

In the opinion of Co Bond Counsel, under existing law, interest on the Oil Franchise Tax Senior Revenue Bonds, Series A of 2009, the Oil Franchise Tax Senior Revenue Bonds, Series C of 2009, and the Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009 (collectively, the “Tax-Exempt Bonds”) is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in “TAX MATTERS.” Interest on the Tax-Exempt Bonds will not be a specific preference item for purposes of the individual and corporate alternative minimum taxes; however, such interest may be subject to certain other federal taxes affecting corporate holders of the Tax-Exempt Bonds. Co Bond Counsel is of the opinion that interest on the Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 and the Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (together, the “Issuer Subsidy Bonds”) is includable in gross income for federal income tax purposes. Under the laws of the Commonwealth of Pennsylvania, the Tax-Exempt Bonds and the Issuer Subsidy Bonds are exempt from personal property taxes in Pennsylvania, and interest on the Tax-Exempt Bonds and the Issuer Subsidy Bonds is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see “TAX MATTERS”.

## PENNSYLVANIA TURNPIKE COMMISSION

**\$21,550,000 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES A OF 2009 (Tax-Exempt)**  
**Consisting of \$14,930,000 Oil Franchise Tax Senior Revenue Bonds, Subseries A 1 of 2009 (Refunding)**  
**\$6,620,000 Oil Franchise Tax Senior Revenue Bonds, Subseries A-2 of 2009**

**\$127,170,000 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES B OF 2009**  
**(Federally Taxable – Issuer Subsidy - Build America Bonds)**

**\$15,461,246 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES C OF 2009**  
**(Tax-Exempt Capital Appreciation Bonds)**

**\$31,560,000 OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS, SERIES D OF 2009 (Tax-Exempt)**  
**Consisting of \$26,995,000 Oil Franchise Tax Subordinated Revenue Bonds, Subseries D 1 of 2009 (Refunding)**  
**\$4,565,000 Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-2 of 2009**

**\$102,505,000 OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS, SERIES E OF 2009**  
**(Federally Taxable – Issuer Subsidy - Build America Bonds)**

### Dated: Date of Delivery

**Due: See inside cover pages**

The Pennsylvania Turnpike Commission’s Oil Franchise Tax Senior Revenue Bonds, Series A of 2009 (the “**2009A Senior Bonds**”) consisting of Oil Franchise Tax Senior Revenue Bonds, Subseries A-1 of 2009 (Refunding) and Subseries A-2 of 2009, Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the “**2009B Senior Bonds**”), and Oil Franchise Senior Revenue Bonds, Series C of 2009 (the “**2009C Senior Bonds**”) and together with the 2009A Senior Bonds and the 2009B Senior Bonds, the “**2009 Senior Bonds**”) are being issued as Senior Bonds (as herein defined) and the Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009 (the “**2009D Subordinate Bonds**”) consisting of Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-1 of 2009 (Refunding) and Subseries D-2 of 2009, and Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the “**2009E Subordinate Bonds**”) and together with the 2009D Subordinate Bonds, the “**2009 Subordinate Bonds**”, and the 2009 Senior Bonds together with the 2009 Subordinate Bonds, the “**2009 Bonds**”) are being issued as Subordinated Bonds (as herein defined) pursuant to a Fifth Supplemental Indenture dated as of October 1, 2009 (the “**Fifth Supplemental Indenture**”) to the Trust Indenture dated as of August 1, 1998 (the “**Original Indenture**”) and as heretofore amended and supplemented, the “**Indenture**”) between the Pennsylvania Turnpike Commission (the “**Commission**”) and National City Bank of Pennsylvania, which has been succeeded by U.S. Bank, National Association, as trustee (the “**Trustee**”). Manufacturers and Traders Trust Company serves as Paying Agent for the 2009 Bonds (the “**Paying Agent**”).

The 2009A Senior Bonds, the 2009B Senior Bonds, and the 2009 Subordinate Bonds are being issued as current interest bonds. The 2009C Senior Bonds are being issued as capital appreciation bonds.

The 2009 Bonds will be dated the date of initial issuance and delivery thereof, will bear interest at the rates shown on the inside front cover pages at fixed rates set for the maturity dates thereof, calculated on the basis of a year of 360 days consisting of twelve 30-day months. The inside cover pages of this Official Statement contains information concerning the maturity schedules, interest rates, prices and approximate yields of the 2009 Bonds. The 2009 Bonds are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the 2009 Bonds. Beneficial ownership interests in the 2009 Bonds will be recorded in book-entry only form in denominations of \$5,000 or any integral multiple thereof. Purchasers of 2009 Bonds will not receive bonds representing their beneficial ownership in the 2009 Bonds but will receive a credit balance on the books of their respective DTC Participants or DTC Indirect Participants. So long as Cede & Co. is the registered owner of the 2009 Bonds, principal of, premium, if any, and interest on the 2009 Bonds will be paid to Cede & Co., as nominee of DTC, which will, in turn, remit such principal, interest and premium to the Participants and Indirect Participants for subsequent disbursement to the Beneficial Owners, as described herein. The 2009 Bonds will be transferable or exchangeable to another nominee of The Depository Trust Company or as otherwise described herein. So long as Cede & Co. is the registered owner of the 2009 Bonds, payments of principal of and interest, if applicable, on the 2009 Bonds will be made directly by the Paying Agent under the Indenture, as described herein. See “DESCRIPTION OF THE 2009 BONDS,” and “APPENDIX C – SECURITIES DEPOSITORY.”

The scheduled payment of principal of and interest on the 2009A Senior Bonds (the “**Insured Bonds**”) when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY CORP. (“**Assured Guaranty**” or the “**Bond Insurer**”). See “BOND INSURANCE” herein.



THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA (THE “COMMONWEALTH”) HAS ALLOCATED A PORTION OF THE OIL FRANCHISE TAX IMPOSED BY THE COMMONWEALTH AND APPROPRIATED IT TO THE COMMISSION. THE 2009 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THE TRUST ESTATE INCLUDING, BUT NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON. THE 2009 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THE TRUST ESTATE, INCLUDING BUT NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.

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 2009 Bonds are being offered when, as and if issued and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to certain legal matters being passed upon by Dilworth Paxson LLP and Bowman Kavulich Ltd., both of Philadelphia, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Stevens & Lee, a professional corporation, Reading, Pennsylvania, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire. It is anticipated that delivery of the 2009 Bonds in book-entry form will be made through the facilities of DTC in New York, New York on or about October 15, 2009.

**Siebert Brandford Shank & Co., LLC**

**Barclays Capital Markets**  
**Merrill Lynch & Co.**

**Boeing & Scattergood, Inc.**  
**Morgan Stanley & Co.**

**ASSURED  
GUARANTY**

**\$21,550,000 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES A OF 2009**  
**Consisting of Oil Franchise Tax Senior Revenue Bonds, Subseries A-1 of 2009 (Refunding)**  
**\$14,930,000 Serial Bonds**

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP* No.</u>
2010	\$880,000	2.000%	0.600%	101.570	709221QZ1
2011	905,000	2.000	0.950	102.206	709221RA5
2012	920,000	2.000	1.400	101.829	709221RB3
2013	940,000	2.250	1.750	101.981	709221RC1
2014	965,000	2.250	2.100	100.724	709221RD9
2015	985,000	2.500	2.400	100.565	709221RE7
2016	1,010,000	2.750	2.650	100.643	709221RF4
2017	1,045,000	4.000	2.870	108.137	709221RG2
2018	1,095,000	5.000	3.040	115.517	709221RH0
2019	1,145,000	3.500	3.170	102.837	709221RJ6
2020	1,185,000	4.000	3.300	105.981†	709221RK3
2021	1,235,000	4.000	3.430	104.838†	709221RL1
2022	1,285,000	4.000	3.530	103.969†	709221RM9
2023	1,335,000	4.000	3.600	103.366†	709221RN7

**Oil Franchise Tax Senior Revenue Bonds, Subseries A-2 of 2009**  
**\$4,500,000 Serial Bonds**

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP* No.</u>
2010	\$685,000	2.000%	0.600%	101.570	709221RP2
2011	390,000	2.000	0.950	102.206	709221RQ0
2012	400,000	2.000	1.400	101.829	709221RR8
2013	405,000	2.250	1.750	101.981	709221RS6
2014	410,000	2.250	2.100	100.724	709221RT4
2015	420,000	2.500	2.400	100.565	709221RU1
2016	430,000	2.500	2.650	99.029	709221RV9
2017	440,000	3.500	2.870	104.535	709221RW7
2018	450,000	3.500	3.040	103.640	709221RX5
2019	470,000	3.500	3.170	102.837	709221RY3

\$2,120,000      5.000%      Term Bonds Due December 1, 2023      Yield: 3.550%;      Price: 112.240†, CUSIP\* No. 709221RZ0

**\$127,170,000 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES B OF 2009**  
**(Federally Taxable – Issuer Subsidy - Build America Bonds)**

\$127,170,000      5.848%      Term Bonds Due December 1, 2037      Yield: 5.848%;      Price: 100.00      CUSIP\* No. 709221TF2

**\$15,461,246 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES C OF 2009**  
**(Tax-Exempt Capital Appreciation Bonds)**

<u>Maturity (December 1)</u>	<u>Initial Principal Amount</u>	<u>Maturity Amount</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP* No.</u>
2037	\$3,162,346	\$13,735,000	5.290%	100.00	709221SA4
2038	6,319,390	29,000,000	5.300	100.00	709221SB2
2039	5,979,510	29,000,000	5.310	100.00	709221SC0

† Price shown to first optional redemption date of December 1, 2019.

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**\$31,560,000 OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS, SERIES D OF 2009**  
**Consisting of Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-1 of 2009 (Refunding)**

**\$24,075,000 Serial Bonds**

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP* No.</u>
2010	\$2,055,000	2.000%	1.020%	101.095	709221SD8
2011	510,000	2.000	1.490	101.063	709221SE6
2012	525,000	2.500	1.930	101.720	709221SF3
2013	540,000	2.500	2.260	100.939	709221SG1
2014	550,000	3.000	2.620	101.810	709221SH9
2015	570,000	3.000	2.920	100.443	709221SJ5
2016	590,000	3.000	3.200	98.732	709221SK2
2017	610,000	4.000	3.420	104.082	709221SL0
2018	635,000	4.000	3.590	103.163	709221SM8
2019	655,000	4.000	3.720	102.341	709221SN6
2024	3,935,000	5.000	4.100	107.393†	709221SP1
2025	4,110,000	4.000	4.350	95.969	709221SQ9
2026	2,285,000	4.125	4.420	96.477	709221ST3
2026	2,005,000	5.000	4.240	106.200†	709221SR7
2027	4,500,000	5.000	4.300	105.693†	709221SS5
\$2,920,000	4.00%	Term Bonds Due December 1, 2023	Yield: 4.200%;	Price: 97.881	CUSIP* No. 709221SU0

**Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-2 of 2009**

**\$2,920,000 Serial Bonds**

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP* No.</u>
2011	\$290,000	2.000%	1.490%	101.063	709221SV8
2012	290,000	2.500	1.930	101.720	709221SW6
2013	305,000	2.500	2.260	100.939	709221SX4
2014	310,000	3.000	2.620	101.810	709221SY2
2015	325,000	3.000	2.920	100.443	709221SZ9
2016	310,000	3.000	3.200	98.732	709221TA3
2017	350,000	4.000	3.420	104.082	709221TB1
2018	365,000	4.000	3.590	103.163	709221TC9
2019	375,000	4.000	3.720	102.341	709221TD7
\$1,645,000	4.00%	Term Bonds Due December 1, 2023	Yield: 4.200%;	Price: 97.881	CUSIP* No. 709221TE5

**\$102,505,000 OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS, SERIES E OF 2009**

**(Federally Taxable – Issuer Subsidy - Build America Bonds)**

\$102,505,000	6.378%	Term Bonds Due December 1, 2037	Yield: 6.378%;	Price: 100.00	CUSIP* No. 709221TG0
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† Price shown to first optional redemption date of December 1, 2019.

