.3	$3,506	6.6	$3,736			$10,850	1.9	$11,058	6.0	$11,724		
Jun - Jan	5,027	0.2	5,037	7.4	5,411	3.7	5,609	2,323	(0.7)	2,306	9.1	2,515	5.2	2,645	7,350	(0.1)	7,343	7.9	7,926	4.1	8,254

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) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.

(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 9

Turnpike I-576 - Southern Beltway - Findlay Connector - 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	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	149	(5.9)	140	4.4	146	6.2	155	12	14.0	14	9.8	15	35.1	20	161	(4.5)	154	4.9	161	8.9	175
July	153	(5.0)	146	5.9	154	5.6	163	11	17.4	13	34.4	18	8.0	19	165	(3.4)	159	8.3	172	5.8	182
August	156	(4.2)	150	6.6	159	(0.7)	158	13	4.8	14	30.8	18	11.9	20	170	(3.5)	164	8.6	178	0.6	179
September	195	(31.3)	134	8.7	145	0.9	147	14	(3.2)	14	26.9	17	23.7	21	209	(29.4)	147	10.4	163	3.3	168
October	174	(19.1)	140	8.9	153	0.5	154	14	9.8	15	21.3	18	26.1	23	187	(17.0)	155	10.1	171	3.2	177
November	138	(9.3)	125	5.8	133	6.1	141	12	25.7	15	(6.9)	14	47.2	21	150	(6.5)	140	4.5	146	10.0	161
December	131	(2.5)	128	9.8	140	2.1	143	10	22.3	12	23.3	15	33.6	20	141	(0.8)	140	10.9	155	5.1	163
January	123	(3.7)	119	4.6	124	(0.2)	124	10	14.8	11	19.7	13	23.5	16	133	(2.4)	130	5.8	137	2.1	140
February	112	(2.4)	110	4.9	115			9	13.8	11	22.7	13			121	(1.1)	120	6.5	128		
March	128	1.2	129	6.8	138			11	18.2	13	26.9	16			139	2.5	142	8.6	154		
April	132	3.0	135	5.8	143			12	21.1	14	24.0	18			143	4.5	150	7.5	161		
May	146	(0.2)	146	4.5	152			13	3.7	14	51.2	21			159	0.1	159	8.6	173		
Total Year	1,737	(7.8)	1,601	6.4	1,703			141	12.8	159	23.5	197			1,878	(6.3)	1,760	8.0	1,900		
Jun - Jan	1,219	(11.3)	1,081	6.8	1,155	2.6	1,184	96	12.4	108	19.6	129	25.2	161	1,315	(9.6)	1,189	8.0	1,284	4.8	1,346

	Passenger Cars							Commercial Vehicles							Total Vehicles						
Month	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16	2012-13	% Chg	2013-14	% Chg	2014-15	% Chg	2015-16
June	$75	33.5	$100	3.5	$103	5.8	$109	$20	41.8	$28	12.4	$32	43.8	$46	$94	35.3	$128	5.4	$135	14.7	$154
July	77	35.0	104	5.1	109	5.1	114	19	48.9	28	29.4	37	18.1	43	96	37.7	132	10.3	146	8.4	158
August	78	35.8	106	5.9	113	(1.3)	111	22	34.4	29	29.0	37	20.8	45	100	35.5	135	10.9	150	4.2	156
September	98	(3.0)	95	8.1	102	0.5	103	23	23.1	28	26.8	36	30.8	47	121	2.0	123	12.4	138	8.4	150
October	87	14.4	99	8.5	107	(0.1)	107	23	41.0	32	18.5	38	29.6	49	109	19.9	131	10.9	145	7.7	157
November	69	28.0	89	5.1	93	5.6	98	20	56.3	31	(4.7)	30	48.1	44	89	34.3	120	2.6	123	15.9	142
December	66	37.9	90	8.9	98	1.6	100	17	52.5	26	24.2	33	33.7	44	83	40.9	117	12.3	131	9.6	144
January	83	0.3	84	4.0	87	(0.9)	86	21	17.9	25	17.0	29	26.8	37	104	3.8	108	7.0	116	6.0	123
February	79	(3.2)	77	4.3	80			21	16.6	24	19.1	29			100	0.9	101	7.8	109		
March	91	0.2	91	6.3	97			24	17.1	28	26.4	36			115	3.8	119	11.1	132		
April	93	2.2	95	5.2	100			26	22.3	31	20.8	38			119	6.5	127	9.1	138		
May	104	(1.0)	103	4.0	107			28	5.4	30	55.1	46			132	0.4	132	15.5	153		
Total Year	$999	13.3	$1,131	5.8	$1,196			$263	29.9	$341	22.8	$419			$1,262	16.7	$1,473	9.7	$1,615		
Jun - Jan	632	21.2	766	6.1	813	2.0	829	164	38.8	228	18.8	271	30.9	355	796	24.8	994	9.0	1,084	9.2	1,184

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) On January 3, 2016, a 6% E-Zpass and cash toll increase was implemented on all toll facilites except Tunrike I-576.

(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.

The information is provided by passenger cars, commercial vehicles, and total vehicles. For comparative purposes, subtotals are provided for June through January for each fiscal year. It should be noted that the Delaware River Bridge was converted to a westbound only cashless tolling system in January 2016. As noted at the bottom of Tables 3 and 4 (see Note 9), the video component of both traffic and toll revenue is not yet included in the January 2016 values. Video revenue will only be accounted for once the invoicing cycle has been completed. However, based on the number of cash transactions at the Delaware River Bridge in January 2015, it would appear that the additional video toll revenue will add between 0.3 to 0.4 percent to the total values shown for January 2016 in Table 3.

As shown in Table 3, Systemwide toll revenue increased by 5.4 percent in FY 2013-14, and 7.9 percent in FY 2014-15. Year to date (June 2015 through January 2016) toll revenue growth was 8.8 percent compared to the same period in the prior year. Commercial vehicle toll revenue increased by 8.6 and passenger car toll revenue increased by 8.9 percent from June 2015 through January 2016 compared to the same time period in the prior year. These increases in toll revenue were due primarily to the annual toll increases. Year-to-date toll total transactions grew by 2.4 percent, 3.5 percent, and 2.6 percent for passenger cars, commercial vehicles, and for the total System, respectively.

In general, the last year and a half have shown a trend toward higher growth rates, especially for commercial vehicles. This is likely a result of continued positive growth to the state and national economy and due to the decline in motor fuel prices. Both of these will be discussed in more detail in later sections of this report. Increased growth, for both passenger cars and commercial vehicles, is also the result of the largely inelastic nature of demand for travel over much of the Turnpike System.

As previously mentioned, the ticket system is by far the largest component of both traffic and toll revenue on the Turnpike System. As shown in Table 4, total year-to-date transactions increased 3.1 percent compared to the same period in the prior year. Commercial vehicle activity has been especially strong during this period, with traffic growing by 4.2 percent. Total revenue for the ticket system grew by 5.3 percent in FY 2013-14 and by 7.9 percent in FY 2014-15. Year-to-date FY 2015-16 revenue has grown by 9.1 percent compared to the same time frame in the previous year.

Similar traffic and toll revenue trends for each of the five individual barrier toll systems are provided in Tables 5 through 9. Together, these represent only about 5 percent of total Systemwide toll revenue. There is somewhat more variability in monthly and annual growth rates on the barrier facilities. The effects of ramp-up, inclement weather, alternative routes, and new developments have a more significant impact on these relatively low volume road.

Actual and Assumed Toll Rate Increases

At the direction of the PTC, annual toll rate increases are assumed to occur on the entire Turnpike System. The toll rate increases are assumed to occur within several days of January 1 of each year. The assumptions regarding the planned toll rate increases have not changed since the 2015 Forecast Study. Table 10 presents a summary of the annual percent increases in toll for E-ZPass and cash rates from calendar year 2015 through 2044.

The percent increases in toll rates in Table 10 under the 2016 Bring Down Letter column are actual through 2016. In 2016, the PTC increased E-ZPass and cash tolls by 6.0 percent (except on Turnpike 576, which did not experience a toll increase). Toll rate adjustments will gradually wind down to a 3.0 percent increase per year beginning in 2028.

Table 10
Actual and Assumed Percent Changes in Toll Rates
Pennsylvania Turnpike System

Calendar Year	**Percent Changes in Turnpike System's Toll Rates** (1)	
	2016 Draw Down	
	E-ZPass	Cash
2015	5.00	5.00
2016	6.00	6.00
2017	6.00	6.00
2018	6.00	6.00
2019	6.00	6.00
2020	6.00	6.00
2021	5.00	5.00
2022	5.00	5.00
2023	5.00	5.00
2024	5.00	5.00
2025	5.00	5.00
2026	4.00	4.00
2027	3.50	3.50
2028	3.00	3.00
2029	3.00	3.00
2030	3.00	3.00
2031	3.00	3.00
2032	3.00	3.00
2033	3.00	3.00
2034	3.00	3.00
2035	3.00	3.00
2036	3.00	3.00
2037	3.00	3.00
2038	3.00	3.00
2039	3.00	3.00
2040	3.00	3.00
2041	3.00	3.00
2042	3.00	3.00
2043	3.00	3.00
2044	3.00	3.00

(1) The percent toll rate increases are the same for all toll facilities and for all vehicle classes, except for 2015, and 2016 when Turnpike 576 was exempted from a toll increase.

Note: The toll rate increases for this 2016 Bring Down Letter are actual through 2016.

Actual and Assumed E-ZPass Penetration Rates

Table 11 presents the actual and assumed annual E-ZPass penetration rates from calendar year 2015 through 2044. The first three columns show the E-ZPass market share assumptions for the current Bring Down Letter. These were increased slightly, by the amount shown in the three rightmost columns, over assumptions used in the 2015 Forecast Study. Actual market share experience over the last 12 months have shown that the E-ZPass market share has increased at a slightly greater rate than assumed in the last study. The overall impact of increasing the assumed future year E-ZPass market share is a slight reduction in future year toll revenue. This is due to the lower average toll rate assessed to E-ZPass transactions.

The revised E-ZPass penetration rates range from 0.2 percent to 1.4 percent higher than those in the 2015 Forecast Study. The upward adjustment to the commercial vehicle rates is gradually reduced until it is eliminated in 2036. This occurs because a maximum cap of 95 percent E-ZPass market share is assumed for trucks and this level was achieved for commercial vehicles in the 2015 Forecasts Study in 2036 (thus no additional upward adjust was possible beyond that date in the current study). A 90 percent E-ZPass market share cap was assumed for cars, but this level is not reached within the forecast period. By 2044, E-ZPass market share on the Turnpike System is estimated to reach 87.5 percent for cars, 95.0 percent for trucks, and 88.6 percent overall.

Table 11
Actual and Assumed Percent E-ZPass Penetration
Pennsylvania Turnpike System

	E-ZPass Penetration Rates					
Calendar	2016 Bring Down Letter			Difference from 2015 Forecast Study		
Year	Cars	Trucks	Total	Cars	Trucks	Total
2015	73.9	87.8	75.8	0.2	0.7	0.3
2016	75.3	89.1	77.2	0.6	1.4	0.7
2017	76.4	89.9	78.2	1.0	1.7	1.1
2018	77.3	90.6	79.1	1.3	1.8	1.4
2019	77.9	91.1	79.8	1.3	1.8	1.4
2020	78.5	91.6	80.3	1.3	1.8	1.4
2021	79.0	92.1	80.8	1.3	1.8	1.4
2022	79.5	92.6	81.4	1.3	1.8	1.4
2023	80.0	93.1	81.9	1.3	1.7	1.4
2024	80.5	93.5	82.4	1.3	1.7	1.4
2025	81.0	93.9	82.9	1.4	1.7	1.4
2026	81.5	94.3	83.3	1.4	1.6	1.4
2027	81.9	94.6	83.8	1.4	1.4	1.4
2028	82.4	94.8	84.2	1.4	1.2	1.3
2029	82.8	94.9	84.6	1.4	1.0	1.3
2030	83.3	95.0	85.0	1.4	0.7	1.3
2031	83.6	95.0	85.3	1.4	0.5	1.3
2032	84.0	95.0	85.6	1.4	0.3	1.2
2033	84.3	95.0	85.9	1.4	0.2	1.2
2034	84.7	95.0	86.2	1.4	0.1	1.2
2035	85.0	95.0	86.5	1.4	0.1	1.2
2036	85.3	95.0	86.8	1.4	0.0	1.2
2037	85.7	95.0	87.1	1.4	0.0	1.2
2038	86.0	95.0	87.4	1.4	0.0	1.2
2039	86.3	95.0	87.6	1.4	0.0	1.2
2040	86.6	95.0	87.9	1.4	0.0	1.2
2041	86.8	95.0	88.1	1.4	0.0	1.2
2042	87.0	95.0	88.3	1.4	0.0	1.2
2043	87.2	95.0	88.5	1.4	0.0	1.2
2044	87.5	95.0	88.6	1.3	0.0	1.1

Note: The E-ZPass penetration rates for this 2016 Bring Down Letter are actual through 2015 and were actual only through 2014 for the 2015 Forecast Study.

Summary of Changes in Future Year Estimates for U.S. Gross Domestic Product and Pennsylvania Gross State Product

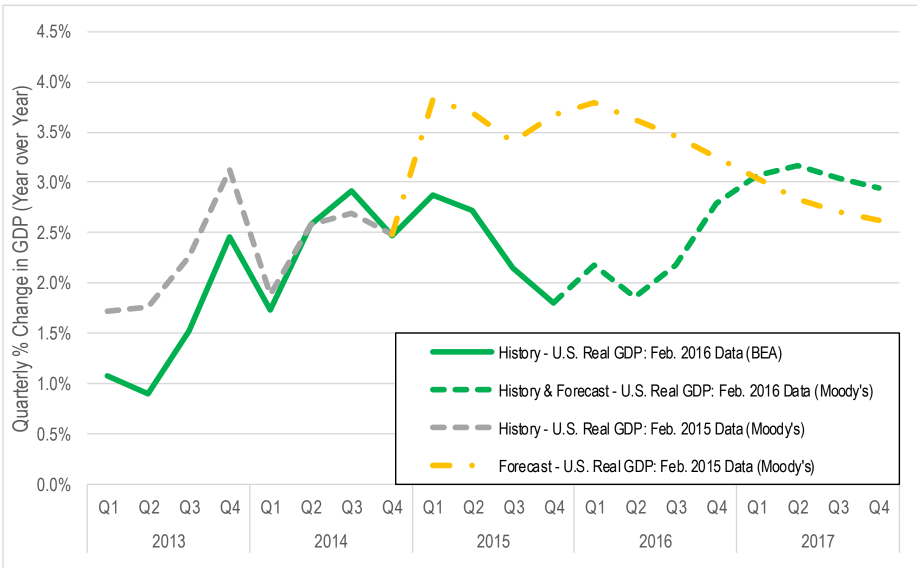
This section presents a comparison of the Gross Domestic Product (GDP) and Gross State Product (GSP) information available for the 2015 Forecast Study with updated forecasts for both measures from Moody's Analytics. This information was a key input in developing estimated growth forecasts for the Turnpike System.

Figure 3 shows actual and estimated GDP at the time of the 2015 Forecast Study as well as the revised figures based on updated Moody's Analytic's forecasts. As shown, actual experience in 2015 underperformed prior estimates by between about 1.0 to 1.75 percent (though GDP growth remained positive throughout the period). The revised GDP forecast shows an upward trend in 2016. By the first quarter of 2017, the original and revised GDP forecasts meet and remain generally similar throughout 2017.

Figure 4 shows GSP trend and forecast data for Pennsylvania. It shows a generally similar trend to the national GDP data, but the underperformance in GSP growth (versus the 2015 estimates) is much less pronounced in 2015. The difference between the 2015 and current GSP values is generally within one percentage point.

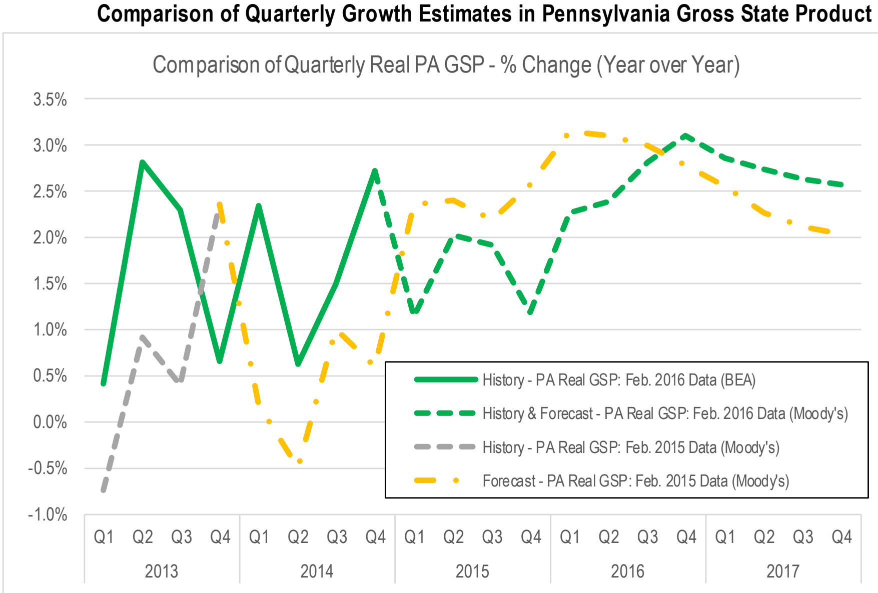
Based on this information alone it would be assumed that actual traffic growth in 2015 underperformed CDM Smith's 2015 Forecast Study estimates. As will be discussed below, that was not the case. In fact, actual traffic actually slightly outperformed CDM Smith's estimates. This is likely due to another factor, namely motor fuel prices, which are discussed in the next section.

Figure 3
Comparison of Quarterly Growth Estimates in U.S. Gross Domestic Product



Sources: Historical estimates are from the BEA, and the forecasts are from Moody's Analytics
(Feb. 2016, and Feb. 2015 Releases)

Figure 4
Comparison of Quarterly Growth Estimates in Pennsylvania Gross State Product

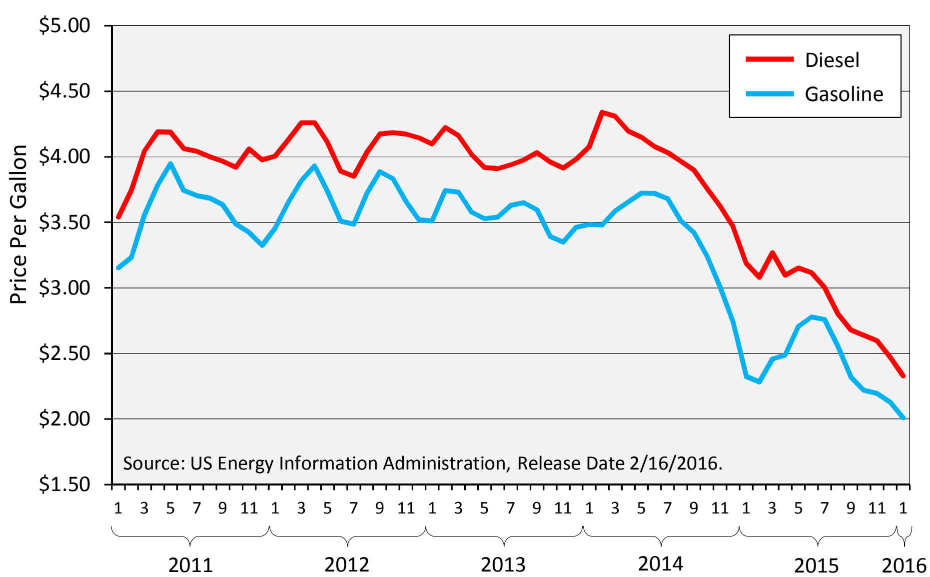


Sources: Historical estimates are from the BEA, and the forecasts are from Moody's Analytics
(Feb. 2016, and Feb. 2015 Releases)

Summary of Trends in Fuel Prices

Figure 5 includes gasoline and diesel prices for the Central Atlantic Region from January 2012 through January 2016. As shown, gasoline and diesel prices have followed generally similar trends throughout this period. From January 2012 through September 2014, both gasoline and diesel prices fluctuated within a relatively narrow range. Beginning around October 2014, however, motor fuel prices began a noticeable decline. Gasoline averaged $2.01 per gallon in January 2016. Diesel prices have also declined, averaging $2.33 in January 2016. Based on current forecasts from the U.S. Energy Information Administration, near term price forecasts are expected to remain low. This should prove positive to current trends in strong passenger car and commercial vehicle traffic growth on the Pennsylvania Turnike. The decline in motor fuel prices effectively decreases the negative impact (i.e., diversion) resulting from toll increases. This should provide the PTC with somewhat greater toll setting flexibility in the future.

FIGURE 5
Fuel Prices in Central Atlantic Region ($ Per Gallon)



Actual Versus Estimated Traffic and Toll Revenue

Table 12 provides a comparison of actual traffic and toll revenue versus estimated traffic and toll revenue from CDM Smith's 2015 Forecast Study. The analysis period in this table is from February 2015 through December 2015. This eleven-month period corresponds to the period for which actual data currently exists, but was estimated at the time of the 2015 Forecast Study. While actual January 2016 traffic and revenue data is also available at this time, it was not included in this table due to the fact that Delaware River Bridge video traffic and revenue is not yet available for January.

Table 12
Comparison of Estimated and Actual Traffic Volumes and Toll Revenue
From February 2015 through December 2015 (1)
Pennsylvania Turnpike System

	Total Traffic (in Thousands)			**Total Toll Revenue (in Thousands)**		
Facility	Estimated	Actual	Actual as Percent of Estimated	Estimated	Actual	Actual as Percent of Estimated
			Passenger Cars			
Ticket and Gateway Barrier	124,530	126,190	1.3	$ 475,251	$ 486,508	2.4
Turnpike 43	11,601	11,973	3.2	15,448	15,849	2.6
Turnpike 66	6,426	6,253	(2.7)	9,486	9,202	(3.0)
Northeast Extension (Barrier)	4,815	4,677	(2.9)	4,245	4,129	(2.7)
Turnpike I-376	6,180	6,067	(1.8)	7,709	7,594	(1.5)
Turnpike I-576	1,609	1,609	(0.0)	1,127	1,126	(0.0)
Total System	155,161	156,769	1.0	$ 513,266	$ 524,409	2.2
			Commercial Vehicles			
Ticket and Gateway Barrier	19,929	20,411	2.4	$ 365,002	$ 373,401	2.3
Turnpike 43	1,096	1,052	(4.1)	4,073	3,865	(5.1)
Turnpike 66	1,054	998	(5.3)	4,542	4,146	(8.7)
Northeast Extension (Barrier)	1,035	1,017	(1.8)	4,573	4,447	(2.8)
Turnpike I-376	1,159	1,131	(2.4)	3,708	3,588	(3.2)
Turnpike I-576	184	213	15.5	391	466	19.3
Total System	24,458	24,821	1.5	$ 382,289	$ 389,913	2.0
			Total Vehicles			
Ticket and Gateway Barrier	144,458	146,600	1.5	$ 840,253	$ 859,909	2.3
Turnpike 43	12,697	13,025	2.6	19,521	19,715	1.0
Turnpike 66	7,480	7,251	(3.1)	14,028	13,347	(4.9)
Northeast Extension (Barrier)	5,850	5,694	(2.7)	8,817	8,576	(2.7)
Turnpike I-376	7,340	7,198	(1.9)	11,417	11,182	(2.1)
Turnpike I-576	1,794	1,822	1.6	1,518	1,593	4.9
Total System	179,619	181,590	1.1	$ 895,555	$ 914,322	2.1

(1) These 11 months correspond to the period for which actual data exists, but was estimated at the time of CDM Smith's 2015 Investment Grade Study.

In general, estimated traffic and toll revenue tracked very well compared to actuals. On a Total System basis, actual passenger-car transactions surpassed estimates by 1.0 percent, and passenger-car toll revenue exceeded estimates by 2.2 percent. Commercial vehicle transactions exceeded estimates by 1.5 percent, and actual commercial vehicle toll revenue was 2.0 percent greater than estimates. When all vehicles are considered, actual transactions were higher than estimates by 1.1 percent and toll revenue exceeded estimates by 2.1 percent.

The same information is provided in Table 12 for each of the Turnpike toll facilities. Actual versus estimated traffic and toll revenue for the Ticket System tracks very closely for that of the Total System. This occurs because the vast majority of traffic and revenue is generated by the Ticket System. The remaining barrier facilities were generally within (plus or minus) five percent of CDM Smith estimates. The very low volume nature of these facilities means that small variations in traffic can have relatively large percentage impacts on traffic and revenue. As shown in Table 12, Actual traffic and revenue for Turnpike 43 and Turnpike I-576 exceeded CDM Smith forecasts, while the other three barrier systems underperformed CDM Smith forecasts. The recent trends for all facilities was taken into account when adjusting the short term forecasts for this Bring Down Letter.

Estimated Traffic and Gross Toll Revenue

Updated traffic and gross toll revenue impacts were developed through FY 2043-44 incorporating the following changes into the forecast. All these changes were described in previous sections.

- Actual traffic and revenue experience through January 2016;
- Slightly improved short term (through 2018) growth forecasts based on continued low motor fuel prices and as evidenced by the recent outperformance of actual traffic and revenue compared to assumptions in the 2015 Forecast Study; and
- Higher E-ZPass penetration rates (as shown in Table 11);

Other assumptions remain unchanged from the 2015 Forecast Study including:

- Long range normal growth rates from 2018 through the end of the forecast period;
- Annual toll rate increases;
- Structure of the commercial vehicle discount program;
- Long range economic indicators; and
- Major Committed Roadway Improvements – including the phasing of the I-276/I-95 Interchange Project.

Table 13 shows the total traffic and toll revenue for only the Ticket System. Data for FY 2014-15 reflects a full year of actual experience and FY 2015-16 includes eight months of actual experience (through January 2016). Total toll transactions increase from 154.9 million to 224.2 million over the forecast period, an average annual increase of 1.3 percent. Gross toll revenue increases from $877.3 million to $3.9 billion by FY 2043-44. This amounts to an average annual increase of 5.3 percent, reflecting the impact of normal growth plus the annual rate adjustments.

The same information is shown for the Barrier Systems in Table 14. Compared to the Ticket System, total annual toll transactions are estimated to grow at a slightly higher average annual rate, averaging 1.6 percent over the period shown. Total Barrier revenue increases at an annual rate of 5.5 percent.