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PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS

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Chairman

TIMOTHY J. CARSON  
Vice Chairman

J. WILLIAM LINCOLN  
Secretary/Treasurer

PASQUALE T. DEON, SR.  
Commissioner

A. MICHAEL PRATT  
Commissioner

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Chief Executive Officer

GEORGE M. HATALOWICH  
Chief Operating Officer

NIKOLAUS H. GRIESHABER  
Chief Financial Officer

FRANK J. KEMPF, JR.  
Chief Engineer

DOREEN A. MCCALL  
Chief Counsel

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U.S. BANK NATIONAL ASSOCIATION  
Trustee

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MANUFACTURERS AND TRADERS TRUST COMPANY  
Paying Agent

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HOPKINS & COMPANY and PHOENIX CAPITAL PARTNERS  
Co-Financial Advisors

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No dealer, broker, salesman or other person has been authorized by the Commission or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any 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 2009 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 2009 Bonds are not and will not be registered under the Securities Act of 1933, as amended, or under any state securities laws, and the Indenture has not been and will not be qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom. Neither the Securities and Exchange Commission nor any federal, state, municipal, or other governmental agency will pass upon the accuracy, completeness, or adequacy of this Official Statement.

The Underwriters have provided the following 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.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2009 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE ORDER AND PLACEMENT OF MATERIALS IN THIS 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 2009 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.**

**ASSURED GUARANTY MAKES NO REPRESENTATION REGARDING THE 2009 BONDS OR THE ADVISABILITY OF INVESTING IN THE 2009 BONDS. IN ADDITION, ASSURED GUARANTY 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 ASSURED GUARANTY SUPPLIED BY ASSURED GUARANTY AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX F” – SPECIMEN BOND INSURANCE POLICY”.**

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# OFFICIAL STATEMENT

## PENNSYLVANIA TURNPIKE COMMISSION

### **\$21,550,000 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES A OF 2009 (Tax-Exempt)**

Consisting of \$14,930,000 Oil Franchise Tax Senior Revenue Bonds, Subseries A-1 of 2009 (Refunding)  
\$6,620,000 Oil Franchise Tax Senior Revenue Bonds, Subseries A-2 of 2009

### **\$127,170,000 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES B OF 2009**

(Federally Taxable – Issuer Subsidy - Build America Bonds)

### **\$15,461,246 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES C OF 2009**

(Tax-Exempt Capital Appreciation Bonds)

### **\$31,560,000 OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS, SERIES D OF 2009 (Tax-Exempt)**

Consisting of \$26,995,000 Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-1 of 2009 (Refunding)  
\$4,565,000 Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-2 of 2009

### **\$102,505,000 OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS, SERIES E OF 2009**

(Federally Taxable – Issuer Subsidy - Build America Bonds)

**Dated: Date of Delivery**

**Due: December 1, as shown on the inside cover pages**

## **INTRODUCTION**

This Official Statement, which includes the cover page, inside front cover pages, and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the “**Commission**”) in connection with the issuance of the \$21,550,000 aggregate principal amount of Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series A of 2009 (the “**2009A Senior Bonds**”) consisting of Oil Franchise Tax Senior Revenue Bonds, Subseries A-1 of 2009 (Refunding) (the “**2009A-1 Senior Refunding Bonds**”) and Oil Franchise Tax Senior Revenue Bonds, Subseries A-2 of 2009 (the “**2009A-2 Senior Bonds**”), the \$127,170,000 aggregate principal amount of Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the “**2009B Senior Bonds**”), the \$15,461,246 initial principal amount of Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series C of 2009 (Tax-Exempt Capital Appreciation Bonds) (the “**2009C Senior Bonds**”, and together with the 2009A Senior Bonds and the 2009B Senior Bonds, the “**2009 Senior Bonds**”), the \$31,560,000 aggregate principal amount of Pennsylvania Turnpike Commission Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009 (the “**2009D Subordinate Bonds**”) consisting of Oil Franchise Tax Subordinated Revenue Bonds Subseries D-1 of 2009 (Refunding) (the “**2009D-1 Subordinate Refunding Bonds**”) and Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-2 of 2009 (the “**2009D-2 Subordinate Bonds**”), and the \$102,505,000 aggregate principal amount of Pennsylvania Turnpike Commission Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (Federally Taxable – Issuer Subsidy – Build America Bonds) (the “**2009E Subordinate Bonds**”, and together with the 2009D Subordinate Bonds, the “**2009 Subordinate Bonds**”; the 2009 Senior Bonds and the 2009 Subordinate Bonds are collectively referred to as the “**2009 Bonds**”).

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in “APPENDIX B – SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS.” All references

herein to the Enabling Acts (as defined below), the 2009 Bonds, the Escrow Agreement (as defined below), the 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 may be obtained during the initial offering period from the principal offices of the Underwriters and thereafter executed copies may be obtained from U.S. Bank National Association, as successor trustee (the “*Trustee*”). All statements in this Official Statement involving matters of opinion, estimates, forecasts, projections or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

## **Purpose**

The 2009A-1 Senior Refunding Bonds are being issued to provide funds to finance the costs of (i) refunding \$15,170,000 principal amount of the Commission’s outstanding Oil Franchise Tax Senior Revenue Bonds, Series A of 1998; (ii) obtaining bond insurance for the 2009A-1 Senior Refunding Bonds; and (iii) paying the allocable costs of issuing the 2009A-1 Senior Refunding Bonds. See “PLAN OF FINANCING”.

The 2009A-2 Senior Bonds are being issued to provide funds to finance (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; (ii) obtaining bond insurance for the 2009A-2 Senior Bonds; and (iii) paying the allocable costs of issuing the 2009A-2 Senior Bonds. See “PLAN OF FINANCING”.

The 2009B Senior Bonds are being issued to provide funds to finance (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; and (ii) paying the allocable costs of issuing the 2009B Senior Bonds. See “PLAN OF FINANCING”.

The 2009C Senior Bonds are being issued to provide funds to finance (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; and (ii) paying the costs of issuing the 2009C Senior Bonds. See “PLAN OF FINANCING”.

The 2009D-1 Subordinate Refunding Bonds are being issued to provide funds to finance the costs of (i) refunding \$27,000,000 principal amount of the Commission’s outstanding Oil Franchise Tax Subordinate Revenue Bonds Series B of 1998; and (ii) paying the allocable costs of issuing the 2009D Subordinate Bonds. See “PLAN OF FINANCING”.

The 2009D-2 Subordinate Bonds are being issued to provide funds to finance (i) a portion of constructing the costs of the Mon/Fayette Expressway and the Southern Beltway; (ii) funding any debt service reserve fund requirement; and (iii) paying the allocable costs of issuing the 2009D-2 Subordinate Bonds. See “PLAN OF FINANCING”.

The 2009E Subordinate Bonds are being issued to provide funds to finance (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; (ii) funding any debt service reserve fund requirement; and (iii) paying the allocable costs of issuing the 2009E Subordinate Bonds. See “PLAN OF FINANCING”.

## **Bond Insurance**

The scheduled payment of principal of and interest on only the 2009A Senior Bonds (the “Insured Bonds”) when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Corp. (“Assured Guaranty” or the “Bond Insurer”). See “BOND INSURANCE” herein.

## **Pennsylvania Turnpike Commission**

The Commission is an instrumentality of the Commonwealth of Pennsylvania (the “*Commonwealth*”) created by the Enabling Acts, with power to construct, operate, and maintain the Pennsylvania Turnpike System (the “*System*”) 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 and described in the Enabling Acts, as amended and supplemented from time to time. Except as provided therein, the Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation. See “INTRODUCTION – Indenture and Enabling Acts” and “APPENDIX A – THE PENNSYLVANIA TURNPIKE.”

## **Indenture and Enabling Acts**

The 2009 Bonds were issued pursuant to the Trust Indenture dated as of August 1, 1998 (the “*Original Indenture*”), between the Commission and U. S. Bank National Association, as successor to National City Bank of Pennsylvania, as trustee (the “*Trustee*”), as amended and supplemented by a First Supplemental Trust Indenture dated as of August 1, 2003 (the “*First Supplemental Indenture*”), a Second Supplemental Trust Indenture dated as of August 1, 2003 (the “*Second Supplemental Indenture*”), a Third Supplemental Trust Indenture dated as of November 1, 2006 (the “*Third Supplemental Indenture*”), a Fourth Supplemental Trust Indenture dated as of April 15, 2008 (the “*Fourth Supplemental Indenture*”) and a Fifth Supplemental Trust Indenture dated as of October 1, 2009 (the “*Fifth Supplemental Indenture*”) and collectively with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture, the “*Indenture*”), and pursuant to 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 the Act of July 18, 2007, P.L. 169, No. 44 (“*Act 44*”); and the Act of August 5, 1991, P.L. 238, No. 26 (“*Act 26*”) (collectively, and together with Act 44, the “*Enabling Acts*”) and the Resolution adopted by the Commission on June 2, 2009 (the “*Bond Resolution*”). The Act of April 17, 1997, No. 3 (“*Act 3*”) revises certain of the provisions of Act 26 which contains the appropriation of the Commission Allocation of the Oil Franchise Tax. See “OIL FRANCHISE TAX - Act 3.”

## **Security**

The 2009 Bonds are limited obligations of the Commission payable solely from (i) all Tax Revenues (as defined in “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Additional Bonds”), (ii) the Commission’s right to receive the Commission Allocation

(as defined herein) and any portion of the Commission Allocation actually received by the Commission, (iii) all moneys deposited into accounts or funds created by the Indenture (other than the Subordinated Bonds Debt Service Reserve Fund which is pledged only for the benefit of the Subordinated Bonds and other than the Rebate Fund), (iv) the Issuer Subsidy (as defined herein), and (v) all investment earnings on all moneys held in accounts and funds established by the Indenture (other than the Rebate Fund and other than earnings on moneys held in the Subordinated Bonds Debt Service Reserve Fund which are pledged only for the benefit of the Subordinated Bonds). The aforementioned (i), (ii), (iii), (iv) and (v) are collectively herein referred to as the "**Trust Estate**." See "OIL FRANCHISE TAX." Pursuant to the Indenture, the Trust Estate has been pledged and assigned by the Commission to the Trustee to pay principal of and interest on the Bonds, any amounts due under Parity Swap Agreements, Reimbursement Obligations and any amounts due under any Insurance Agreement. The Commission has irrevocably directed the Treasurer of the Commonwealth (the "**State Treasurer**") to make payment of the Commission Allocation (as hereinafter defined) directly to the Trustee, and has directed the Trustee, upon receipt of such amounts, to deposit the moneys, as received, into the Revenue Fund created under the Indenture.

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

Senior Bonds, Additional Senior Bonds, certain amounts due on the Parity Swap Agreements (defined in "SOURCE OF PAYMENT AND SECURITY FOR THE BONDS - Security for the 2009 Bonds; Remedies"), and all amounts due with respect thereto under the Insurance Agreement (defined hereinafter) or successor agreement thereto are senior in right of payment and security to the Subordinated Bonds; provided, however, that the Subordinated Bonds have a first lien on the Subordinated Bonds Debt Service Reserve Fund. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Security for the 2009 Bonds; Remedies; - Additional Bonds" and "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS."