Table 15 identifies total combined transactions and gross toll revenue and also factors in estimated toll discounts and adjustments. The vast majority of the discounts and adjustments results from commercial account toll adjustments due to the Turnpike's volume discount program. The volume discount program allows for a 3.0 percent discount to be provided to accounts that accrue $20,000 or more in monthly tolls. Discounts and adjustments shown in Table 15 assume no further changes to the post-paid commercial volume discount program during the forecast period. The result is that the current forecasts have a negative adjustment applied for FY 2014-15 and beyond that equals approximately 0.4 percent of the commercial vehicle gross toll revenue.

As shown in Table 15, total toll transactions are expected to increase from nearly 192.3 million to 283.0 million over the forecast period. This amounts to an average annual growth rate of 1.3 percent. Total adjusted gross toll revenue is estimated to grow from approximately $932.6 million in FY 2014-15 to $4.2 billion by FY 2043-44. This reflects an average annual growth rate in gross toll revenue of 5.3 percent. Again, this includes the impact of normal growth plus annual toll rate adjustments.

Table 13
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 (6)	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Revenue
2014-15 (2,4)	133,498	21,430	154,928	$493,523	$383,804	$877,327
2015-16 (3,5)	137,061	22,252	159,313	542,189	421,732	963,921
2016-17	138,652	22,680	161,332	589,196	460,947	1,050,143
2017-18 (7)	141,935	23,348	165,283	630,893	497,740	1,128,633
2018-19	145,917	24,123	170,040	677,412	537,955	1,215,366
2019-20	147,668	24,545	172,214	724,485	578,565	1,303,050
2020-21	149,440	24,975	174,415	772,383	619,791	1,392,174
2021-22	151,234	25,407	176,641	818,633	660,146	1,478,779
2022-23	153,048	25,839	178,887	867,615	702,920	1,570,535
2023-24	154,885	26,278	181,163	919,487	748,460	1,667,947
2024-25	156,744	26,720	183,463	974,419	796,890	1,771,309
2025-26	158,625	27,160	185,785	1,028,814	845,146	1,873,960
2026-27	160,528	27,609	188,137	1,077,826	889,844	1,967,670
2027-28	162,454	28,059	190,513	1,123,695	932,641	2,056,337
2028-29	164,404	28,508	192,911	1,167,953	974,883	2,142,836
2029-30	166,312	28,964	195,276	1,213,441	1,019,401	2,232,842
2030-31	168,077	29,421	197,498	1,259,861	1,066,325	2,326,186
2031-32	169,757	29,877	199,635	1,307,971	1,115,339	2,423,310
2032-33	171,455	30,341	201,795	1,357,874	1,166,606	2,524,480
2033-34	173,169	30,811	203,980	1,409,633	1,220,229	2,629,862
2034-35	174,901	31,282	206,183	1,463,315	1,276,059	2,739,374
2035-36	176,650	31,752	208,402	1,518,990	1,334,056	2,853,045
2036-37	178,278	32,228	210,506	1,575,545	1,394,689	2,970,234
2037-38	179,705	32,711	212,416	1,632,137	1,458,077	3,090,215
2038-39	181,142	33,202	214,344	1,690,702	1,524,347	3,215,049
2039-40	182,591	33,693	216,285	1,751,306	1,593,307	3,344,613
2040-41	184,052	34,182	218,234	1,814,916	1,664,902	3,479,818
2041-42	185,525	34,678	220,202	1,882,108	1,739,714	3,621,823
2042-43	187,009	35,180	222,189	1,951,749	1,817,888	3,769,638
2043-44	188,505	35,690	224,195	2,023,927	1,899,575	3,923,502

(1) Includes the transactions and toll revenue from the Gateway Plaza.
(2) Reflects actual traffic and revenue experience.
(3) Reflects actual experience through January 2016.
(4) Cash and E-ZPass tolls increased by 5% on January 4, 2015, except for Turnpike 576.
(5) Cash and E-ZPass tolls increased by 6% on January 3, 2016, except for Turnpike 576.
(6) Annual toll rate increases are assumed to be implemented at the first of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.0% to 6.0%, depending upon the year. The rates for each year are listed in Table 10.
(7) Includes impacts for I-95 Interchange Stages 0 and 1.

Table 14
Barrier System: Estimated Annual Transactions and Gross Toll Revenue
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

	Annual Transactions			Annual Gross Toll Revenue		
Fiscal Year (5)	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Revenue
2014-15 (1,3)	32,692	4,714	37,406	$39,532	$17,393	$56,925
2015-16 (2,4)	33,029	4,787	37,815	41,749	18,379	60,128
2016-17	33,392	4,932	38,324	44,410	19,982	64,392
2017-18	33,871	5,074	38,945	47,575	21,717	69,293
2018-19	34,417	5,208	39,625	51,159	23,612	74,771
2019-20	35,015	5,341	40,355	54,794	25,543	80,338
2020-21	35,614	5,473	41,087	58,498	27,524	86,021
2021-22	36,219	5,605	41,825	62,113	29,501	91,614
2022-23	36,824	5,739	42,563	66,156	31,724	97,880
2023-24	37,435	5,873	43,308	70,573	34,171	104,743
2024-25	38,050	6,010	44,060	74,913	36,616	111,529
2025-26	38,664	6,147	44,812	79,254	39,081	118,335
2026-27	39,280	6,284	45,564	83,264	41,395	124,659
2027-28	39,899	6,424	46,322	87,300	43,742	131,042
2028-29	40,524	6,565	47,089	91,370	46,153	137,523
2029-30	41,150	6,707	47,857	95,242	48,502	143,744
2030-31	41,770	6,851	48,621	99,242	50,967	150,209
2031-32	42,384	6,996	49,380	103,406	53,544	156,950
2032-33	43,004	7,141	50,146	107,963	56,338	164,301
2033-34	43,627	7,289	50,915	112,798	59,335	172,133
2034-35	44,257	7,438	51,695	117,531	62,306	179,836
2035-36	44,886	7,587	52,472	122,455	65,400	187,855
2036-37	45,501	7,735	53,236	127,565	68,621	196,186
2037-38	46,121	7,886	54,007	133,170	72,113	205,283
2038-39	46,747	8,039	54,786	139,132	75,855	214,987
2039-40	47,374	8,193	55,567	144,944	79,548	224,492
2040-41	48,011	8,345	56,356	151,013	83,386	234,398
2041-42	48,657	8,500	57,157	157,352	87,412	244,764
2042-43	49,312	8,659	57,971	164,244	91,778	256,022
2043-44	49,978	8,820	58,797	171,602	96,458	268,060

(1) Reflects actual traffic and revenue experience.
(2) Reflects actual experience through January 2016.
(3) Cash and E-ZPass tolls increased by 5% on January 4, 2015, except for Turnpike 576.
(4) Cash and E-ZPass tolls increased by 6% on January 3, 2016, except for Turnpike 576.
(5) Annual toll rate increases are assumed to be implemented at the first of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.0% to 6.0%, depending upon the year. The rates for each year are listed in Table 10.

Table 15
Total System: Estimated Annual Transactions and Gross Toll Revenue
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

Fiscal Year (5)		Annual Transactions: Passenger Cars	Annual Transactions: Commercial Vehicles	Annual Transactions: Total Vehicles	Annual Gross Toll Revenue: Passenger Cars	Annual Gross Toll Revenue: Commercial Vehicles	Annual Gross Toll Revenue: Total Revenue	Discounts and Adjustments (7)	Adjusted Annual Gross Revenue
2014-15	(1,3)	166,190	26,144	192,334	$533,054	$401,197	$934,252	(1,605)	$932,647
2015-16	(2,4)	170,089	27,039	197,128	583,938	440,111	1,024,049	(1,760)	1,022,289
2016-17		172,045	27,612	199,656	633,605	480,929	1,114,535	(1,924)	1,112,611
2017-18	(6)	175,806	28,422	204,228	678,469	519,458	1,197,926	(2,078)	1,195,848
2018-19		180,334	29,331	209,665	728,570	561,567	1,290,137	(2,246)	1,287,891
2019-20		182,683	29,886	212,569	779,280	604,108	1,383,388	(2,416)	1,380,972
2020-21		185,054	30,448	215,502	830,880	647,315	1,478,195	(2,589)	1,475,606
2021-22		187,453	31,012	218,465	880,746	689,647	1,570,393	(2,759)	1,567,634
2022-23		189,873	31,577	221,450	933,771	734,644	1,668,414	(2,939)	1,665,475
2023-24		192,320	32,152	224,471	990,060	782,630	1,772,690	(3,131)	1,769,559
2024-25		194,794	32,730	227,523	1,049,331	833,507	1,882,838	(3,334)	1,879,504
2025-26		197,289	33,308	230,597	1,108,068	884,227	1,992,295	(3,537)	1,988,758
2026-27		199,808	33,893	233,701	1,161,090	931,238	2,092,329	(3,725)	2,088,604
2027-28		202,353	34,482	236,836	1,210,995	976,383	2,187,378	(3,906)	2,183,472
2028-29		204,928	35,072	240,000	1,259,322	1,021,036	2,280,359	(4,084)	2,276,275
2029-30		207,462	35,671	243,133	1,308,683	1,067,903	2,376,586	(4,272)	2,372,314
2030-31		209,846	36,273	246,119	1,359,103	1,117,293	2,476,396	(4,469)	2,471,927
2031-32		212,142	36,873	249,015	1,411,378	1,168,883	2,580,261	(4,676)	2,575,585
2032-33		214,459	37,482	251,941	1,465,837	1,222,943	2,688,781	(4,892)	2,683,889
2033-34		216,796	38,099	254,895	1,522,431	1,279,564	2,801,995	(5,118)	2,796,877
2034-35		219,158	38,720	257,878	1,580,846	1,338,365	2,919,211	(5,353)	2,913,858
2035-36		221,536	39,338	260,874	1,641,445	1,399,455	3,040,900	(5,598)	3,035,302
2036-37		223,779	39,963	263,742	1,703,110	1,463,310	3,166,420	(5,853)	3,160,567
2037-38		225,826	40,597	266,423	1,765,307	1,530,190	3,295,498	(6,121)	3,289,377
2038-39		227,889	41,241	269,130	1,829,834	1,600,202	3,430,036	(6,401)	3,423,635
2039-40		229,966	41,886	271,852	1,896,250	1,672,855	3,569,105	(6,691)	3,562,414
2040-41		232,063	42,527	274,590	1,965,929	1,748,288	3,714,216	(6,993)	3,707,223
2041-42		234,182	43,178	277,359	2,039,460	1,827,127	3,866,587	(7,309)	3,859,278
2042-43		236,321	43,839	280,160	2,115,994	1,909,667	4,025,660	(7,639)	4,018,021
2043-44		238,482	44,510	282,993	2,195,529	1,996,033	4,191,562	(7,984)	4,183,578

(1) Reflects actual traffic and revenue experience.
(2) Reflects actual experience through January 2016.
(3) Cash and E-ZPass tolls increased by 5% on January 4, 2015, except for Turnpike 576.
(4) Cash and E-ZPass tolls increased by 6% on January 3, 2016, except for Turnpike 576.
(5) Annual toll rate increases are assumed to be implemented at the first of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.0% to 6.0%, depending upon the year. The rates for each year are listed in Table 10.
(6) Includes impacts for I-95 Interchange Stages 0 and 1.
(7) No changes are assumed in the commercial volume discount program over the forecast period. The current program results in a 0.4 % reduction in commercial vehicle gross toll revenue and is assumed to remain at this level throughout the forecast period.

Table 16 provides a comparison of the current traffic and adjusted gross toll revenue forecast with those developed as part of the 2015 Forecast Study. As noted at the bottom of this table, the total revenue values shown here for the 2015 Forecast Study are higher, by about 0.17 percent, than those shown in the 2015 Forecast Study document. This is due to the fact that annual revenue values for I-576 (Findaly Connector) were inadvertently omitted from the total System revenue in that report. I-576 revenue is included in the values shown in Table 16.

As shown, the new transaction forecasts slightly exceed the prior forecasts by between 0.3 and 0.9 percent (with the majority being 0.8-0.9 percent greater). The vast majority of the increase is simply due to the higher base traffic that the forecast is based on. The remainder (about 25 percent of the difference) is due to a very small upward adjustment in growth rates to recognize the recent higher than expected growth. This was only done through 2018; growth rates beyond 2018 remain unchanged from those in the 2015 Forecast Study.

Differences in the adjusted gross toll revenue forecasts are slightly greater than those for toll transactions. This is simply due to the fact that actual revenue experience over the last 12 months has exceeded CDM Smith estimates by an amount slightly greater than that for transactions. As shown, the revised annual adjusted gross toll revenue estimates exceed those from the 2015 Forecast Study by between 0.6 percent and 1.4 percent. The difference increases slightly over the forecast period due to the fact that the new commercial vehicle transaction growth rates were increased slightly more than those for passenger cars. Again, this was all keyed off of actual experience over the last 12 months, but also recognizing that growth rate adjustments were only made through 2018.