In addition to the other security described herein, there is a Subordinated Bonds Debt Service Reserve Fund for the benefit of the holders of the Subordinated Bonds. The Subordinated Bonds Debt Service Reserve Requirement is an amount equal to one-half the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds. THERE IS NO DEBT SERVICE RESERVE FUND FOR THE SENIOR BONDS. See "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS" and "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Subordinated Bonds Debt Service Reserve Fund." Although Senior Bonds have no dedicated debt service reserve fund, excess balances in the Revenue Fund are transferred from time to time to an Oil Franchise Tax General Fund held by the Trustee which is available, among other things, to make up deficiencies in the various funds and

accounts established under the Indenture. See “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Revenue Fund Excess Balance and Oil Franchise Tax General Fund.”

THE 2009 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. THE 2009 BONDS ARE OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THE TRUST ESTATE, INCLUDING BUT NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH, THE ISSUER SUBSIDY, AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.

### **Existing Obligations**

The 2009 Senior Bonds will be secured as Senior Bonds, and the 2009 Subordinated Bonds will be secured as Subordinated Bonds, with all Bonds now or hereafter issued under or secured by the Indenture consisting of all senior bonds (the “*Senior Bonds*”) and all subordinated bonds (the “*Subordinated Bonds*”). The Bonds issued by the Commission under the Indenture and currently outstanding are the following:

- ❖ \$310,475,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 1998 (the “1998 Senior Bonds”) of which \$18,505,000 was outstanding as of August 31, 2009;
- ❖ \$228,405,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998 (the “1998 Subordinated Bonds” and, together with the 1998 Senior Bonds, the “1998 Bonds”) of which \$28,845,000 was outstanding as of August 31, 2009;
- ❖ \$124,730,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2003 (“2003 Fixed Rate Senior Bonds”), of which \$53,405,000 was outstanding as of August 31, 2009;
- ❖ \$197,955,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2003 (“2003 Fixed Rate Subordinated Bonds” and, together with the 2003 Fixed Rate Senior Bonds, the “2003 Fixed Rate Bonds”), of which \$69,910,000 was outstanding as of August 31, 2009;
- ❖ \$160,000,000 aggregate principal amount of Oil Franchise Tax Senior Revenue Bonds, Series C of 2003 (the “2003C Senior Bonds”) of which \$160,000,000 was outstanding as of August 31, 2009;
- ❖ \$98,705,000 aggregate principal amount of Oil Franchise Tax Senior Revenue Refunding Bonds, Series A of 2006 (the “2006 Senior Bonds”) of which \$98,705,000 was outstanding as of August 31, 2009; and
- ❖ \$141,970,000 aggregate principal amount of Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2006 (the “2006 Subordinated Bonds”) of which \$141,670,000 was outstanding as of August 31, 2009.

The Commission has entered into various interest rate swap agreements which constitute Parity Swap Agreements under the Indenture.

## **2009 Bonds**

The 2009A Senior Bonds, the 2009B Senior Bonds, the 2009D Subordinate Bonds, and the 2009E Subordinate Bonds (collectively, the “*Current Interest Bonds*”) will bear interest at fixed interest rates and will mature, subject to prior redemption on the dates and in the amounts set forth on the inside front cover of this Official Statement.

Interest on the Current Interest Bonds is payable on each June 1 and December 1, commencing on June 1, 2010 (each an “*Interest Payment Date*”).

The 2009C Senior Bonds consist of capital appreciation bonds (the “*Capital Appreciation Bonds*”). Interest on the Capital Appreciation Bonds will compound from their date of delivery. Interest on the Capital Appreciation Bonds will not be paid on a current basis, but will be added to the principal (such amount being the “*Accreted Amount*”), and will be treated as if accruing in equal daily amounts between Compounding Dates (as hereinafter defined), until payable at maturity or upon redemption. See “APPENDIX E – Table of Accreted Amounts for Capital Appreciation Bonds”, and “DESCRIPTION OF THE 2009 BONDS” for the definition of Accreted Amount.”

## **Redemption**

The 2009 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity under certain circumstances as more fully set forth herein. See “REDEMPTION OF THE 2009 BONDS.”

## **DESCRIPTION OF THE 2009 BONDS**

### **General**

The 2009 Bonds are being issued by the Commission under the Enabling Acts and pursuant to the Indenture and will be dated the date of issuance. The 2009A Senior Bonds, the 2009B Senior Bonds, the 2009D Subordinate Bonds, and the 2009E Subordinate Bonds will be issued in the principal amounts, bearing interest at the rates, paying interest on the dates, and maturing (subject to the rights of redemption described below) on the dates, all as shown on the inside cover pages of this Official Statement. Interest on the Current Interest Bonds will accrue from their date of delivery and will be payable semi-annually to maturity (or earlier redemption) on each June 1 and December 1, commencing on June 1, 2010.

*Capital Appreciation Bonds.* The 2009C Bonds are being issued as Capital Appreciation Bonds. Interest on the Capital Appreciation Bonds will compound from their date of delivery. Interest on the Capital Appreciation Bonds will not be paid on a current basis, but will be added to the principal on each June 1 and December 1, commencing on December 1, 2009 (each a “*Compounding Date*”) (such amount being the Accreted Amount). See “APPENDIX E – Table of Accreted Amounts for Capital Appreciation Bonds.”

For purposes of this Official Statement, except where specifically noted to the contrary, references to “principal” shall mean, in the case of the 2009C Senior Bonds, the Accreted Amount thereof. The “Accreted Amount” shall mean, on any date and with respect to any particular Capital Appreciation Bond, the initial principal amount at issuance of such Capital Appreciation Bond plus accretion of principal, compounded on each Compounding Date to the date of maturity thereof at the same interest rate as shall produce a compound amount on such date of maturity equal to the principal amount thereof on such date; provided that Accreted Amount on any day which is not a Compounding Date shall be determined on the assumption that the Accreted Amount accrues in equal daily amounts between Compounding Dates.

The 2009 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof (or Maturity Amount in the case of the Capital Appreciation Bonds). The principal of and the redemption premium, if any, on all 2009 Bonds shall be payable by check or draft at maturity or upon earlier redemption to the persons in whose names such 2009 Bonds are registered on the Bond Register at the maturity or redemption date thereof, upon the presentation and surrender of such 2009 Bonds at the Principal Office of the Trustee or of any Paying Agent named in the 2009 Bonds. Interest on the 2009 Bonds, if applicable, 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 Current Interest Bonds shall be made by check mailed by first class mail 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 Current Interest Bonds, submitted to the Trustee not later than ten Business Days before the applicable Record Date, by wire transfer in immediately available funds to an account within the United States designated by such holder. If the Commission defaults in the payment of interest due on any Interest Payment Date, Defaulted Interest will be payable to the person in whose name such Current Interest Bond is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest. The Commission shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Current Interest Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the Current Interest Bonds entitled to such Defaulted Interest. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Commission of such Special Record Date and, in the name and at the expense of the Commission, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a Current Interest Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

Upon original issuance, the 2009 Bonds will be registered in the name of and held by Cede & Co., as registered holder and nominee for DTC. The 2009 Bonds initially will be issued

as one fully registered certificate for each maturity and series or subseries. Purchases of the 2009 Bonds will initially be made in book-entry form. See “APPENDIX C – SECURITIES DEPOSITORY” herein. As long as the 2009 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 2009 Bonds will be paid directly to Cede & Co. by wire transfer by TD Bank, National Association, 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 2009 Bonds will be effected through DTC’s book-entry system.

DTC may determine to discontinue providing its service with respect to the 2009 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, 2009 Bonds will be authenticated and delivered as provided in the Indenture to the Beneficial Owners of the 2009 Bonds, who shall then become the registered owners thereof.

If the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the 2009 Bonds, the Commission shall immediately advise the Trustee in writing of the procedures for transfer of the 2009 Bonds from book-entry-only form to a fully registered form.

*Registration, Transfer and Exchange.* The Trustee has been appointed Bond Registrar and as such shall keep the Bond Register at its Principal Office. The Person in whose name any 2009 Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner of such 2009 Bond for all purposes, and payment of or on account of the principal of and redemption premium, if any, and interest on any such 2009 Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2009 Bond, including the interest thereon, to the extent of the sum or sums so paid.

Any 2009 Bond may be transferred only upon the Bond Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Commission shall execute and the Trustee shall authenticate and deliver in exchange for such 2009 Bond a new 2009 Bond or 2009 Bonds, registered in the name of the transferee, of any Authorized Denomination and of the same maturity and series or subseries and bearing interest at the same rate.

The Trustee may charge an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with any such transfer, registration, conversion or exchange plus such amount as the Commission deems appropriate for such transfer, registration, conversion or exchange. The Trustee shall not be required to (i) transfer or exchange any 2009 Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of such 2009 Bond and ending at the close of business on the day of such mailing, or (ii) transfer or exchange any 2009 Bond so selected for redemption in whole or in part, or during a period beginning at the opening of business on any Record Date for such 2009 Bond and ending at the close of business on the relevant Interest



Payment Date therefor. See also “APPENDIX C – SECURITIES DEPOSITORY” herein for further information regarding registration, transfer and exchange of the 2009 Bonds.

The Indenture, and all provisions thereof, are incorporated by reference in the text of the 2009 Bonds, and the 2009 Bonds provide that each registered owner, Beneficial Owner, Participant or Indirect Participant (as such terms are defined hereinafter) by acceptance of a 2009 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 2009 Bond.

### **Build America Bonds**

The American Recovery and Reinvestment Act of 2009 (the “*Recovery Act*”) authorizes the issuance of taxable bonds known as “Build America Bonds” to finance capital expenditures for which an issuer could issue tax-exempt bonds and to elect to receive a cash subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds (the “*Subsidy Payments*” or the “*Issuer Subsidy*”). The Commission has elected to issue the 2009B Senior Bonds and the 2009E Subordinate Bonds as Build America Bonds (collectively referred to as the “Issuer Subsidy Bonds”) and receive the Subsidy Payments. **The Subsidy Payments for the Issuer Subsidy Bonds will be paid to the Commission or, at the direction of the Commission, to the Trustee; no holders of Issuer Subsidy Bonds would or will be entitled to a tax credit.** The receipt of the Subsidy Payments by the Commission is subject to certain requirements, including the filing of a form with the Internal Revenue Service prior to each interest payment date. The Subsidy Payments are not full faith and credit obligations of the United States of America. **The Subsidy Payments are pledged to secure the Issuer Subsidy Bonds and any other Bonds outstanding under the Indenture.** Any Subsidy Payment received by the Commission will be deposited into its Issuer Subsidy Fund established under the Indenture. The Commission intends to apply the Subsidy Payments toward payment of debt service on the Issuer Subsidy Bonds. If such Subsidy Payments from the United States Treasury are reduced or eliminated as a result of amendments to the Code or the Recovery Act, the Issuer Subsidy Bonds are subject to extraordinary optional redemption as described below. In the event of a determination by the Internal Revenue Service that a return filed to request an Issuer Subsidy Payment is invalid or fraudulent, or in the event of an IRS determination that the Issuer Subsidy Bonds failed to qualify as Build America Bonds under the Code, the IRS could suspend or terminate the Issuer Subsidy Payments and seek recovery of such payments previously made. The Commission will covenant to comply with the requirements in the Internal Revenue Code of 1986, as amended (the “*Code*”) for receipt of the Subsidy Payments, but such failure to comply will not constitute an Event of Default under the Indenture.