Table 16
Comparson of New Traffic and Revenue
Estimates with those from the 2015 Forecast Study
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

	Total Annual Transactions			Total Annual Adjusted Gross Toll Revenue		
Fiscal Year	Current Estimates	2015 Forecast Study (1)	Percent Difference	Current Estimates	2015 Forecast Study (1)	Percent Difference
2014-15	192,334	191,784	0.3	$932,647	$926,681	0.6
2015-16	197,128	195,808	0.7	1,022,289	1,006,441	1.6
2016-17	199,656	198,106	0.8	1,112,611	1,096,942	1.4
2017-18	204,228	202,519	0.8	1,195,848	1,180,676	1.3
2018-19	209,665	207,844	0.9	1,287,891	1,272,611	1.2
2019-20	212,569	210,733	0.9	1,380,972	1,364,837	1.2
2020-21	215,502	213,651	0.9	1,475,606	1,458,558	1.2
2021-22	218,465	216,599	0.9	1,567,634	1,549,786	1.2
2022-23	221,450	219,568	0.9	1,665,475	1,646,781	1.1
2023-24	224,471	222,574	0.9	1,769,559	1,749,977	1.1
2024-25	227,523	225,610	0.8	1,879,504	1,858,920	1.1
2025-26	230,597	228,667	0.8	1,988,758	1,966,844	1.1
2026-27	233,701	231,755	0.8	2,088,604	2,065,179	1.1
2027-28	236,836	234,873	0.8	2,183,472	2,158,125	1.2
2028-29	240,000	238,021	0.8	2,276,275	2,248,735	1.2
2029-30	243,133	241,137	0.8	2,372,314	2,342,318	1.3
2030-31	246,119	244,107	0.8	2,471,927	2,439,409	1.3
2031-32	249,015	246,989	0.8	2,575,585	2,540,887	1.4
2032-33	251,941	249,900	0.8	2,683,889	2,647,132	1.4
2033-34	254,895	252,840	0.8	2,796,877	2,758,044	1.4
2034-35	257,878	255,809	0.8	2,913,858	2,873,149	1.4
2035-36	260,874	258,790	0.8	3,035,302	2,992,640	1.4
2036-37	263,742	261,642	0.8	3,160,567	3,115,976	1.4
2037-38	266,423	264,312	0.8	3,289,377	3,243,248	1.4
2038-39	269,130	267,007	0.8	3,423,635	3,375,905	1.4
2039-40	271,852	269,717	0.8	3,562,414	3,513,069	1.4
2040-41	274,590	272,444	0.8	3,707,223	3,655,999	1.4
2041-42	277,359	275,202	0.8	3,859,278	3,805,901	1.4
2042-43	280,160	277,991	0.8	4,018,021	3,962,375	1.4
2043-44	282,993	280,813	0.8	4,183,578	4,125,563	1.4

(1) The 2015 Forecast Study traffic and revenue values shown here are slightly greater than the values shown in the 2015 Forecast Study report. In that report, data figures for I-576 (Findlay Connector) were inadvertently left out of the total values. In FY 2014-15 total I-576 revenue amounted to $1.6 million, or about 0.17 % of total System toll revenue. In the same period, total I-576 transactions amounted to 1.9 million, or about 1.0 % of total System toll transactions.

Disclaimer

Current accepted professional practices and procedures were used in the development of these 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 the forecasters. In formulating its forecasts, CDM Smith has reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the Pennsylvania Turnpike Commission. 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.

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 underling 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 estimates and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple federal, state and local agencies, including the Pennsylvania Turnpike Commission, and some independent parties. 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 estimates or projections expressed in this report, such that CDM Smith does not specifically guarantee or warrant any estimate 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.

Sincerely,

Robert W Pintar Jr.

Robert Pintar
Vice President
CDM Smith Inc.

Gary T. Quinlin
Project Manager
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Pennsylvania Turnpike 2015 Traffic and Revenue Forecast Study

March 2015

PENNA TURN PIKE

Pennsylvania Turnpike Commission

CDM Smith

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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)

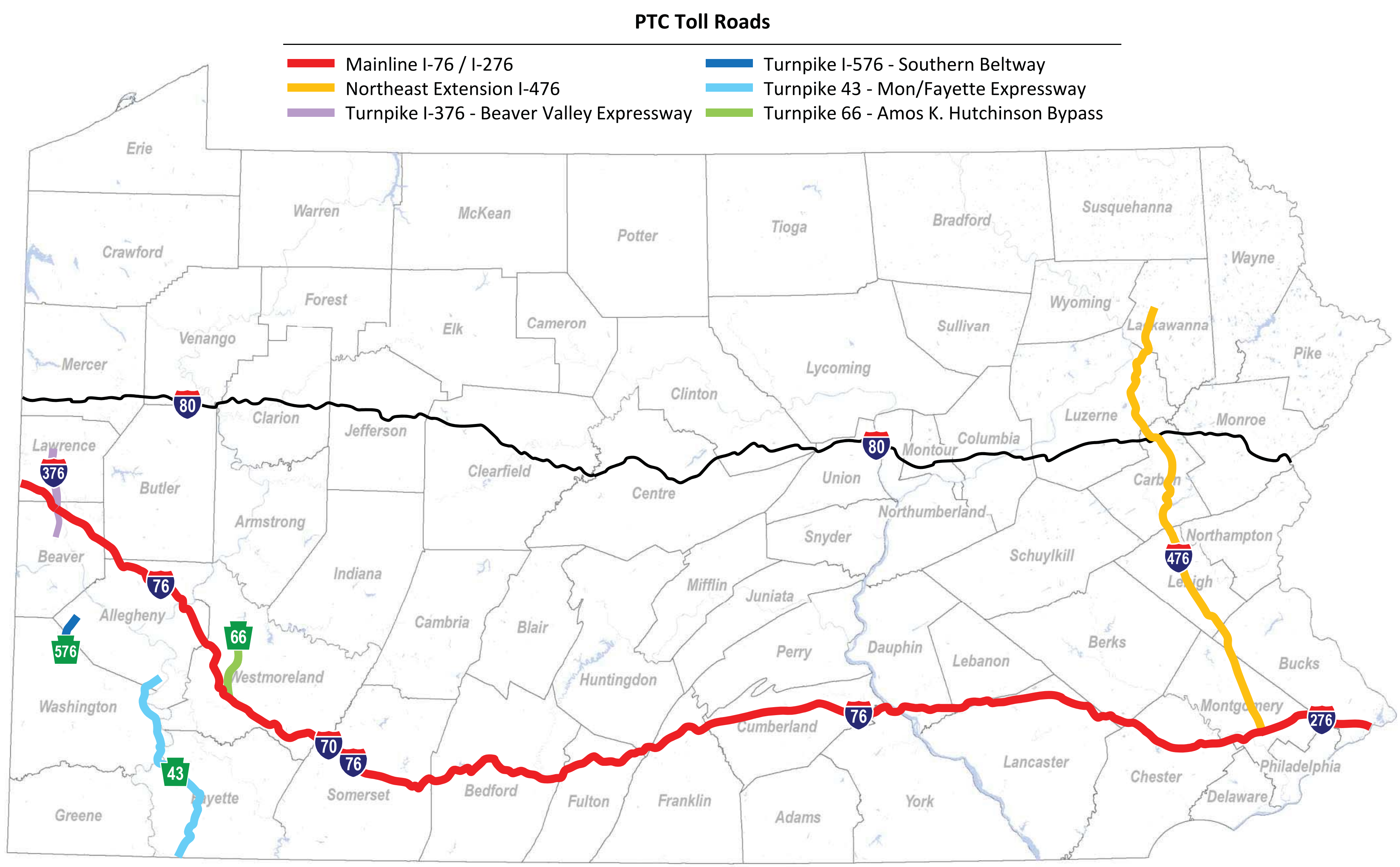
There are two toll collection systems on the Turnpike System; a ticket system, and a Barrier System. The Ticket System is comprised of the majority of Mainline I-76 / I-276 (from Interchange 30 in western Pennsylvania to Interchange 359 near the New Jersey border) and the majority of the Northeast Extension (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.

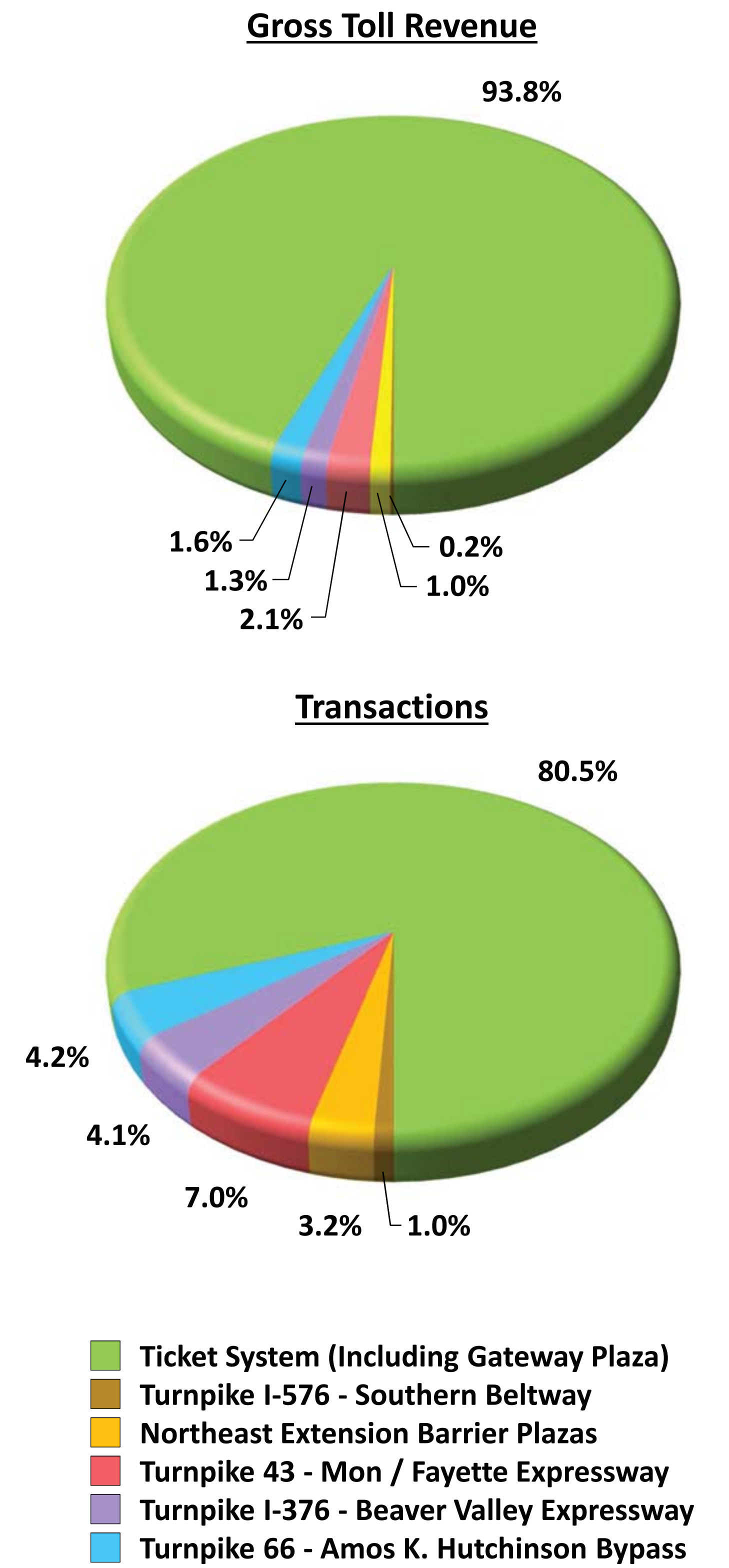
2.2 Toll Rates and Commercial Volume Discount Program

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

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.

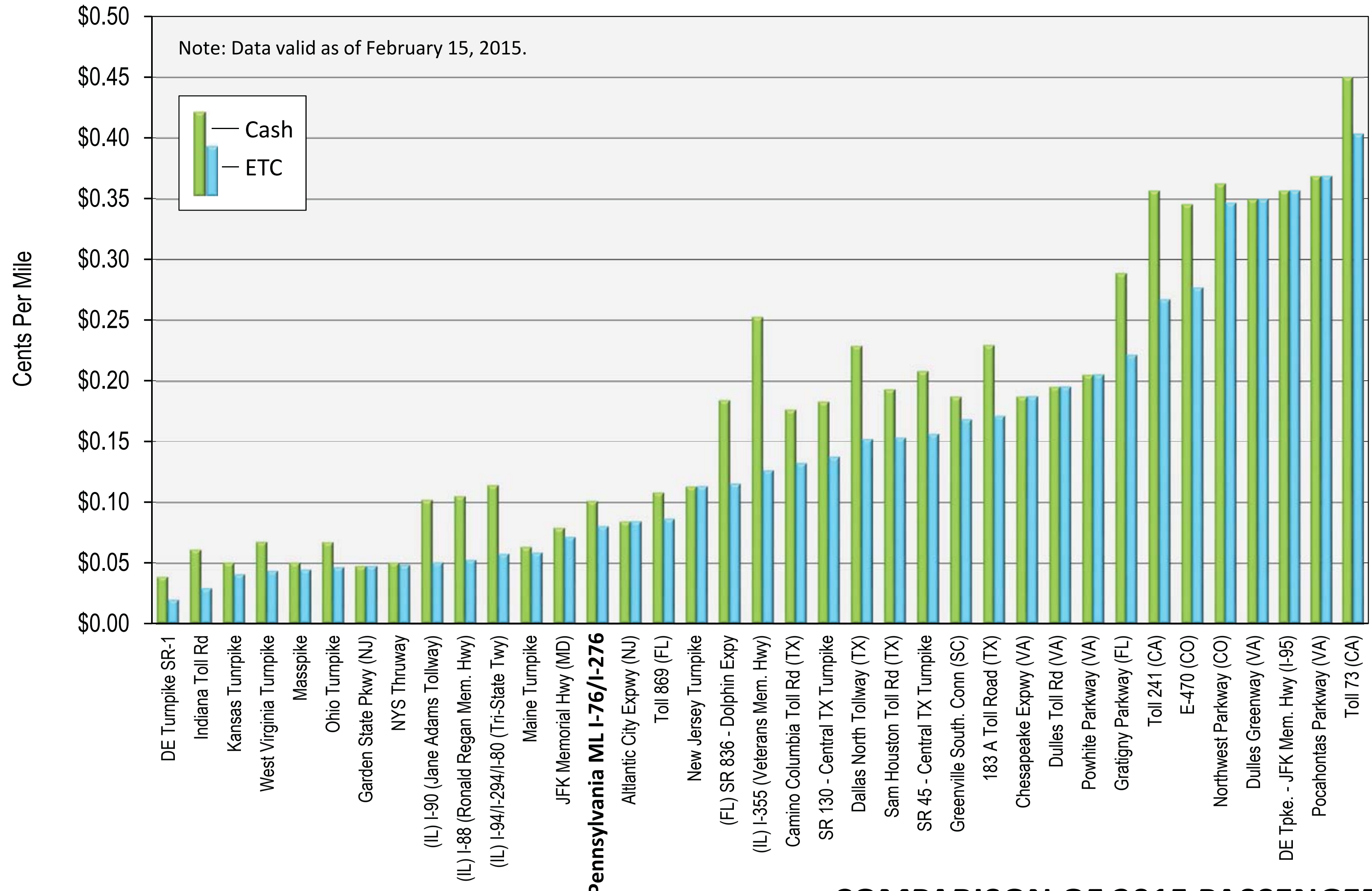
Table 2-1
Historical Toll Rate Increases
Pennsylvania Turnpike

Date	Percent Increase Cash	Percent Increase 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.

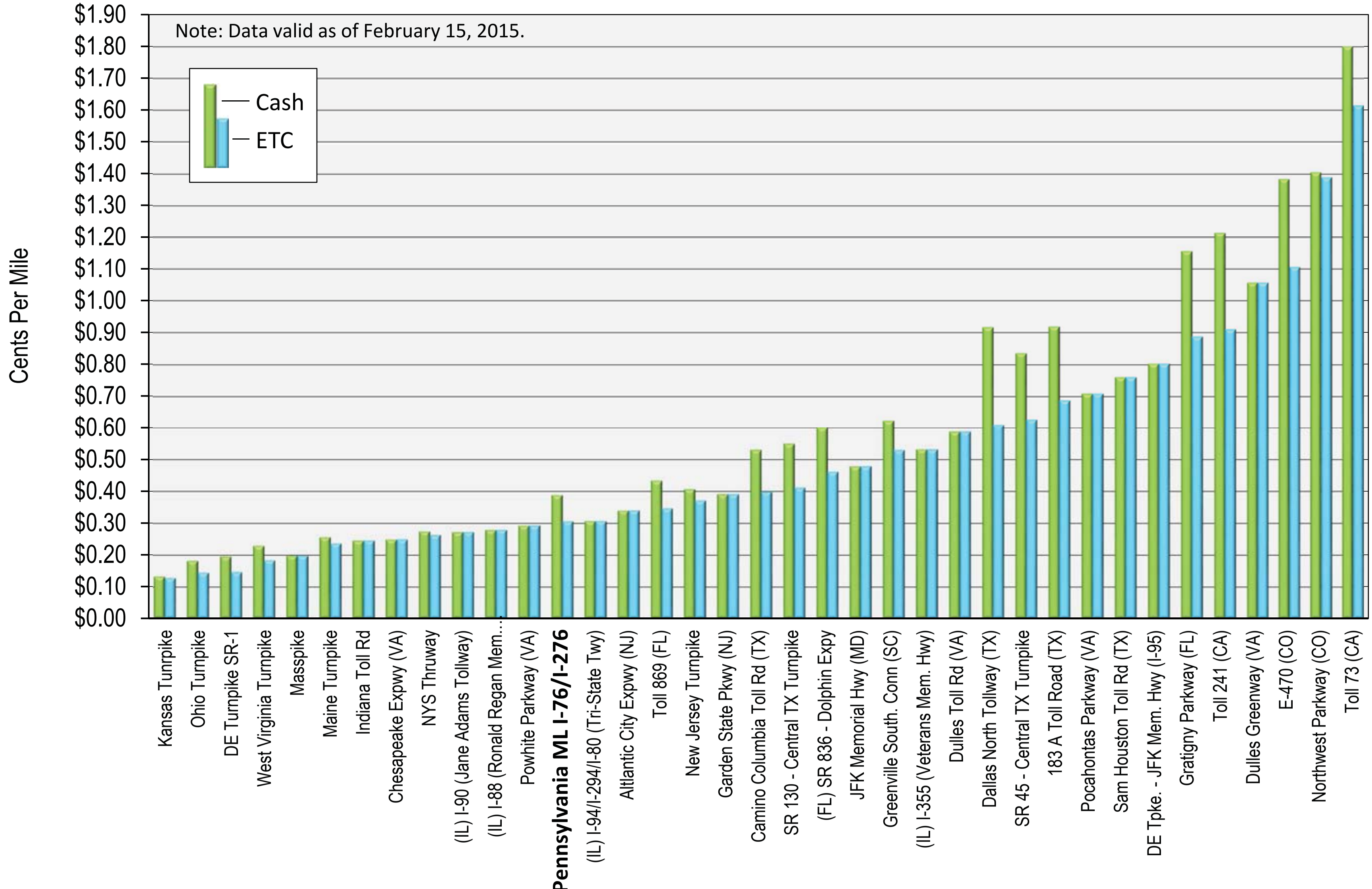
The PTC operates a Commercial Volume Discount Program. Prior to the implementation of system wide toll rates favorable to E-ZPass customers, a post-paid, commercial volume-discount program was established for high-volume, commercial E-ZPass accounts. Post-paid commercial E-ZPass customers could receive 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)

FIGURE 2-3

CDM Smith



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 (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)	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	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)	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	Calendar Year																		Average Annual Percent Change			
	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.	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

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.	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)

	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	11,681	(0.5)	11,622	(0.7)	11,540	1.6	11,720	1,815	(3.4)	1,754	(0.5)	1,744	6.2	1,852	13,496	(0.9)	13,376	(0.7)	13,284	2.2	13,572
July	12,005	(2.0)	11,765	1.7	11,959	1.4	12,128	1,708	0.5	1,717	5.7	1,816	5.2	1,910	13,714	(1.7)	13,482	2.2	13,775	1.9	14,039
August	11,887	2.5	12,181	1.3	12,343	(0.5)	12,285	1,837	0.1	1,839	0.7	1,852	0.5	1,862	13,723	2.2	14,020	1.2	14,195	(0.3)	14,147
September	11,119	(2.9)	10,800	2.8	11,105	0.2	11,123	1,749	(7.4)	1,619	6.2	1,719	6.9	1,838	12,867	(3.5)	12,419	3.3	12,824	1.1	12,961
October	11,457	(4.0)	10,998	6.7	11,738	1.2	11,876	1,751	(0.1)	1,749	7.1	1,873	4.6	1,960	13,208	(3.5)	12,747	6.8	13,611	1.7	13,836
November	11,005	(1.6)	10,832	(0.2)	10,812	(0.5)	10,760	1,644	2.5	1,685	(4.0)	1,617	1.9	1,648	12,649	(1.0)	12,517	(0.7)	12,428	(0.2)	12,408
December	10,822	(3.5)	10,446	0.4	10,484	4.0	10,902	1,565	(4.6)	1,493	3.9	1,552	9.5	1,700	12,388	(3.6)	11,939	0.8	12,036	4.7	12,602
January	9,866	0.6	9,925	(4.5)	9,478	1.5	9,619	1,505	5.7	1,591	(1.9)	1,560	2.9	1,606	11,372	1.3	11,516	(4.1)	11,038	1.7	11,225
February	9,693	(5.2)	9,189	(6.6)	8,585			1,487	(2.6)	1,448	(0.7)	1,439			11,180	(4.9)	10,638	(5.8)	10,023		
March	10,806	(0.4)	10,761	(1.0)	10,649			1,674	(4.2)	1,605	3.8	1,666			12,480	(0.9)	12,366	(0.4)	12,314		
April	10,784	1.0	10,890	1.9	11,096			1,639	6.9	1,752	2.1	1,789			12,423	1.8	12,641	1.9	12,884		
May	11,555	1.7	11,756	0.5	11,809			1,797	4.3	1,874	(0.0)	1,874			13,352	2.1	13,630	0.4	13,683		
Total Year	132,680	(1.1)	131,165	0.3	131,595		90,413	20,171	(0.2)	20,125	1.9	20,501		14,376	152,851	(1.0)	151,290	0.5	152,096		104,789
June-Jan	89,842	(1.4)	88,569	1.0	89,457	1.1	90,413	13,574	(0.9)	13,446	2.1	13,734	4.7	14,376	103,416	(1.4)	102,016	1.2	103,191	1.5	104,789

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	$37,533	5.5	$39,610	5.4	$41,761	6.3	$44,385	$28,954	(1.4)	$28,554	3.8	$29,642	8.4	$32,145	$66,487	2.5	$68,164	4.8	$71,403	7.2	$76,530
July	41,662	0.0	41,674	7.7	44,889	6.8	47,942	27,345	1.3	27,706	9.0	30,200	9.1	32,935	69,007	0.5	69,380	8.2	75,089	7.7	80,876
August	39,461	8.4	42,785	8.2	46,287	6.6	49,340	29,230	2.2	29,883	3.2	30,847	5.1	32,420	68,691	5.8	72,668	6.1	77,134	6.0	81,759
September	34,686	3.0	35,739	6.0	37,868	4.7	39,655	28,122	(3.8)	27,060	6.2	28,725	11.1	31,911	62,808	(0.0)	62,798	6.0	66,593	7.5	71,566
October	35,674	(0.5)	35,501	10.1	39,100	7.8	42,161	28,338	0.0	28,342	10.2	31,235	8.5	33,884	64,012	(0.3)	63,843	10.2	70,335	8.1	76,045
November	34,874	2.1	35,597	3.4	36,810	7.2	39,455	26,591	4.7	27,854	(1.8)	27,346	5.8	28,927	61,465	3.2	63,451	1.1	64,156	6.6	68,382
December	33,258	2.0	33,936	7.1	36,350	6.4	38,684	25,387	(1.1)	25,115	5.3	26,444	13.0	29,877	58,645	0.7	59,050	6.3	62,795	9.2	68,561
January	29,800	2.6	30,574	0.7	30,782	8.2	33,317	25,630	8.1	27,718	0.1	27,743	9.4	30,349	55,430	5.2	58,292	0.4	58,524	8.8	63,666
February	28,953	(2.2)	28,308	(2.2)	27,690			25,280	(0.3)	25,204	3.3	26,037			54,233	(1.3)	53,512	0.4	53,728		
March	33,183	7.9	35,792	1.6	36,382			27,975	0.3	28,054	8.0	30,311			61,158	4.4	63,845	4.5	66,693		
April	34,890	2.7	35,848	9.3	39,166			26,952	8.8	29,312	7.1	31,396			61,842	5.4	65,160	8.3	70,562		
May	38,049	7.0	40,696	6.7	43,440			29,418	5.8	31,134	4.8	32,623			67,467	6.5	71,830	5.9	76,063		
Total Year	$422,023	3.3	$436,059	5.6	$460,525		$334,938	$329,222	2.0	$335,935	4.9	$352,550		$252,448	$751,245	2.8	$771,994	5.3	$813,075		$587,386
June-Jan	286,948	3.0	295,415	6.2	313,847	6.7	334,938	219,598	1.2	222,231	4.5	232,182	8.7	252,448	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)

Month	Passenger Cars 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
July	14,905	(1.2)	14,726	1.2	14,906	1.6	15,138
August	14,857	3.0	15,300	0.9	15,433	(0.1)	15,425
September	13,915	(2.1)	13,625	2.0	13,891	0.6	13,974
October	14,357	(3.3)	13,886	5.6	14,670	1.4	14,876
November	13,684	(1.3)	13,508	(0.6)	13,420	(0.5)	13,358
December	13,451	(3.5)	12,975	0.6	13,058	3.3	13,491
January	12,149	0.7	12,236	(4.4)	11,703	1.7	11,905
February	12,011	(4.9)	11,417	(5.9)	10,738		
March	13,417	(0.6)	13,334	(1.1)	13,188		
April	13,454	1.0	13,585	1.4	13,778		
May	14,417	1.8	14,679	0.1	14,690		
Total Year	164,960	(0.8)	163,690	0.1	163,788		112,702
June-Jan	111,660	(0.9)	110,673	0.7	111,393	1.2	112,702

Month	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	2,153	(1.4)	2,122	(0.5)	2,112	7.1	2,261
July	2,042	2.1	2,085	6.2	2,215	6.1	2,351
August	2,208	1.1	2,232	1.4	2,264	1.6	2,301
September	2,099	(6.7)	1,958	7.3	2,101	8.3	2,275
October	2,107	0.4	2,115	8.1	2,287	5.5	2,412
November	1,963	2.3	2,008	(2.4)	1,960	2.6	2,011
December	1,853	(4.2)	1,774	5.1	1,864	9.8	2,046
January	1,781	6.2	1,892	(0.9)	1,875	3.2	1,935
February	1,771	(2.4)	1,728	0.6	1,740		
March	1,996	(4.1)	1,915	5.6	2,021		
April	1,979	6.7	2,111	2.6	2,167		
May	2,175	4.2	2,267	0.7	2,283		
Total Year	24,127	0.3	24,207	2.8	24,891		17,593
June-Jan	16,206	(0.1)	16,186	3.0	16,679	5.5	17,593