### **REDEMPTION OF THE 2009 BONDS**

*Optional Redemption of 2009A Senior Bonds and 2009D Subordinate Bonds.* The 2009A Senior Bonds and the 2009D Subordinate Bonds are subject to redemption prior to maturity at any time on and after December 1, 2019 as a whole or in part by lot, at the option of the Commission at par, plus accrued interest to the date of redemption, all in the manner provided by the Indenture.

*Make-whole Optional Redemption of the 2009C Senior Bonds.* The Capital Appreciation Bonds are subject to redemption prior to maturity, in whole or in part, at any time, at the option of the Commission, at a redemption price equal to the greater of: (i) 100% of the Accreted Amount based on the original reoffering yield as of the redemption date, and (ii) the sum of the present values of the remaining scheduled payments of debt service on the Capital Appreciation Bonds to be redeemed, discounted to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Applicable Tax-Exempt Municipal Bond Rate.

The “Applicable Tax-Exempt Municipal Bond Rate” for any Capital Appreciation Bond to be redeemed will be the comparable AAA General Obligations yield curve rate for the remaining weighted average maturity date of such Capital Appreciation Bond as published by Municipal Market Data five business days prior to the date of redemption. If no such yield curve rate is established for the applicable year, the comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax-Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis. This rate is made available daily by Municipal Market Data and is available to its subscribers through its internet address: [www.tm3.com](http://www.tm3.com).

In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the comparable AAA General Obligations yield curve rate, the Applicable Tax-Exempt Municipal Bond Rate will equal the Consensus Scale yield curve rate for the applicable year. The Consensus Scale yield curve rate is made available daily by Municipal Market Advisors and is available to its subscribers through its internet address: [www.theconsensus.com](http://www.theconsensus.com).

*Optional Redemption of Issuer Subsidy Bonds.* The Issuer Subsidy Bonds are subject to optional redemption by the Commission, in whole or in part, at any time, at a redemption price equal to the greater of: (1) 100% of the principal amount of the Issuer Subsidy Bonds to be redeemed; and (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Issuer Subsidy Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Issuer Subsidy Bonds are to be redeemed, discounted to the date on which the Issuer Subsidy Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 30 basis points; plus, in each case, accrued interest on the Issuer Subsidy Bonds to be redeemed to the redemption date.

“Treasury Rate” means, as of any redemption date of the Issuer Subsidy Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available seven Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Issuer Subsidy Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year,

the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

*Extraordinary Optional Redemption of Issuer Subsidy Bonds.* The Issuer Subsidy Bonds are subject to redemption prior to maturity at the option of the Commission, in whole or in part, upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of: (1) 100% of the principal amount of the Issuer Subsidy Bonds to be redeemed; and (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Issuer Subsidy Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Issuer Subsidy Bonds are to be redeemed, discounted to the date on which the Issuer Subsidy Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points; plus, in each case, accrued interest on the Issuer Subsidy Bonds to be redeemed to the redemption date. An “Extraordinary Event” will have occurred if Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act pertaining to “Build America Bonds”) is amended or repealed and such amendment or repeal would reduce or eliminate the Commission’s 35% cash subsidy payment from the United States Treasury.

*Limitation on Call Price.* Although the Issuer Subsidy Bonds are subject to optional redemption and extraordinary optional redemption and the Capital Appreciation Bonds are subject to optional redemption, at the redemption prices calculated as provided in the preceding paragraphs, under Act 44 as currently enacted, the Commission is not authorized to redeem the Issuer Subsidy Bonds or the Capital Appreciation Bonds at a redemption price in excess of 105% of the principal amount thereof.

*Mandatory Redemption of 2009A-2 Senior Bonds.* The 2009A-2 Senior Bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption, at par, on December 1st of each of the following years, as follows:

December 1	Principal Amount
2020	\$ 500,000
2021	520,000
2022	540,000
2023*	560,000

\*Stated maturity.

*Mandatory Redemption of 2009B Senior Bonds.* The 2009B Senior Bonds are subject to mandatory sinking fund redemption, at par, on December 1st of each of the following years, as follows:

December 1	Principal Amount
2025	\$200,000
2026	360,000
2027	510,000
2028	710,000
2029	900,000
2030	1,095,000
2031	1,335,000
2032	1,580,000
2033	24,890,000
2034	25,855,000
2035	26,855,000
2036	27,900,000
2037*	14,980,000

\*Stated maturity.

*Mandatory Redemption of 2009D-1 Subordinate Refunding Bonds.* The 2009D-1 Subordinate Refunding Bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption, at par, on December 1st of each of the following years, as follows:

December 1	Principal Amount
2020	\$685,000
2021	715,000
2022	745,000
2023*	775,000

\*Stated maturity.

*Mandatory Redemption of 2009D-2 Subordinate Bonds.* The 2009D-2 Subordinate Bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption, at par, on December 1st of each of the following years, as follows:

December 1	Principal Amount
2020	\$380,000
2021	405,000
2022	420,000
2023*	440,000

\*Stated maturity.

*Mandatory Redemption of 2009E Senior Bonds.* The 2009E Senior Bonds are subject to mandatory sinking fund redemption, at par, on December 1st of each of the following years, as follows:

December 1	Principal Amount
2024	\$880,000
2025	790,000
2026	895,000
2027	935,000
2028	880,000
2029	930,000
2030	1,020,000
2031	1,080,000
2032	680,000
2033	17,890,000
2034	18,650,000
2035	19,440,000
2036	20,260,000
2037*	18,175,000

\*Stated maturity.

*Selection of 2009 Bonds to be Redeemed.* 2009 Bonds shall be redeemed only in Authorized Denominations. If less than all 2009A Senior Bonds, 2009C Senior Bonds, and the 2009D Subordinate Bonds are to be redeemed and paid prior to maturity, such 2009 Bonds (or such series or subseries) shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate.

In the case of a partial redemption of 2009 Bonds when 2009 Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each principal amount equal to the minimum Authorized Denomination shall be treated as though it was a separate 2009 Bond of the minimum

Authorized Denomination. If it is determined that a portion, but not all, of the principal amount represented by any 2009 Bond is to be selected for redemption, then upon notice of intention to redeem such portion, the Owner of such 2009 Bond or such Owner's attorney or legal representative shall forthwith present and surrender such 2009 Bond to the Trustee (1) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the principal amount called for redemption, and (2) for exchange, without charge to the Owner thereof for a new 2009 Bond or 2009 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such 2009 Bond. If the Owner of any such 2009 Bond shall fail to present such 2009 Bond to the Trustee for payment and exchange as aforesaid, said 2009 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount called for redemption (and to that extent only).

Any redemption of less than all of the 2009B Senior Bonds or the 2009E Subordinate Bonds, as applicable, shall be allocated among registered holders of the 2009B Senior Bonds or the 2009E Subordinate Bonds, as applicable, owned by each Registered Owner, subject to the authorized denominations applicable to the 2009B Senior Bonds and the 2009E Subordinate Bonds. Such partial redemption will be calculated using the following formula: (principal amount to be redeemed) x [(principal amount owned by Registered Owner)/(principal amount outstanding)].

*Notice and Effect of Call for Redemption.* Official notice of any such redemption shall be given by the Trustee on behalf of the Commission by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the redemption date to each Registered Owner of the 2009 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee. As long as DTC remains the sole registered owner of the 2009 Bonds, notice of redemption shall be sent to DTC as provided in the Indenture. Such mailing shall not be a condition precedent to such redemption and failure to mail any such notice shall not affect the validity of the proceedings for the redemption of 2009 Bonds. Notice of redemption having been given as aforesaid, the 2009 Bonds or portions thereof so called for redemption shall become due and payable at the applicable redemption price therein provided, and from and after the date so fixed for redemption, interest on the 2009 Bonds or portions thereof so called for redemption shall cease to accrue and become payable. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2009 Bonds called for redemption or of any other action premised on such notice. See "APPENDIX C - SECURITIES DEPOSITORY."

In the case of an optional redemption, 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 and (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, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in the Indenture.

Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other 2009 Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

## **SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**

### **Sources of Payment; Oil Franchise Tax**

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

The 2009 Bonds are limited obligations of the Commission payable solely from the Trust Estate which consists of the following: (i) all Tax Revenues (as hereinafter defined), (ii) the Commission's right to receive the Commission Allocation and any portion of the Commission Allocation actually received by the Commission, (iii) all moneys deposited into accounts or funds created by the Indenture (other than the Subordinated Bonds Debt Service Reserve Fund which is pledged only for the benefit of the Subordinated Bonds and other than the Rebate Fund), (iv) the Issuer Subsidy, and (v) all investment earnings on all moneys held in accounts and funds established by the Indenture (other than earnings on moneys held in the Subordinated Bonds Debt Service Reserve Fund which are pledged only for the benefit of the Subordinated Bonds and other than the Rebate Fund). **Commission revenues from the operation of the System are not sources of payment or security for the 2009 Bonds.**

### **Security for the 2009 Bonds; Remedies**

The Trust Estate is pledged in the Indenture to the Trustee as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by the Commission in connection with the 2009 Bonds, including any Parity Swap Agreements and Reimbursement Obligations (as defined below).

A Parity Swap Agreement means an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, futures contract, contracts providing for payments based on levels of or changes in interest rates, currency exchange rates, stock or other indices or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure under which some or all of the amounts payable by the Commission or the Trustee pursuant to such agreement may be secured by the Tax Revenues on parity with the Bonds to which such agreement relates. Under the Indenture, amounts payable by the Commission on such a Parity Swap Agreement shall be secured on a parity basis with the Bonds to which such contract relates but only to the extent so provided in such contract and only if, among other requirements, each Rating Agency which then has a rating assigned to any Bond

that would be secured on parity with the Commission's obligation under said contract confirms in writing to the Trustee that the Commission's execution and delivery of such contract will not result in a reduction or withdrawal of such rating.

A Reimbursement Obligation means an obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility, to pay any interest on such drawn amounts pursuant to such Reimbursement Agreement and to pay any Bank Fee owed pursuant thereto. A Reimbursement Agreement means an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issues a Credit Facility with respect to Bonds of one or more series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder.

Senior Bonds, Additional Senior Bonds, certain amounts payable under Parity Swap Agreements relating to Senior Bonds, and all amounts due under the Insurance Agreement (hereinafter defined) relating to Senior Bonds successor agreement thereto are senior in right of payment and security to the Subordinated Bonds; provided, however, that the Subordinated Bonds have a first lien on the Subordinated Bonds Debt Service Reserve Fund. Certain amounts payable under Parity Swap Agreements relating to the Subordinated Bonds, and all amounts due under the Insurance Agreement relating to the Subordinated Bonds, are on parity with the debt service on the Subordinated Bonds. See "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS." Upon any failure to make a principal, interest, or redemption payment with respect to the Senior Bonds, the Trustee may, and upon the written request of the holders of not less than 25% in principal amount of the Senior Bonds then outstanding shall, declare the principal of all of the Bonds, including the Senior Bonds and the Subordinated Bonds, to be due and payable. **The failure to make any payment with respect to the Subordinated Bonds shall not constitute a default with respect to the Senior Bonds.** Upon any other default specified in the Indenture including any failure to make a principal, interest or redemption payment with respect to the Subordinated Bonds, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Bonds Outstanding (provided that if said event of default pertains only to one series of Bonds, then the written request of the holders of 25% or more of the principal amount of such series of Bonds) shall proceed to protect and enforce its rights and the rights of the Bondholders under the laws of the Commonwealth or under the Indenture by such suits, actions, or special proceedings either for the specific performance of any covenant or agreement in the Indenture or in aid of execution of any power granted in the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem reasonable or necessary to protect and enforce such rights. See "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS-Remedies."

In connection with the initial issuance of the 2003 Bonds and certain Parity Swap Agreements in the initial aggregate notional amount of \$160,000,000 entered into by the Commission with respect to the 2003C Bonds, the Commission and MBIA Insurance Corporation ("**MBIA**") entered into an Insurance and Reimbursement Agreement dated as of August 1, 2003 (the "**Insurance Agreement**"), under which MBIA agreed to issue its financial guaranty insurance policies insuring the timely payment of amounts due on the 2003 Bonds (the



“**2003 Bond Insurance Policies**”) and its insurance policies guaranteeing the payment of certain amounts due by the Commission to the counterparties under the Parity Swap Agreements entered into in connection with the 2003C Bonds (the “**Swap Policies**”), and the Commission agreed, among other things, to reimburse MBIA for any losses that it may suffer as a result of the failure of the Commission to perform or comply with the covenants and conditions contained in the Insurance Agreement and the Related Documents (“**Related Documents**” being the 2003 Bonds, the Indenture, the Parity Swap Agreements related to the 2003 Bonds and the various other agreements executed in connection with the issuance of the 2003 Bonds) or enforcing any covenants or conditions under the Insurance Agreement or the Related Documents. Payments which the Commission expressly agreed to make to MBIA include, among others, the payment of premiums due for issuance of the bond insurance and swap policies and the reimbursement of all payments made by MBIA under the term of the 2003 Bond Insurance Policies or the Swap Policies. Payments due by the Commission to MBIA under the Insurance Agreement relating to the 2003A Bonds and the 2003C Bonds are secured under the Indenture on a parity basis with Senior Bonds, Additional Senior Bonds, and certain amounts payable under Parity Swap Agreements, and are senior in right of payment and security to the Subordinated Bonds. Payments due by the Commission to MBIA under the Insurance Agreement relating to the 2003B Bonds are secured under the Indenture on a parity basis with Subordinated Bonds, Additional Subordinated Bonds, and certain amounts payable under Parity Swap Agreements relating to the Subordinated Bonds.

Payments due by the Commission on the two constant maturity swaps entered into by the Commission with respect to the 2003C Bonds are not insured.

Upon the occurrence and continuance of a debt service or mandatory redemption payment event of default described in the Indenture, the Trustee shall, and upon the occurrence and continuance of any other event of default, the Trustee may (and upon the written direction of the Commission or the holders of not less than 25% of the outstanding principal amount of either the Senior Bonds or the Subordinated Bonds, shall) appoint a co-trustee to represent the holders of the Subordinated Bonds.

### **Flow of Funds**

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

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

The Trustee shall withdraw from the Revenue Fund and deposit into the applicable Fund, on or before the last Business Day of each calendar month, or at such other time as withdrawal is required under a Parity Swap Agreement or the Insurance Agreement, in the following order of priority:

(1) In the same order of priority, (a) a deposit to the Interest Account of the Senior Bonds Debt Service Fund in an amount equal to one-sixth of the interest due on the Senior Bonds on the next succeeding Interest Payment Date (including any amount due to the Series 2003 Bond Insurer in respect thereto under the terms of the Insurance Agreement) and the Insured Swap Payment (regularly scheduled payments and Insured Termination Payments) payable to the Parity Swap Agreement Counterparty pursuant to the Parity Swap Agreements; (b) a deposit to the Principal Account of the Senior Bonds Debt Service Fund in an amount equal to one-twelfth of the amount necessary to pay the principal amount of any Senior Bonds maturing on the next succeeding maturity date occurring on or before the second Interest Payment Date following such deposit; and (c) without duplication, a deposit to the Senior Bonds Sinking Fund in an amount equal to one-twelfth of the principal amount required on the next succeeding mandatory redemption date of the Senior Bonds occurring on or before the second Interest Payment Date following such deposit;

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

(3) The amount, if any, required to make the funds deposited in the Subordinated Bonds Debt Service Reserve Fund equal to the Subordinated Bonds Debt Service Reserve

Requirement to be made on or before the Business Day immediately preceding an Interest Payment Date.

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

After making all the aforesaid deposits, the Trustee is required to transfer from the Revenue Fund, on or before the Business Day immediately preceding an Interest Payment Date, to the credit of the Oil Franchise Tax General Fund the balance, if any, in excess of \$10,000,000 remaining in the Revenue Fund. The current balance in the Oil Franchise Tax General Fund is approximately \$94,875,000. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and such funds may be used by the Commission for any of its purposes. The Commission intends to use a portion of these funds towards the costs of construction of the Mon/Fayette Expressway and the Southern Beltway. See “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Revenue Fund Excess Balance and Oil Franchise Tax General Fund.”

SEE “APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS- THE INDENTURE - Senior Bonds Debt Service Fund - Senior Bonds Sinking Fund, - Subordinated Bonds Debt Service Fund - Subordinated Bonds Sinking Fund - Subordinated Bonds Debt Service Reserve Fund and - Oil Franchise Tax General Fund.”

### **Subordinated Bonds Debt Service Reserve Fund**

The Indenture established a Subordinated Bonds Debt Service Reserve Fund (the “*Subordinated Bonds Debt Service Reserve Fund*”) for the benefit of the holders of the Subordinated Bonds on a parity basis. The Subordinated Bonds Debt Service Reserve Requirement for the Subordinated Bonds Debt Service Reserve Fund is an amount equal to one-half of the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds.

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

In lieu of the deposit of money into the Subordinated Bonds Debt Service Reserve Fund, the Commission may, with the written consent of the Bond Insurer for the 2003 Bonds, cause to be provided a surety bond or surety bonds or an insurance policy or policies (which surety bond, the issuer thereof, and the amount thereof shall be approved in writing by the Bond Insurer for the 2003 Bonds) payable to the Trustee for the benefit of the holders of the Subordinated Bonds or a letter of credit in an amount equal to the difference between the Subordinated Bonds Debt Service Reserve Requirement and the amounts then on deposit in the Subordinated Bonds Debt

Service Reserve Fund. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of one Business Day's notice) on any Interest Payment Date on which moneys will be required to be withdrawn from the Subordinated Bonds Debt Service Reserve Fund and applied to the payment of the principal of or interest on the Subordinated Bonds to the extent that such withdrawals cannot be made from amounts credited to the Subordinated Bonds Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues result in such issues being rated in the highest rating category by each Rating Agency. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second highest rating category by the Rating Agency, and the letter of credit itself shall be rated in the highest category of such Rating Agency.

If the issuer of a surety bond, insurance policy, or letter of credit on deposit in the Subordinated Bonds Debt Service Reserve Fund shall cease to have a rating described in the immediately preceding paragraph, the issuer of such surety bond, insurance policy, or letter of credit shall immediately notify the Commission, the Bond Insurer for the 2003 Bonds, and the Trustee in writing, and the Commission shall use reasonable efforts to replace such surety bond, insurance policy, or letter of credit with one issued by an issuer having a rating so described, consented to in writing by the Bond Insurer for the 2003 Bonds, but shall not be obligated to pay, or commit to pay, increased fees, expenses, or interest in connection with such replacement or to deposit Tax Revenues in the Subordinated Bonds Debt Service Reserve Fund in lieu of replacing such surety bond, insurance policy, or letter of credit with another; provided, however, that the Commission shall at all times fund the Subordinated Bonds Debt Service Fund with cash or with a surety bond at an acceptable rating to the Bond Insurer.  **Holders of the Senior Bonds, including the 2009 Senior Bonds, shall have no claim to the Subordinated Bonds Debt Service Reserve Fund.**

See "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS - THE INDENTURE - Subordinated Bonds Debt Service Reserve Fund."

### **Revenue Fund Excess Balance and Oil Franchise Tax General Fund**

The Commission transferred \$10,000,000 from the Oil Franchise Tax General Fund into the Revenue Fund on the date of issuance of the 1998 Bonds. All Tax Revenues to be received from the Commonwealth are to be paid to the Trustee for deposit into the Revenue Fund. The Indenture provides that, after first having made the required debt service and sinking fund payments out of the Revenue Fund, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Oil Franchise Tax General Fund the balance, if any, in excess of \$10,000,000 remaining in the Revenue Fund.

The Oil Franchise Tax General Fund shall be used to make up deficiencies in any funds or accounts created under the Indenture and, in the absence of any such deficiency, may be expended by the Commission (a) to purchase or redeem Bonds or any other obligations issued by the Commission; (b) to make payments into the Construction Fund; (c) to fund improvements, extensions and replacements of the Pennsylvania Turnpike System; (d) to make any payment due

under the Parity Swap Agreements that was not paid by moneys withdrawn from the Revenue Fund (provided the Commission has moneys available to pay debt service on the Senior Obligations for the next 12 months); or (e) to further any lawful corporate purpose permitted by the Enabling Acts. See “APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE; DEFINITIONS OF CERTAIN TERMS.”

### **Additional Bonds**

The Indenture provides for the issuance of Additional Senior Bonds and Additional Subordinated Bonds. The Additional Bonds may be issued under and secured by the Indenture at any time or times for the purpose of paying the cost of all or any part of any Project or completion of any Project or for the purpose of refunding or advance refunding all or any portion of the Bonds then outstanding and, in each case, paying costs incurred in connection with the issuance of such Additional Bonds and making any necessary contributions to the Subordinated Bonds Debt Service Reserve Fund. The following things, among others, must be filed with the Trustee as a condition to the issuance of any Additional Bonds except with respect to certain Additional Bonds issued for refunding purposes, as described under the immediately following heading, a certificate signed by the Treasurer, Assistant Treasurer, Chief Financial Officer, or Deputy Executive Director/Finance and Administration of the Commission, (the “*Treasurer’s Certificate*”) demonstrating and concluding that the Historic Tax Revenues (as described below) were not less than 200% of the Maximum Principal and Interest Requirements on account of all Senior Bonds to be outstanding under the Indenture after the issuance of the Additional Senior Bonds and not less than 115% of the Maximum Principal and Interest Requirements on account of all Bonds to be outstanding under the Indenture after the Issuance of the Additional Subordinated Bonds. For purposes of calculating the Maximum Principal and Interest Requirements as set forth above, principal and interest does not include interest to the extent of the Subsidy Payments.

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

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

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

*“Historic Tax Revenues”* are defined in the Indenture, as the Tax Revenues for any 12 consecutive calendar months within the preceding 24 calendar months with such adjustments as may be required pursuant to the Indenture and shall exclude the sum initially deposited.

### **Additional Bonds for Refunding Purposes**

If the Additional Senior Bonds to be issued are for refunding purposes, the Commission shall deliver to the Trustee, among other things, a Certificate signed by the Treasurer, Assistant Treasurer, Chief Financial Officer, or Deputy Executive Director/Finance and Administration of the Commission demonstrating that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Annual Principal and Interest Requirements on Senior Bonds outstanding after delivery of such Additional Senior Bonds shall be either (i) at least 200% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Senior Bonds. If the Additional Subordinated Bonds to be issued are for refunding purposes, the Commission shall deliver to the Trustee, among other things, a Certificate signed by the Treasurer, Assistant Treasurer, Chief Financial Officer, or Deputy Executive Director/Finance and Administration of the Commission demonstrating that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Bonds outstanding after delivery of such Additional Subordinated Bonds shall be either (i) at least 115% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Subordinated Bonds.

### **BOND INSURANCE**

The following information is not complete and reference is made to Appendix F for a specimen of the municipal bond insurance policy (the “Policy”) of Assured Guaranty Corp. (“Assured Guaranty” or the “Bond Insurer”).