Month	Total Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	16,496	0.3	16,539	(0.7)	16,423	2.3	16,797
July	16,947	(0.8)	16,811	1.8	17,121	2.1	17,489
August	17,065	2.7	17,532	0.9	17,698	0.2	17,726
September	16,013	(2.7)	15,583	2.6	15,993	1.6	16,249
October	16,464	(2.8)	16,001	6.0	16,957	2.0	17,288
November	15,647	(0.8)	15,516	(0.9)	15,380	(0.1)	15,368
December	15,304	(3.6)	14,749	1.2	14,922	4.1	15,537
January	13,930	1.4	14,128	(3.9)	13,578	1.9	13,840
February	13,782	(4.6)	13,146	(5.1)	12,478		
March	15,413	(1.1)	15,249	(0.3)	15,210		
April	15,433	1.7	15,697	1.6	15,946		
May	16,592	2.1	16,946	0.2	16,974		
Total Year	189,087	(0.6)	187,897	0.4	188,679		130,295
June-Jan	127,866	(0.8)	126,859	1.0	128,072	1.7	130,295

Toll Revenue (in $1,000s)

Month	Passenger Cars 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
July	44,555	0.6	44,813	7.6	48,219	6.9	51,527
August	42,432	8.7	46,109	7.9	49,761	6.6	53,065
September	37,501	3.3	38,737	5.9	41,023	4.9	43,042
October	38,580	(0.0)	38,571	9.9	42,409	7.8	45,711
November	37,566	2.3	38,446	3.4	39,752	7.0	42,534
December	35,916	2.0	36,642	7.1	39,259	6.4	41,766
January	32,226	2.9	33,172	0.7	33,403	8.2	36,138
February	31,419	(1.8)	30,841	(1.9)	30,259		
March	35,960	7.7	38,716	1.8	39,421		
April	37,709	3.2	38,904	8.9	42,363		
May	41,069	7.1	44,000	6.6	46,889		
Total Year	$455,133	3.6	$471,514	5.5	$497,671		$361,543
June-Jan	308,977	3.3	319,053	6.2	338,738	6.7	361,543

Month	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$30,075	(0.9)	$29,797	3.8	$30,938	8.7	$33,638
July	28,449	1.8	28,953	9.1	31,597	9.3	34,536
August	30,473	2.5	31,222	3.4	32,289	5.3	33,994
September	29,292	(3.7)	28,222	6.5	30,066	11.4	33,490
October	29,536	0.2	29,595	10.5	32,692	8.6	35,507
November	27,670	4.7	28,976	(1.5)	28,554	5.9	30,250
December	26,368	(1.0)	26,096	5.7	27,577	13.0	31,154
January	26,599	8.3	28,813	0.4	28,936	9.2	31,609
February	26,271	(0.2)	26,223	3.6	27,168		
March	29,086	0.3	29,182	8.4	31,644		
April	28,122	8.8	30,610	7.2	32,811		
May	30,707	6.0	32,537	4.9	34,123		
Total Year	$342,646	2.2	$350,226	5.2	$368,395		$264,179
June-Jan	228,460	1.4	231,674	4.7	242,649	8.9	264,179

Month	Total Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$70,276	3.0	$72,360	4.8	$75,851	7.3	$81,397
July	73,004	1.0	73,767	8.2	79,816	7.8	86,063
August	72,904	6.1	77,330	6.1	82,050	6.1	87,060
September	66,792	0.2	66,959	6.2	71,089	7.7	76,532
October	68,116	0.1	68,166	10.2	75,101	8.1	81,218
November	65,236	3.4	67,422	1.3	68,306	6.6	72,785
December	62,284	0.7	62,738	6.5	66,836	9.1	72,921
January	58,824	5.4	61,985	0.6	62,338	8.7	67,747
February	57,690	(1.1)	57,064	0.6	57,427		
March	65,046	4.4	67,899	4.7	71,065		
April	65,831	5.6	69,514	8.1	75,174		
May	71,776	6.6	76,536	5.8	81,012		
Total Year	$797,779	3.0	$821,740	5.4	$866,066		$625,721
June-Jan	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

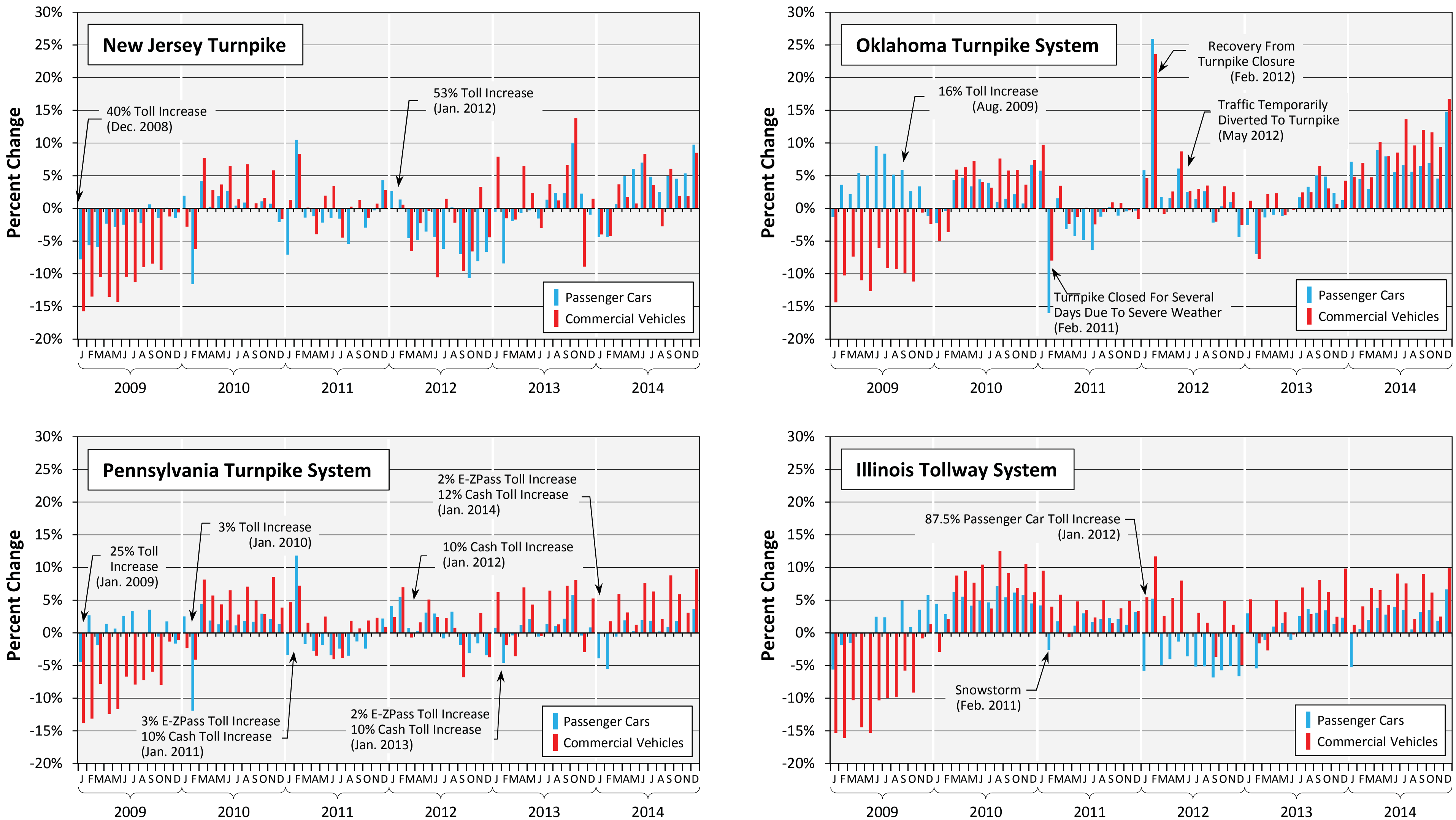
Detailed monthly transaction and toll revenue trends are shown for each of the individual Barrier Systems in Appendix A. Monthly trends are provided for Turnpike 43 in Table A-1, Turnpike 66 in Table A-2, The Northeast Extension Barrier Plazas in Table A-3, Turnpike I-376 in Table A-4 and Turnpike I-576 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

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.

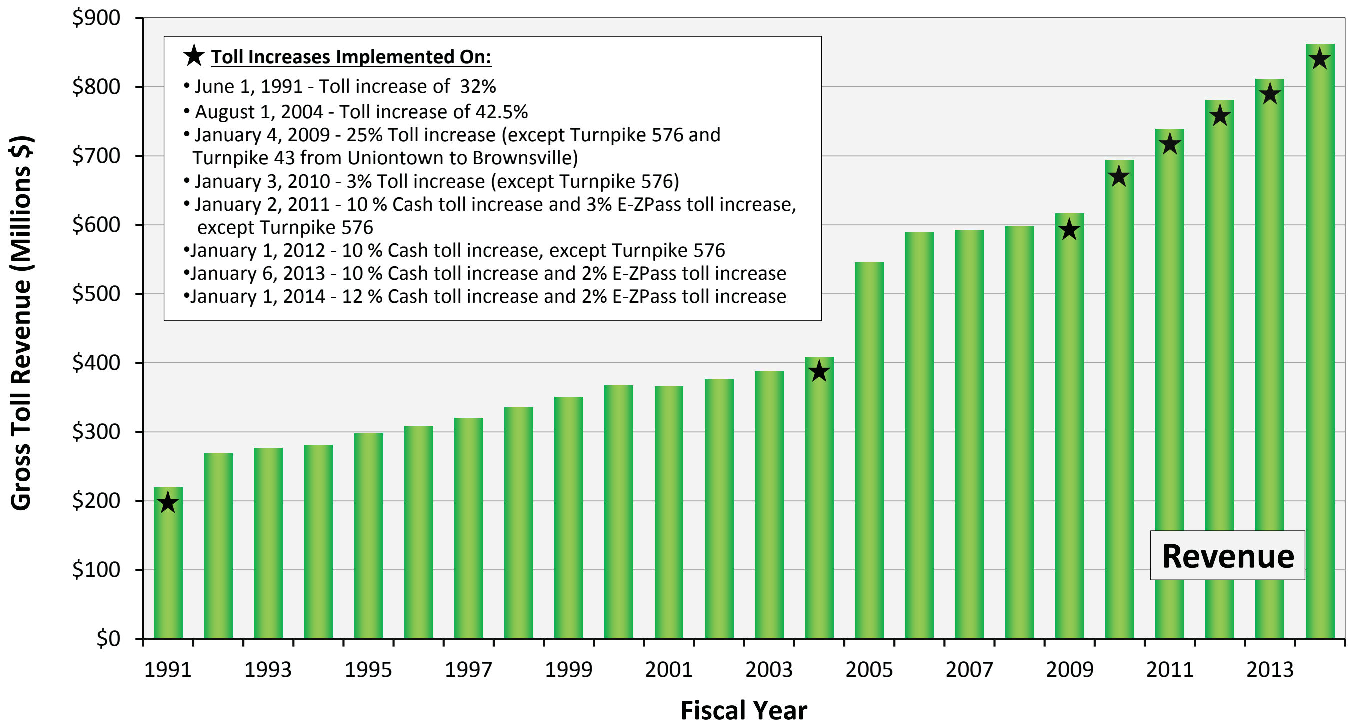
Table 2-11
Annual Systemwide Traffic and Adjusted Toll Revenue Trends
Pennsylvania Turnpike System
(Values in Thousands)

	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

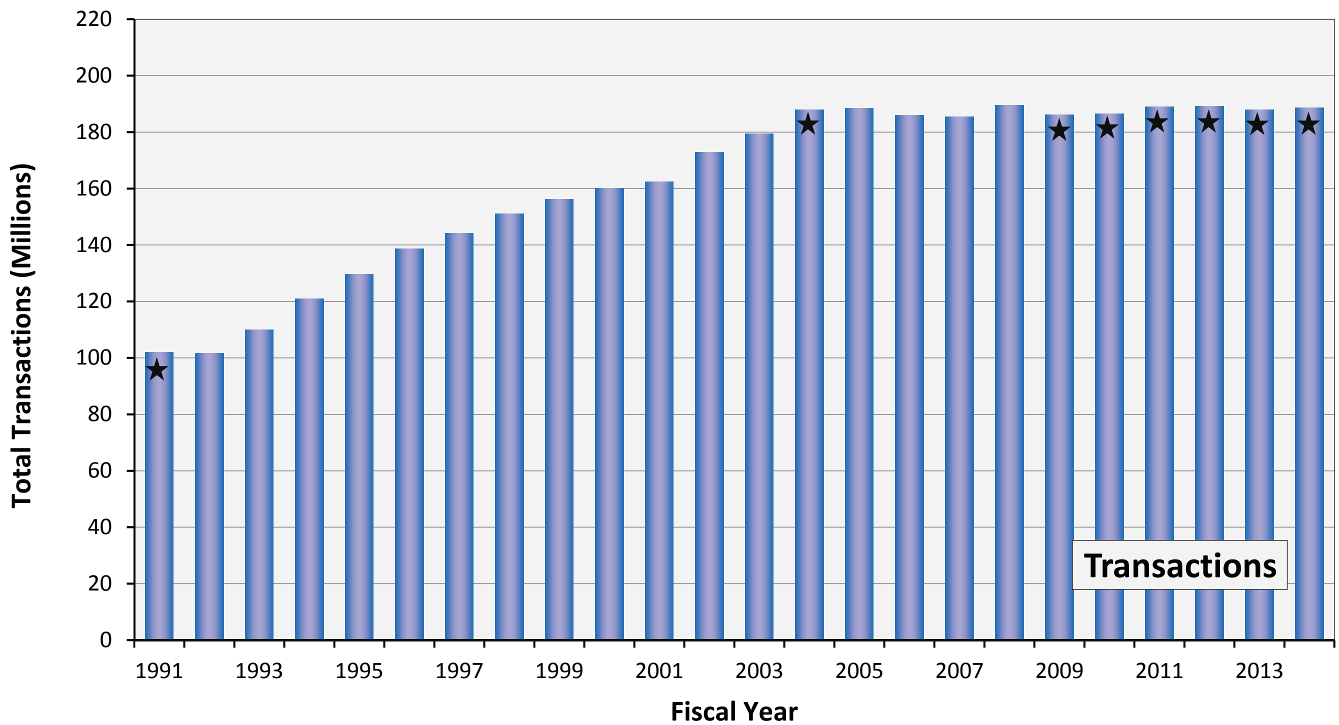
Average Annual Percent Change

	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.