#### **The Insurance Policy**

Concurrently with the issuance of the 2009A Senior Bonds, Assured Guaranty will issue its Policy for the 2009A Senior Bonds. The Policy guarantees the scheduled payment of principal of and interest on only the 2009A Senior Bonds when due as set forth in the form of the Policy included as Appendix F 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.

#### **The Insurer**

Assured Guaranty is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, 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, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty's financial strength is rated "AAA" (negative outlook) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), "Aa2" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's") and "AA" (ratings watch negative) by Fitch, Inc. ("Fitch"). Each rating of Assured Guaranty 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. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

### *Recent Developments*

#### Ratings

On July 1, 2009, S&P published a Research Update in which it affirmed its "AAA" counterparty credit and financial strength ratings on Assured Guaranty. At the same time, S&P revised its outlook on Assured Guaranty to negative from stable. Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P's comments.

On May 20, 2009, Moody's issued a press release stating that it had placed the "Aa2" insurance financial strength rating of Assured Guaranty on review for possible downgrade. Subsequently, in an announcement dated July 24, 2009 entitled "Moody's Comments on Assured's Announcement to Guarantee and Delist FSA Debt", Moody's announced that it expected to conclude its review by mid-August 2009. Reference is made to the press release and the announcement, copies of which are available at [www.moody.com](http://www.moody.com), for the complete text of Moody's comments.

In a press release dated August 10, 2009, Fitch revised its outlook on Assured Guaranty to negative from evolving. Reference is made to the press release, a copy of which is available at [www.fitchratings.com](http://www.fitchratings.com), for the complete text of Fitch's comments.

There can be no assurance as to the outcome of Moody's review, or as to the further action that Fitch or S&P may take with respect to Assured Guaranty.

For more information regarding Assured Guaranty'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, 2008, which was filed by AGL with the Securities and Exchange Commission ("SEC") on February 26, 2009, AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, which was filed by AGL with the SEC on May 11, 2009, and AGL's

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, which was filed by AGL with the SEC on August 10, 2009.

### Acquisition of FSA

On July 1, 2009, AGL acquired the financial guaranty operations of Financial Security Assurance Holdings Ltd. (“FSA”), the parent of financial guaranty insurance company Financial Security Assurance Inc. For more information regarding the acquisition by AGL of FSA, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the SEC on July 8, 2009.

### *Capitalization of Assured Guaranty Corp.*

As of June 30, 2009, Assured Guaranty had total admitted assets of \$1,950,949,811 (unaudited), total liabilities of \$1,653,306,246 (unaudited), total surplus of \$297,643,565 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$1,084,906,800 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

### *Incorporation of Certain Documents by Reference*

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- the Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2008 (which was filed by AGL with the SEC on February 26, 2009);
- the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009 (which was filed by AGL with the SEC on May 11, 2009);
- the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 (which was filed by AGL with the SEC on August 10, 2009); and
- the Current Reports on Form 8-K filed by AGL with the SEC relating to the periods following the fiscal year ended December 31, 2008.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the 2009A Senior Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading “BOND INSURANCE-The Insurer” shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or



supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 31 West 52nd Street, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at <http://www.sec.gov> and at AGL's web site at <http://www.assuredguaranty.com>, from the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the 2009A Senior Bonds or the advisability of investing in the 2009A Senior Bonds. In addition, Assured Guaranty 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 Assured Guaranty supplied by Assured Guaranty and presented under the heading "BOND INSURANCE".

### **OIL FRANCHISE TAX**

The Oil Franchise Tax was first imposed in 1981 by Act 35, in the amount of 35 mills on each gallon of petroleum sold. The tax was increased by an additional 25 mills in 1983 by Act 32, an additional 55 mills in 1991, and an additional 38.5 mills in 1997 to a total of 153.5 mills on gasoline. An additional 55 mills for a total of 208.5 mills (a part of the tax added in 1997) is a tax imposed on diesel fuel alone.

The additional 55 mills added in 1991, imposed on liquid fuels and fuels, is distributed as follows:

- (i) 42% Maintenance;
- (ii) 17% Highway capital projects;
- (iii) 13% Bridges;
- (iv) 2% County and forestry bridges;
- (v) 12% Municipalities;
- (vi) 14% Toll Roads.

## **Commission Allocation**

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

The administrative process for paying the Commission Allocation involves an executive authorization, based on official revenue estimates, executed by the Governor each year at or prior to the beginning of the Commonwealth's fiscal year which ends on June 30 each year. The Commission's fiscal year ends on May 31 each year. The Governor is required by law to authorize payment of the Commission Allocation. Such authorization is based on estimated Oil Franchise Taxes at the beginning of the year and authorizes payment of the Commission Allocation monthly as described above based on such estimates. If the amount collected during the year varies from the estimate, a reconciliation is prepared by the Commonwealth and there is a subsequent adjustment of payments. Payments to the Commission are made in accordance with the current Department of Revenue administrative procedure, on a priority basis over other uses of the Oil Franchise Tax. This priority procedure is not mandated by statute.

## **Pledge and Appropriation**

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

The Commonwealth does hereby pledge to and agrees with any person, firm or corporation acquiring any bonds to be issued by the Pennsylvania Turnpike Commission and secured in whole or in part by a pledge of the portion of the tax known as the "oil company franchise tax for highway maintenance and construction" which is imposed by Section 9502(a)(2) and distributed in the manner indicated in that section, including 14% for toll roads designated under the Turnpike Organization, Extension and Toll Road Conversion Act, that the Commonwealth will not limit or alter the rights vested in the Pennsylvania Turnpike Commission to the appropriation and distribution of such tax revenues.

In connection with the issuance of the 2009 Bonds, Co-Bond Counsel will deliver its opinion that, pursuant to the Oil Franchise Tax Act, the Commission Allocation has been appropriated by the Commonwealth and does not require further legislative appropriation or approval. See APPENDIX D - "FORM OF OPINION OF CO-BOND COUNSEL."

In the Indenture, the Commission also covenants that it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax and covenants

that the Commission will petition the General Assembly for additional funds in the event that the Tax Revenues are inadequate to pay amounts due under the Indenture.

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

### **Act 3**

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

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

Act 3 further provided that all appropriate Oil Franchise Taxes collected by the distributors shall constitute a trust fund for the Commonwealth. The trust is enforceable against the distributor and any person receiving any part of the funds, without consideration or knowing that the distributor is committing a breach of trust, is personally responsible to the Commonwealth. Unpaid taxes for which a trust is enforced against the officers of the distributor is a lien upon the franchise and property of such distributor and officer.

### **Liquid Fuels and Fuels as the Subjects of Oil Franchise Tax**

The Oil Company Franchise Tax, which is designated as a tax for highway maintenance and construction, is imposed by Section 9502 of Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes upon all "liquid fuels" and "fuels." Ethanol currently is not treated as a "liquid fuel" or a "fuel" so the Oil Franchise Tax is not imposed upon ethanol or other "alternative fuels," as that term is defined in the above-referenced Section 9502.

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

and pressure of 14.7 pounds per square inch absolute, or naphthas and benzols and solvents sold for use for industrial purposes.

“Fuels” are defined as including diesel fuel and all combustible gases and liquids used for the generation of power in aircraft or aircraft engines, or used in an internal combustion engine for the generation of power to propel vehicles on the public highways. The term does not include liquid fuels or dyed diesel fuel. Notwithstanding the foregoing, a separate aviation or fuels tax, in lieu of the Oil Franchise Tax, is imposed on aviation fuels.

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

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

### **Collection and Calculation of Oil Franchise Tax**

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

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

The collection on a “cents-per-gallon equivalent basis” (millage rate) is defined as the average wholesale price per gallon multiplied by the decimal equivalent of the tax imposed which, in the case of the Commission, is the additional 55 mills added in 1991 multiplied by 14%. The average wholesale price means the average wholesale price per gallon of all taxable liquid fuels and fuels, excluding the federal excise tax and all liquid fuels taxes, as determined by the Department of Revenue for the 12-month period ending on the September 30 immediately prior to January 1 of the year for which the rate is to be set. The statute provides that the average wholesale price for purposes of calculating the Oil Franchise Tax shall not be less than \$0.90 nor more than \$1.25 per gallon.

## **Amounts of Oil Franchise Tax Collected**

The following table lists the amounts of Oil Franchise Tax collected by the Commonwealth and deposited into the Motor License Fund in each of the last ten fiscal years of the Commonwealth and sets forth the estimated Oil Franchise Tax collections for 2009 through 2013 as set forth in the Governor's Executive Budget for the Commonwealth's 2009–2010 fiscal year. The historical Commission Allocation presented below reflects actual receipts by the Commission.

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(Dollar Amounts in Thousands)  
(Reported on a Cash Basis<sup>1</sup>)

<b>Commission Fiscal Year Ending May 31</b>	<b>Tax Collected Added 55 Mils</b>	<b>Commission Allocation<sup>2</sup></b>
<b>Actual</b>		
1997	\$309,530	\$ 42,313
1998	278,481	41,432
1999	311,443	42,759
2000	316,342	41,275
2001	312,946	44,379
2002	325,486	45,512
2003	331,089	46,288
2004	330,161	47,062
2005	367,952	51,551
2006	429,610	55,749
2007	446,540	67,071
2008	431,835	60,592
2009	437,007	57,379
<b>Estimated<sup>3</sup></b>		
2010	\$427,070	\$59,790
2011	429,461	60,124
2012	432,215	60,510
2013	435,314	60,944
2014	438,787	61,430

THE ESTIMATES SET FORTH IN THE PRECEDING TABLE ARE THOSE USED IN THE GOVERNOR'S EXECUTIVE BUDGET FOR FISCAL YEAR 2009-10 OR WERE DERIVED FROM ESTIMATES USED IN THE GOVERNOR'S EXECUTIVE BUDGET AND ARE ESTIMATES ONLY. THERE CAN BE NO ASSURANCES THAT THE COMMISSION ALLOCATION OR THE ESTIMATED AVAILABLE REVENUES IN THE YEARS SHOWN WILL NOT VARY MATERIALLY AND/OR ADVERSELY FROM THE ESTIMATES.

Sources: Governor's Executive Budget for Fiscal Year 2009-10 and Pennsylvania Turnpike Commission

- 1 Except as noted, amounts shown in this table are cash received and deposited into the Motor License Fund; these amounts may therefore vary from amounts shown on an accrual basis used for financial accounting statement purposes.
- 2 Amounts shown as "Commission Allocation" are 14% of the 55 mills of Oil Franchise Tax distributed to the Commission from the Motor License Fund. Historical payments reflect actual distribution to the Commission. Annual Commission Allocation is shown for Commonwealth's fiscal year. The amounts shown are subject to annual adjustments made by PennDOT before transfer to the Commission.
- 3 Estimates included in the Governor's Executive Budget for the Commonwealth's 2009-10 fiscal year. The estimates shown vary from year to year depending primarily on the timing of payment dates. Commission Allocation estimates are determined by multiplying Commission's 14% allocation by the total estimated revenues from the additional 55 mills.

NUMEROUS FACTORS COULD AFFECT THE ACTUAL AMOUNT OF THE COMMISSION ALLOCATION AND OTHER AVAILABLE REVENUES.

### Historical Consumption Amounts

The following table lists historic gallonage consumed for the primary fuels on which the Oil Franchise Tax is imposed. The table provided below does not purport to include all fuels on which the Oil Franchise Tax is calculated. For a full description, see “OIL FRANCHISE TAX - Liquid Fuels and Fuels as the Subjects of Oil Franchise Tax.”