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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

	Average Annual Percent Change						
Area	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.

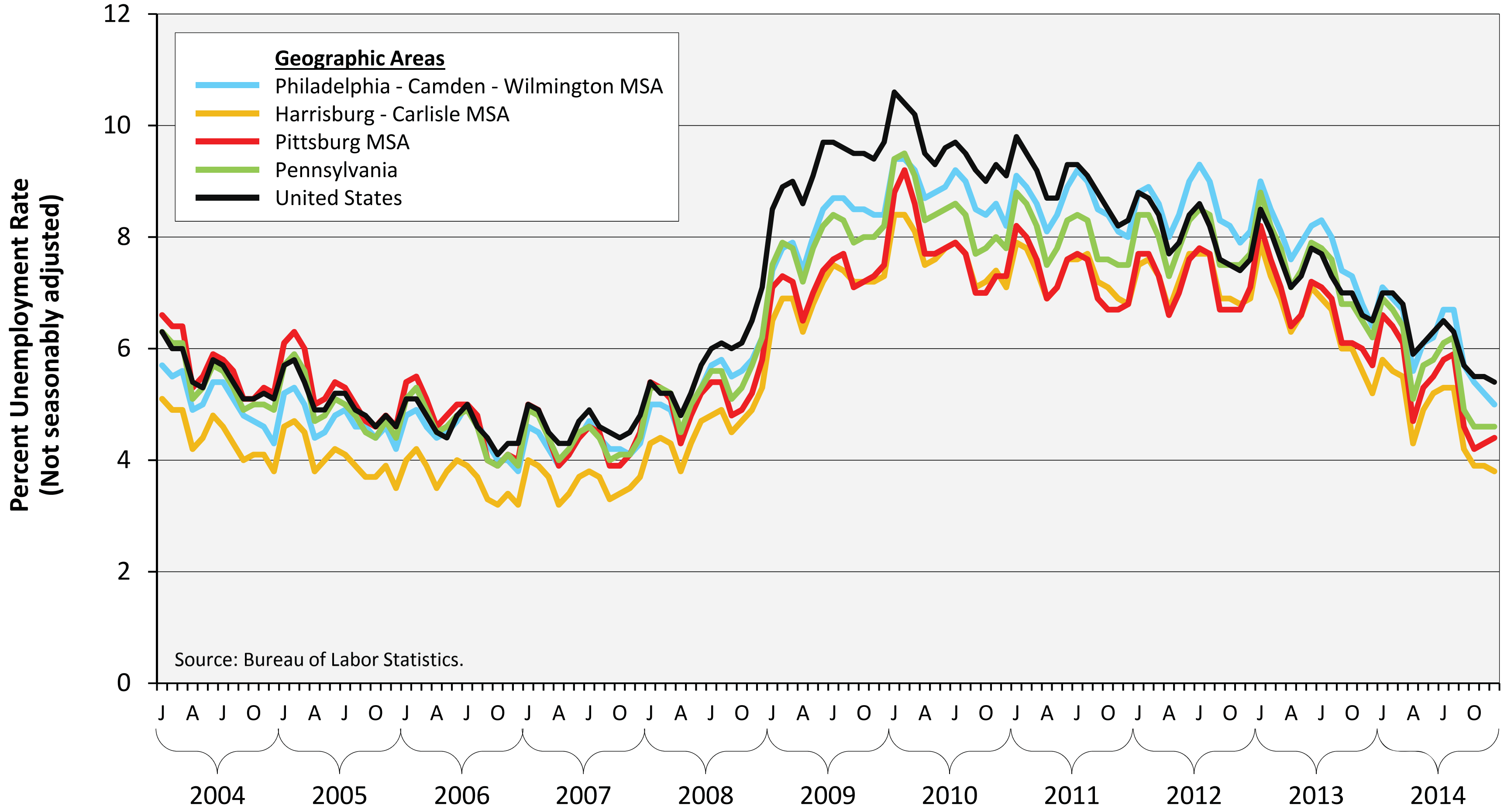
Unemployment rate trends for the entire Commonwealth (and key metro areas) have generally followed those for the nation. While directionally very similar, the Pennsylvania rates have, for most of the recent decade, been below that of the United States. This indicates that the study area geographies have, 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



CDM Smith

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

	Average Annual Percent Change						
Area	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.

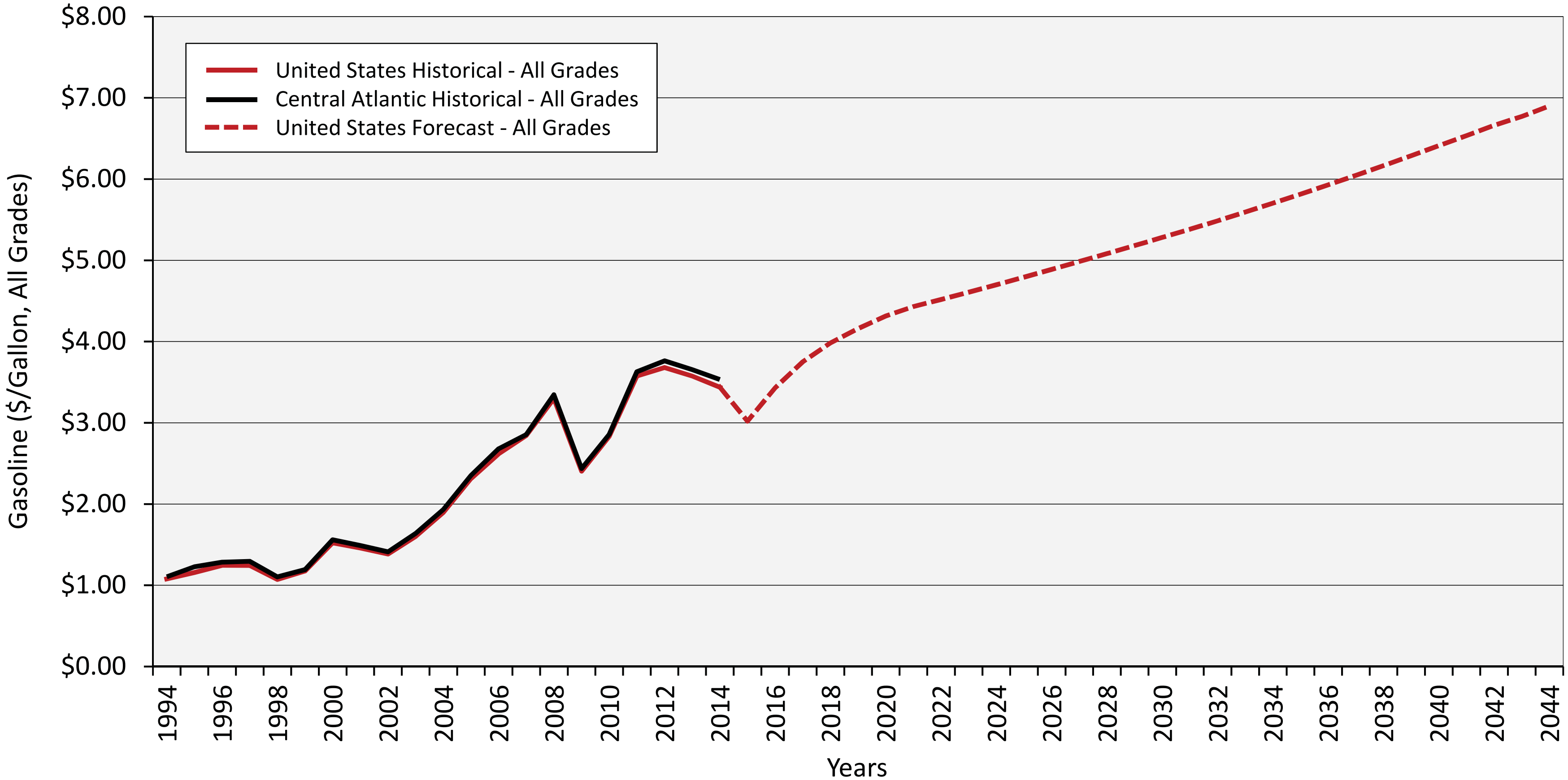
3.5 Motor Fuel Prices

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).



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

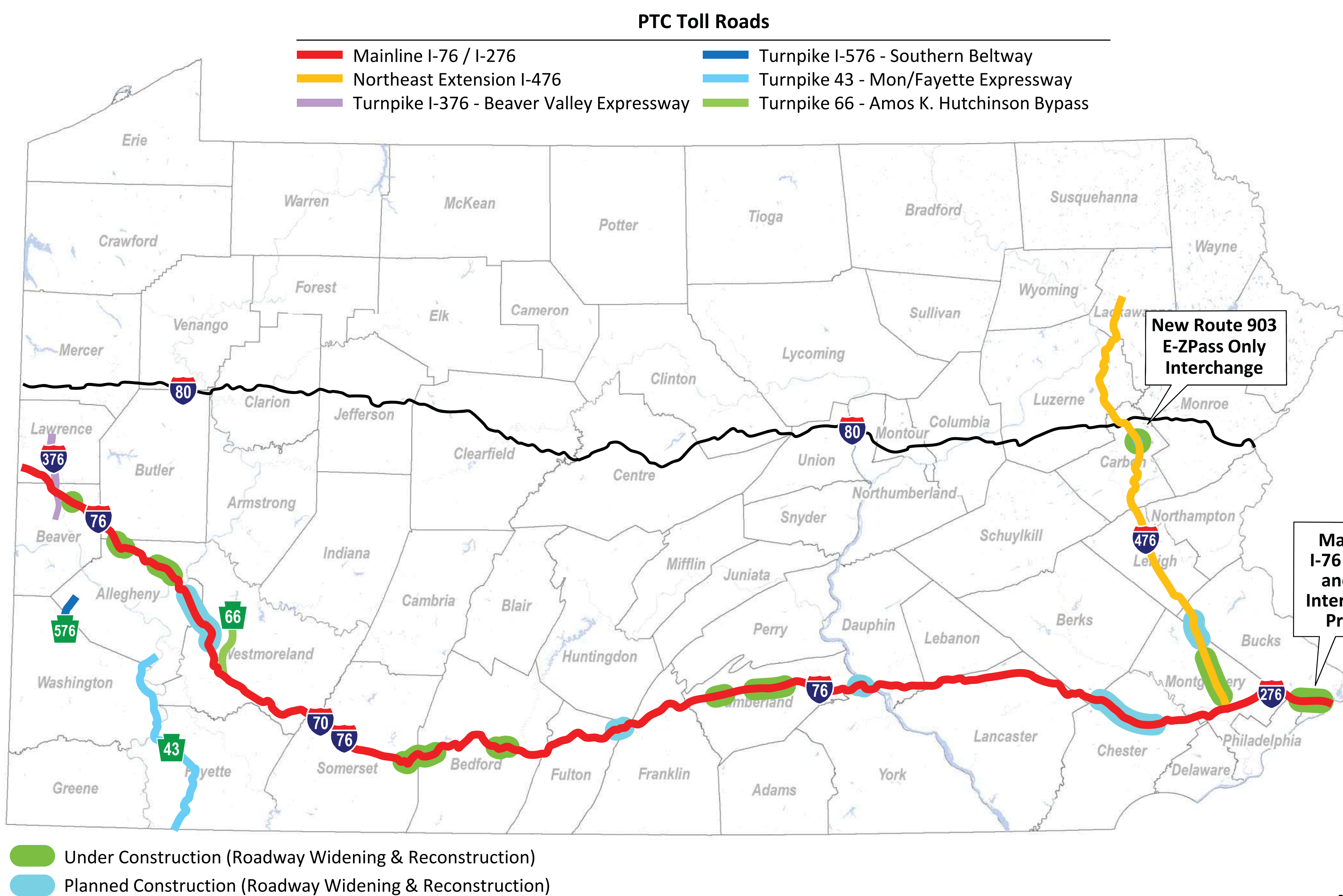
(1) The roadway improvement projects shown in this table are a small subset of the projects listed in the PTC's Major Design and Construction Projects website and listed in the Proposed FY 2015 Ten Year Capital Plan.