#### HISTORICAL GALLONAGE CONSUMPTION FOR OIL FRANCHISE TAX GASOLINE AND DIESEL FUELS

<b>Fiscal Year Ending June 30</b>	<b>Gasoline</b>	<b>Diesel</b>	<b>Total Gallonage</b>
1992	4,538,755,790	932,671,845	5,471,427,635
1993	4,574,860,524	971,858,275	5,546,718,799
1994	4,653,023,145	1,053,380,838	5,706,403,983
1995	4,686,926,277	1,125,433,461	5,812,359,738
1996	4,713,859,414	1,157,330,928	5,871,190,342
1997	4,747,429,148	1,225,196,360	5,972,625,508
1998	4,776,421,828	1,256,340,861	6,032,762,689
1999	4,909,937,077	1,292,744,713	6,202,681,790
2000	4,977,519,438	1,319,974,749	6,297,494,187
2001	4,978,967,504	1,280,151,339	6,259,118,843
2002	5,176,632,677	1,325,268,508	6,501,901,185
2003	5,110,834,586	1,290,939,416	6,401,774,002
2004	5,200,933,976	1,358,502,975	6,559,436,951
2005	5,162,651,346	1,378,060,341	6,540,711,687
2006	5,075,639,422	1,425,190,768	6,500,830,190
2007	5,037,203,786	1,427,926,624	6,465,130,410
2008	4,924,688,321	1,359,136,424	6,283,824,745
2009 <sup>1</sup>	4,495,292,322	1,177,243,147	5,672,472,469

<sup>1</sup> Through May 2009 (Eleven Months).

**Debt Service Schedule<sup>(1)</sup>**

Fiscal Year Ending May 31	Existing Debt Service on Senior		Series 2009		Total Debt		Existing Debt		Series 2009		Total Debt Service		Combined Total Debt Service
	Bonds <sup>(2)</sup>	Bonds <sup>(2)</sup>	Senior Bonds <sup>(3)</sup>	Senior Bonds <sup>(3)</sup>	Service on Subordinate Bonds <sup>(4)</sup>	Service on Subordinate Bonds <sup>(4)</sup>	Subordinate Bonds <sup>(5)</sup>	Subordinate Bonds <sup>(5)</sup>	on Subordinated Bonds	on Subordinated Bonds	on Subordinated Bonds	on Subordinated Bonds	
2010	\$23,297,600		\$3,480,564		\$26,778,164	\$15,800,873	\$3,459,467		\$19,260,340				\$46,038,504
2011	21,902,000		7,093,611		28,995,611	13,893,919	7,545,106		21,439,025				50,434,636
2012	22,204,250		6,795,011		28,999,261	15,169,106	6,261,556		21,430,662				50,429,923
2013	22,204,825		6,793,861		28,998,686	15,173,988	6,258,369		21,432,356				50,431,042
2014	22,204,531		6,790,530		28,995,061	15,169,694	6,267,619		21,437,312				50,432,373
2015	22,207,706		6,789,930		28,997,636	15,174,959	6,259,156		21,434,115				50,431,751
2016	22,210,250		6,786,899		28,997,149	15,169,031	6,267,831		21,436,862				50,434,011
2017	22,211,750		6,785,074		28,996,824	15,190,106	6,245,906		21,436,012				50,432,836
2018	22,214,625		6,782,211		28,996,836	15,161,900	6,273,206		21,435,106				50,431,942
2019	22,217,625		6,778,361		28,995,986	15,164,525	6,274,006		21,438,531				50,434,517
2020	22,214,625		6,784,849		28,999,474	15,167,400	6,263,406		21,430,806				50,430,280
2021	22,209,500		6,790,386		28,999,886	15,174,650	6,256,506		21,431,156				50,431,042
2022	22,210,750		6,786,486		28,997,236	15,164,941	6,267,806		21,432,747				50,429,983
2023	22,216,625		6,779,586		28,996,211	15,168,856	6,267,106		21,435,962				50,432,173
2024	22,225,375		6,769,686		28,995,061	15,165,731	6,269,506		21,435,237				50,430,298
2025	24,165,750		4,833,986		28,999,736	11,706,356	9,728,590		21,434,946				50,434,682
2026	23,968,750		5,030,185		28,998,935	11,835,606	9,598,398		21,434,005				50,432,939
2027	23,818,750		5,179,541		28,998,291	11,764,856	9,669,018		21,433,874				50,432,165
2028	23,682,500		5,313,006		28,995,506	11,766,356	9,671,331		21,437,688				50,433,194
2029	23,508,750		5,489,819		28,998,569	16,469,638	4,966,209		21,435,847				50,434,416
2030	23,346,250		5,649,219		28,995,469	16,456,903	4,978,691		21,435,594				50,431,063
2031	23,192,500		5,806,302		28,998,802	16,405,956	5,028,270		21,434,226				50,433,029
2032	22,996,250		6,000,118		28,996,368	16,393,088	5,044,740		21,437,828				50,434,195
2033	22,806,250		6,189,715		28,995,965	16,830,450	4,608,258		21,438,708				50,434,673
2034			28,996,626		28,996,626		21,433,330		21,433,330				50,429,956
2035			28,997,167		28,997,167		21,435,910		21,435,910				50,433,077
2036			28,995,361		28,995,361		21,436,362		21,436,362				50,431,723
2037			28,999,687		28,999,687		21,433,440		21,433,440				50,433,128
2038			28,999,708		28,999,708		18,551,740		18,551,740				47,551,449
2039			29,000,000		29,000,000								29,000,000
2040			29,000,000		29,000,000								29,000,000
<b>Total</b>	<b>\$545,437,788</b>		<b>\$351,267,485</b>		<b>\$896,705,272</b>	<b>\$356,538,889</b>	<b>\$ 260,020,840</b>		<b>\$ 616,559,729</b>				<b>\$1,513,265,002</b>

1) Figures rounded.

2) Includes the 1998 Senior Bonds, 2003 Fixed Rate Senior Bonds, 2003C Senior Bonds and 2006 Senior Bonds less refunded debt service.

3) Includes debt service from the 2009 Senior Bonds less Issuer Subsidy Payments related to the 2009B Senior Bonds.

4) Includes the 1998 Subordinated Bonds, 2003 Fixed Rate Subordinated Bonds and 2006 Subordinated Bonds less refunded debt service.

5) Includes debt service from the 2009 Subordinate Bonds less Issuer Subsidy Payments related to the 2009E Subordinate Bonds.



## Debt Service Coverage

Based on the information set forth on the previous page, the following table has been compiled to show historical debt service coverage for the Bonds.

### HISTORICAL COVERAGE

<b>Commission Fiscal Year Ending May 31</b>	<b>Tax Receipts<sup>(1)</sup></b>	<b>Senior Debt Service<sup>(2)</sup></b>	<b>Estimated Senior Coverage</b>	<b>Total Debt Service<sup>(3)</sup></b>	<b>Estimated Total Coverage<sup>(4)</sup></b>
2000	\$ 41,275,000	\$ 19,995,499	2.06	\$ 34,779,129	1.19
2001	44,379,000	19,996,773	2.22	34,777,973	1.28
2002	45,512,000	19,999,846	2.28	34,782,416	1.31
2003	46,288,000	19,995,546	2.31	34,779,916	1.33
2004	47,062,000	22,745,523	2.07	39,564,094	1.19
2005	51,551,000	22,577,747	2.28	39,473,000	1.31
2006	55,749,000	22,553,036	2.47	39,434,000	1.41
2007	67,071,000	22,830,526	2.94	39,289,089	1.71
2008	60,592,000	23,977,894	2.53	40,766,875	1.49
2009	57,379,000	23,976,094	2.39	40,765,738	1.41

1) Actual Commission Allocation received through FY 2009

2) Computed on an ongoing bond year basis and not on a fiscal year basis.

3) Computed on an ongoing bond year basis and not on a fiscal year basis, but with the addition of the Principal and Interest Requirements on Subordinated Bonds.

4) Debt Service Reserve Fund earnings, if any, are available only for the Subordinated Bonds. This table does not assume any Debt Service Reserve Fund earnings.

## PROJECTED COVERAGE

<b>Commission Fiscal Year Ending 5/31</b>	<b>Estimated Tax Receipts<sup>(1)</sup></b>	<b>Senior Debt Service<sup>(2)</sup></b>	<b>Estimated Senior Coverage</b>	<b>Total Debt Service<sup>(3)</sup></b>	<b>Estimated Total Coverage<sup>(4)</sup></b>
2010	\$59,789,800	26,778,164	2.23	\$46,038,504	1.30
2011	60,124,483	28,995,611	2.07	50,434,636	1.19
2012	60,510,126	28,999,261	2.09	50,429,923	1.20
2013	60,943,974	28,998,686	2.10	50,431,042	1.21
2014	61,430,160	28,995,061	2.12	50,432,373	1.22

1) Projected Commission Allocation based on the 2009-2010 Governor's Executive Budget

2) Computed on an ongoing fiscal year basis. Includes projected debt service from the 2009 Senior Bonds less projected refunding savings and Build America Bonds Issuer Subsidy Payments related to the 2009B Senior Bonds.

3) Computed on an ongoing fiscal year basis and includes projected senior debt service described in Footnote 2, but with the addition of the Principal and Interest Requirements on Subordinated Bonds. Includes projected debt service from the 2009 Subordinate Bonds less projected refunding savings and Build America Bonds Issuer Subsidy Payments related to the 2009E Subordinated Bonds.

4) Debt Service Reserve Fund earnings, if any, are available only for the Subordinated Bonds. This table does not assume any Debt Service Reserve Fund earnings

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## **PLAN OF FINANCING**

The 2009A-1 Senior Refunding Bonds are being issued to provide funds to finance the 2009A-1 Project, including the costs of (i) refunding \$15,170,000 principal amount of the Commission's outstanding Oil Franchise Tax Revenue Bonds Series A of 1998; (ii) obtaining bond insurance for the 2009A-1 Senior Refunding Bonds; and (iii) paying the allocable costs of issuing the 2009A-1 Senior Refunding Bonds.

The 2009A-2 Senior Bonds are being issued to provide funds to finance the 2009A-2 Project, including (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; (ii) obtaining bond insurance for the 2009A-2 Senior Bonds; and (ii) paying the allocable costs of issuing the 2009A-2 Senior Bonds.

The 2009B Senior Bonds are being issued to provide funds to finance the 2009B Project, including (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; and (ii) paying the allocable costs of issuing the 2009B Senior Bonds.

The 2009C Senior Bonds are being issued to provide funds to finance the 2009C Project, including (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; and (ii) paying the costs of issuing the 2009C Senior Bonds.

The 2009D-1 Subordinate Refunding Bonds are being issued to provide funds to finance the 2009D-1 Project, including the costs of (i) refunding \$27,000,000 principal amount of the Commission's outstanding Oil Franchise Tax Revenue Bonds Series B of 1998; and (ii) paying the allocable costs of issuing the 2009D-1 Subordinate Refunding Bonds.

The 2009D-2 Bonds are being issued to provide funds to finance the 2009D-2 Project, including (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; (ii) funding the Subordinate Debt Service Reserve Fund for the 2009D-2 Subordinate Bonds, or a portion thereof; and (iii) paying the allocable costs of issuing the 2009D-2 Subordinate Bonds.

The 2009E Bonds are being issued to provide funds to finance the 2009E Project, including (i) a portion of the costs of constructing the Mon/Fayette Expressway and the Southern Beltway; (ii) funding the Subordinate Debt Service Reserve Fund for the 2009E Subordinate Bonds, or a portion thereof; and (iii) paying the allocable costs of issuing the 2009E Subordinated Bonds.