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		Percent Increase For Cars and Trucks		Sample Toll Rates (2)					
				$1.00 Toll		$2.50 Toll		$10.00 Toll	
Year		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 Year	Percent Toll Increase For Cars and Trucks		Sample Toll Rates	
	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 Annual	
Fiscal Year	Passenger Cars	Commercial Vehicles	Total Vehicles	Percent Change	Passenger Cars	Commercial Vehicles	Total Vehicles	Percent Change	**Discounts and Adjustments (11)**	**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)

Month	Passenger Cars 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	Total Vehicles 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)

Month	Passenger Cars 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15	Total Vehicles 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)

	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	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)

	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	$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)

Month	Passenger Cars 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	638	(1.9)	625	(9.4)	567	4.4	592
July	674	(3.5)	650	(7.5)	601	2.3	615
August	664	(1.5)	654	(6.3)	612	3.1	631
September	613	(4.1)	588	(4.1)	564	1.1	570
October	653	(7.2)	606	(1.9)	595	(2.2)	582
November	586	(2.9)	569	(6.1)	534	(3.0)	518
December	585	(6.7)	546	(1.0)	541	(1.4)	533
January	497	(0.7)	493	(7.2)	458	0.5	460
February	496	(6.6)	463	(5.3)	439		
March	570	(5.6)	538	(2.9)	523		
April	573	(3.8)	551	(0.0)	551		
May	614	(4.4)	587	1.6	597		
Total Year	7,162	(4.1)	6,871	(4.2)	6,580		4,501
June-Jan	4,909	(3.6)	4,731	(5.5)	4,471	0.7	4,501

Month	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	102	6.2	108	(14.2)	93	15.9	107
July	98	9.2	107	(5.4)	101	13.6	115
August	112	0.9	113	(6.1)	106	5.8	112
September	102	(6.2)	96	4.2	100	13.8	114
October	104	(0.6)	104	4.4	108	5.2	114
November	93	(1.9)	92	(0.3)	91	(2.3)	89
December	85	(2.0)	83	1.4	84	6.6	90
January	81	8.2	88	(3.0)	85	(1.0)	84
February	85	(8.7)	78	6.6	83		
March	93	(9.6)	84	11.8	94		
April	94	3.4	97	3.3	100		
May	103	(1.3)	102	5.8	107		
Total Year	1,152	(0.2)	1,150	0.3	1,153		826
June-Jan	777	1.6	790	(2.7)	769	7.4	826

Month	Total Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	739	(0.8)	733	(10.1)	659	6.0	699
July	772	(1.9)	757	(7.2)	703	3.9	730
August	776	(1.2)	767	(6.3)	718	3.5	743
September	716	(4.4)	684	(3.0)	664	3.0	684
October	758	(6.3)	710	(1.0)	703	(1.1)	696
November	679	(2.7)	660	(5.3)	625	(2.9)	607
December	670	(6.1)	629	(0.6)	625	(0.4)	622
January	578	0.5	581	(6.5)	543	0.3	544
February	581	(6.9)	541	(3.6)	521		
March	663	(6.2)	622	(0.9)	617		
April	667	(2.8)	648	0.5	651		
May	717	(3.9)	689	2.2	704		
Total Year	8,315	(3.5)	8,021	(3.6)	7,733		5,326
June-Jan	5,687	(2.9)	5,521	(5.1)	5,240	1.6	5,326

Toll Revenue (in $1,000s)

Month	Passenger Cars 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$641	3.1	$661	(3.1)	$640	11.4	$713
July	680	1.8	692	(1.6)	681	9.6	747
August	666	4.3	695	(0.9)	688	11.1	764
September	612	1.7	622	1.4	631	7.8	680
October	651	(1.8)	639	3.6	662	4.2	690
November	583	2.7	599	(0.7)	595	3.5	616
December	584	(1.5)	575	4.9	604	5.1	635
January	524	3.8	544	(1.4)	536	5.6	566
February	523	(1.2)	517	0.5	519		
March	603	(0.0)	603	3.4	623		
April	605	1.7	616	6.6	657		
May	651	1.7	662	8.3	717		
Total Year	$7,323	1.4	$7,424	1.7	$7,553		$5,411
June-Jan	4,941	1.7	5,027	0.2	5,037	7.4	5,411

Month	Commercial Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$290	8.6	$315	(13.2)	$273	18.9	$325
July	280	12.4	315	(5.7)	297	19.5	354
August	328	1.2	332	(5.2)	314	5.7	332
September	297	(5.0)	282	5.8	298	15.2	343
October	302	(1.7)	297	8.9	324	4.1	337
November	270	(0.4)	269	1.6	273	(1.1)	270
December	249	(2.0)	244	4.7	256	8.8	278
January	248	8.7	270	0.4	271	1.5	275
February	261	(7.5)	242	8.3	262		
March	278	(6.4)	260	14.9	299		
April	278	6.7	296	6.2	314		
May	301	1.3	305	6.6	325		
Total Year	$3,382	1.3	$3,426	2.3	$3,506		$2,515
June-Jan	2,264	2.6	2,323	(0.7)	2,306	9.1	2,515

Month	Total Vehicles 2011-12	% Chg	2012-13	% Chg	2013-14	% Chg	2014-15
June	$931	4.8	$976	(6.4)	$914	13.6	$1,038
July	960	4.9	1,007	(2.9)	978	12.6	1,101
August	994	3.3	1,026	(2.3)	1,003	9.4	1,097
September	908	(0.5)	904	2.8	929	10.2	1,024
October	953	(1.8)	936	5.3	986	4.2	1,027
November	853	1.7	868	0.0	868	2.1	886
December	834	(1.7)	820	4.9	860	6.2	913
January	772	5.4	813	(0.8)	807	4.2	841
February	784	(3.3)	758	3.0	781		
March	881	(2.0)	863	6.8	922		
April	883	3.3	912	6.5	971		
May	952	1.5	967	7.7	1,042		
Total Year	$10,705	1.4	$10,850	1.9	$11,058		$7,926
June-Jan	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

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[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

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[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

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[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

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[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

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[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

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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

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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

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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

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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].

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[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

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[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

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[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/

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[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

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[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

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[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

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[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

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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/SB1000142412788732465940457850124 1181682894.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.

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APPENDIX H

CERTAIN INFORMATION REGARDING COMMONWEALTH MOTOR LICENSE FUND

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Table 1
Results of Operations — Motor License Fund
GAAP Basis — Unaudited
(In Thousands)

	Fiscal Year Ended June 30				
	2012	**2013**	**2014**	**2015**	**2016**
Fund Balance — Beginning of Period	$ 1,503,483	$ 1,192,998	$ 1,063,322	$ 1,122,852	$ 988,548
Restatements...	-	-	-	-	-
Fund Balance — Beginning of Period, as Restated............................	$ 1,503,483	$ 1,192,998	$ 1,063,322	$ 1,122,852	$ 988,548
Revenues:					
Taxes..	$ 2,096,222	$ 2,058,228	$ 2,349,983	$ 3,017,991	$ 3,268,270
Licenses and fees...	913,660	920,536	873,949	959,549	963,338
Intergovernmental..	1,917,064	1,935,313	1,948,619	1,785,473	1,884,139
Other revenues...	145,264	185,050	196,285	107,272	99,593
Other Financing Sources:					
Operating transfers in..	-	37,327	21,092	20,978	212,124
Other additions..	-	714	-	-	-
TOTAL REVENUES AND OTHER SOURCES........	$ 5,072,210	$ 5,137,168	$ 5,389,928	$ 5,891,263	$ 6,427,464
Expenditures:					
Direction and supportive services..............................	$ 58,679	$ 31,593	$ 25,545	$ 19,186	$ 23,196
Protection of persons and property............................	707,229	743,349	781,151	857,850	942,966
Public education..	595	459	316	164	494
Econimic Development..	0	0	955	912	945
Recreation and cultural enrichment...........................	3,855	901	1,677	4,827	5,959
Transportation..	2,001,559	2,036,728	2,226,073	2,642,804	2,645,657
Capital outlay...	2,542,787	2,384,372	2,228,241	2,423,556	2,838,090
Other Uses:					
Operating transfers out..	67,991	69,442	66,440	76,268	73,963
TOTAL EXPENDITURES AND OTHER USES	$ 5,382,695	$ 5,266,844	$ 5,330,398	$ 6,025,567	$ 6,531,270
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURE AND OTHER USES......	(310,485)	(129,676)	59,530	(134,304)	138,161
Fund Balance — End of Period	$ 1,192,998	$ 1,063,322	$ 1,122,852	$ 988,548	$ 884,742
Components of Fund Balance					
Reserved for encumbrances.......................................	$ -	$ -			
Reserved for advances and other...............................	-	-			
Unreserved - designated - highways..........................	-	-			
Unreserved - undesignated..	-	-			
Restricted...	1,192,998	1,063,322	1,122,852	988,548	884,742
TOTAL FUND BALANCE...	$ 1,192,998	$ 1,063,322	$ 1,122,852	$ 988,548	$ 884,742

Source: Compiled from Office of the Budget, Comprehensive Annual Financial Report for fiscal years ended June 30, 2012 through 2016.

TABLE 2

MOTOR LICENSE FUND REVENUES AVAILABLE FOR SPECIAL REVENUE BONDS
(In Millions)

Description	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Fuel Taxes					
Liquid Fuels and Fuels tax	$ 717.1	$ 711.5	$ 736.0	$ 738.4	$ 733.2
Oil Company Franchise tax	$ 1,057.2	1043.7	1318.8	1745.5	1998.5
Total Fuel Taxes	**1774.3**	**$ 1,755.2**	**$ 2,054.8**	**$ 2,483.9**	**$ 2,731.7**
Passenger cars	$ 286.0	$ 286.3	$ 294.9	$ 291.1	$ 300.3
Motor homes	$ 2.5	$ 2.5	$ 2.6	$ 3.5	$3.6
Motorcycles	$ 7.4	$ 7.3	$ 7.3	$ 7.2	$7.2
Motor-driven cycles					
Trucks and Truck tractors	$ 225.0	$ 273.8	$ 199.6	$ 280.9	$320.4
Motor Buses and Limousines	$ 2.9	$ 2.9	$ 2.9	$ 3.3	$3.4
Implements of Husbandry			$ -	$ -	
Antique, classic and collectible vehicles	$ 0.8	$ 1.3	$ 1.5	$ 1.6	$1.7
Farm Vehicles	$ 1.8	$ 1.9	$ 2.0	$ 2.1	$2.4
Ambulances, taxis, and hearses	$ 0.3	$ 0.3	$ 0.3	$ 0.4	$0.3
Dealers and Miscellaneous Motor Vehicle Business	$ 3.7	$ 3.6	$ 3.7	$ 5.2	$5.8
Farm equipment vehicle dealers			$ -	$ -	
Transfer of Registration	$ 5.8	$ 5.8	$ 5.9	$ 9.1	$9.4
Replacement Registration Plates			$ -	$ -	
Duplicate Registration cards	$ 1.4	$ 1.4	$ 1.4	$ 1.6	$1.7
Commercial implements of husbandry			$ -		
Certificate of Title	$ 72.5	$ 72.4	$ 93.9	$ 56.7	$18.5
Excluded Revenues	$ (28.0)	**$ (28.0)**	**$ (28.0)**	**$ (28.0)**	**$ (28.0)**
Total Registration Fees	***$ 582.1***	**$ 631.5**	**$ 588.0**	**$ 634.7**	**$ 646.7**
Total Available Revenues	***$ 2,356.4***	***$ 2,386.70***	***$ 2,642.80***	***$ 3,118.6***	***$ 3,378.4***

Table 3 below shows the average daily balances in the Motor License Fund for the Commonwealth of Pennsylvania's fiscal years 2003 through 2017. This table includes all sources of revenue (both restricted and unrestricted) for the Motor License Fund and not just the sources of revenue that are considered available under Act 44 for debt service payments on the Special Revenue Bonds.

TABLE 3
MOTOR LICENSE FUND
AVERAGE DAILY BALANCES

Fiscal Year	Minimum Daily Balance	Maximum Daily Balance	Average Daily Balance
2017*	$ 620,342,020.95	$ 1,240,774,868.00	$ 913,073,965.42
2016	414,670,984.25	1,447,288,162.16	998,429,580.48
2015	385,247,541.65	1,447,288,162.16	966,765,938.96
2014	610,671,455.20	1,239,155,097.58	903,074,399.09
2013	663,127,268.52	1,247,446,219.97	971,576,051.70
2012	916,134,337.13	1,442,600,018.99	1,186,796,478.05
2011	1,250,633,042.05	1,800,554,372.19	1,599,109,279.25
2010	894,727,515.92	2,152,326,633.69	1,629,097,007.42
2009	1,108,038,369.68	2,087,146,599.19	1,569,188,162.88
2008	1,349,460,833.70	1,980,685,110.19	1,662,820,948.59
2007	1,311,562,196.59	1,726,289,602.52	1,521,761,746.92
2006	1,369,817,865.16	1,739,264,399.05	1,568,993,547.43
2005	743,285,647.77	1,524,896,576.96	1,250,788,086.30
2004	639,174,718.65	1,325,571,580.11	1,014,827,845.72
2003	583,654,525.64	1,012,854,515.86	854,182,798.00

Source: Pennsylvania Department of Transportation - Motor License Fund
* 2017 as of 06/28/2017

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APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

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PIKE