### **Obligations Secured by Other Revenue Sources**

The Commission has also issued Turnpike Senior and Subordinate Revenue Bonds that are currently outstanding in the aggregate principal amount of \$4,722,943,204 and Registration Fee Revenue Bonds that are currently outstanding in the aggregate principal amount of \$447,705,000. The Commission has entered into various interest rate exchange agreements with respect to certain Turnpike Revenue Bonds and Registration Fee Revenue Bonds. Neither the Turnpike Revenue Bonds nor the Registration Fee Revenue Bonds are secured by or have any

interest in the Trust Estate. Furthermore, neither the Turnpike Toll Revenues nor the Registration Fee Revenues are pledged to secure the 2009 Bonds.

### **Escrow Deposit**

Concurrently with the closing on the 2009 Bonds, the Commission shall deposit a portion of the proceeds of the 2009A-1 Senior Refunding Bonds and 2009D-1 Subordinate Refunding Bonds pursuant to an Escrow Deposit Agreement between the Commission and U.S. Bank National Association, as escrow agent with respect to certain 1998 Senior Bonds and certain 1998 Subordinate Bonds (collectively, the “Refunded 1998 Bonds”). Such deposit and other available funds, together with interest thereon, will be sufficient to pay interest on and redemption prices of the Refunded 1998 Bonds through December 1, 2009, the date that the Refunded 1998 Bonds will be called for redemption.

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**ESTIMATED SOURCES AND USES OF FUNDS**

	<u>2009A-1</u> <u>Senior Bonds</u>	<u>2009A-2</u> <u>Senior Bonds</u>	<u>2009B</u> <u>Senior Bonds</u>	<u>2009C</u> <u>Senior Bonds</u>	<u>Total</u> <u>Senior Bonds</u>
<b>ESTIMATED SOURCES OF SENIOR BONDS</b>					
Principal Amount/Initial Principal Amount	\$14,930,000.00	\$6,620,000.00	\$127,170,000.00	\$15,461,246.00	\$164,181,246.00
Original Issue Discount/Premium	602,263.00	345,018.95			947,281.95
Existing Debt Service Fund	<u>258,643.75</u>				<u>258,643.75</u>
<b>TOTAL SOURCES</b>	<u>15,790,906.75</u>	<u>6,965,018.95</u>	<u>127,170,000.00</u>	<u>15,461,246.00</u>	<u>165,387,171.70</u>
<b>ESTIMATED USES OF SENIOR BOND FUNDS</b>					
Construction Fund Deposit		6,897,826.56	125,856,567.94	15,347,943.52	148,102,238.02
Refunding 1998 Senior Bonds	15,633,211.72				15,633,211.72
Costs of Issuance <sup>1</sup>	157,695.03	67,192.39	1,313,432.06	113,302.48	1,651,621.96
<b>TOTAL USES</b>	<u>15,790,906.75</u>	<u>6,965,018.95</u>	<u>127,170,000.00</u>	<u>15,461,246.00</u>	<u>165,387,171.70</u>

	<u>2009D-1</u> <u>Subordinate</u> <u>Bonds</u>	<u>2009D-2</u> <u>Subordinate</u> <u>Bonds</u>	<u>2009E</u> <u>Subordinate</u> <u>Bonds</u>	<u>Total</u> <u>Subordinate</u> <u>Bonds</u>
<b>ESTIMATED SOURCES OF SUBORDINATE BONDS</b>				
Principal Amount	26,995,000.00	4,565,000.00	102,505,000.00	134,065,000.00
Original Issue Discount/Premium	470,701.95	13,807.75		484,509.70
Existing Debt Service Fund	439,904.16			478,166.65
Series 1998B Debt Service Reserve Fund Transfer			<u>38,262.49</u>	
<b>TOTAL SOURCES</b>	<u>27,905,606.11</u>	<u>4,578,807.75</u>	<u>102,543,262.49</u>	<u>135,027,676.35</u>
<b>ESTIMATED USES OF SUBORDINATE BOND FUNDS</b>				
Construction Fund Deposit		4,537,652.97	101,286,958.67	105,824,611.64
Refunding 1998 Subordinate Bonds	27,708,335.87			27,708,335.87
Deposit to Subordinated Bonds Debt Service Reserve Fund <sup>2</sup>		8,800.71	197,615.84	206,416.55
Costs of Issuance <sup>1</sup>	<u>197,270.24</u>	<u>32,354.07</u>	<u>1,058,687.98</u>	<u>1,288,312.29</u>
<b>TOTAL USES</b>	<u>27,905,606.11</u>	<u>4,578,807.75</u>	<u>102,543,262.49</u>	<u>135,027,676.35</u>

<sup>1</sup> Costs of Issuance include Co-Bond Counsel fee, Underwriters' Counsel fee, Underwriter's Discount, Bond Insurance premium, printing expenses, rating agency fees, advertising costs, Escrow Agent fees, Verification fee, Financial Advisors' fees, Trustee's fee and contingency.

<sup>2</sup> Upon the refunding of the Refunded 1998 Bonds (defined below), a portion of the moneys in the Subordinated Bonds Debt Service Reserve Fund will be reallocated to the 2009D-1 Subordinate Refunding Bonds such that no additional deposit will be required with respect thereto.

## CERTAIN RISK FACTORS

Many factors could affect the sufficiency of the Trust Estate to meet debt service payments on the 2009 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 2009 Bonds and the potential merits and risks of an investment in the 2009 Bonds. Potential investors must review and be familiar with variety of risk factors in deciding whether to purchase any 2009 Bond.

The following risk factors are among those which should be considered by a potential investor:

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**Oil Franchise Tax Revenues may decline**

The statistical information in this Official Statement regarding Oil Franchise Tax revenues collected by the Commission are historical. The actual amount of future Oil Franchise Tax revenues collected by the Commission depends upon a number of factors, including specifically the rate of consumption of motor fuels and the substitution of alternative energy sources for motor vehicles which may be affected by a number of factors including but not limited to:

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

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**Investors in the 2009 Subordinated Bonds bear greater risk of non-payment because the priority of payment of interest and principal payments on the 2009 Subordinated Bonds is subordinate to the Senior Obligations under the Indenture**

The 2009 Subordinate Bonds are subordinate in right of payment to the payment of all Senior Bonds under the Indenture and payments under Parity Swap Agreements and the Insurance Agreement relating to Senior Bonds. In addition, it is possible that additional senior bonds and other senior obligations may be issued in the future by the Commission under the Indenture, which would increase the amount of Senior Obligations to which the payment on the 2009 Subordinate Bonds are subordinated, thus increasing the risk of nonpayment to the 2009 Subordinate Bondholders.

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**The Commission's financial condition may be**

Adverse changes in the financial condition of certain third-party financial institutions may adversely affect the Commission's

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**adversely affected as a consequence of adverse changes in the financial condition of third-party financial institutions**

financial position. Different types of investment and contractual arrangements may create exposure for the Commission to such institutions including:

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

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**The 2009 Bonds may be repaid early due to the exercise of the redemption option. If this happens, yield may be affected and Bondholders will bear reinvestment risk**

The 2009 Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2009 Bonds. Bondholders bear the risk that monies received cannot be reinvested in comparable securities or at comparable yields.

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**Bankruptcy risk**

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 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 political subdivision 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.

In order to proceed under Chapter 9 of the Bankruptcy Code, state law must authorize the political subdivision to file a petition under the Bankruptcy Code. THE ACT DOES NOT AUTHORIZE THE COMMISSION TO FILE A PETITION UNDER THE BANKRUPTCY CODE.

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**Uncertainty as to available remedies**

The remedies available to owners of the 2009 Bonds upon an Event of Default under the Indenture or other documents

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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, including specifically Title 11 of the United States Code, the remedies specified by the 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 2009 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.

### **BOND INSURANCE RISK FACTORS**

The following are risk factors relating to bond insurance acquired with respect to the Insured Bonds.

In the event of default of the payment of principal or interest with respect to the Insured Bonds when all or some becomes due, any owner of the Insured Bonds shall have a claim under the applicable bond insurance policy (“*Policy*”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Insured Bonds by the Commission which is recovered by the Commission from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the insurer at such time and in such amounts as would have been due absent such prepayment by the Commission unless the issuer of the Policy (the “*Bond Insurer*”) chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Insured Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds.

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time.



No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Insured Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for those Insured Bonds. See description of “RATINGS” herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Commission nor Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Commission to pay principal and interest on the Insured Bonds over the life of the investment.

### **Recent Developments Concerning Municipal Bond Insurers**

The rating agencies have recently downgraded the claims paying ability and financial strength of bond insurers. Additional downgrades or negative change in the rating outlook is possible. Thus, when making an investment decision, potential investors should carefully consider the ability of the Commission to pay principal and interest on the Insured Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

### **CONTINUING DISCLOSURE**

The Commission will enter into a Continuing Disclosure Undertaking for the benefit of the registered owners from time to time of the 2009 Bonds (collectively, the “Disclosure Undertaking”).

Pursuant to the Disclosure Undertaking, the Commission will provide to the Municipal Securities Rulemaking Board’s (the “*MSRB*”) Electronic Municipal Market Access system (“*EMMA*”), and any State Information Depository (“*SID*”), if applicable, within 180 days of the end of each fiscal year of the Commission commencing with the fiscal year ended May 31, 2010, annual financial information, consisting of the audited financial statements of the Commission, annual amounts of Oil Franchise Tax Revenues collected by the Commonwealth and the annual amounts of the Commission Allocation.

The Disclosure Undertaking will also provide that the Commission will file in a timely manner, with EMMA and to any SID, notice of the occurrence of any of the following events with respect to the 2009 Bonds, if material: (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of any of the 2009 Bonds; (vii) modifications to rights of holders of the applicable subseries of 2009 Bonds; (viii) bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the 2009 Bonds; and (xi) rating changes. The foregoing events are quoted from Rule 15c2-12.

In addition, the Commission shall give notice in a timely manner to EMMA, of any failure to provide such annual financial information on or before the date specified for such filing.

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 Rule 15c2-12 at the time of original issuance of the 2009 Bonds, taking into account any amendments or interpretations of Rule 15c2-12; and (iii) the amendment or waiver does not materially impair the interests of the registered owners of the 2009 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 EMMA (or such other date as may be announced by the Securities and Exchange Commission or the MSRB as the effective date for filing via EMMA), and shall be sent to the registered owners of the 2009 Bonds.

The Disclosure Undertaking will recite that it is entered into for the benefit of the registered owners from time to time of the 2009 Bonds. For the purposes of the Disclosure Undertaking, for so long as the 2009 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 2009 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 2009 Bonds or the 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 2009 Bonds, (2) upon repeal or rescission of Section (b)(5) of Rule 15c2-12, or (3) upon a final determination that Section (b)(5) of Rule 15c2-12 is invalid or unenforceable. A copy of the Disclosure Undertaking is on file at the principal office of the Commission.

The Commission has complied with all of its continuing disclosure requirements pursuant to Rule 15c2-12 with respect to its other series of bonds.

### **RELATIONSHIPS OF CERTAIN PARTIES**

Dilworth Paxson LLP and Bowman Kavulich Ltd., Co-Bond Counsel, and Stevens & Lee, P.C., Counsel to the Underwriters, provide legal services to the Commission in various matters from time to time. Financial S&Lutions LLC, a wholly owned affiliate of Stevens &

Lee, has provided swap advisory services to the Commission from time to time. In addition, Merrill Lynch Capital Services, Inc. and Morgan Stanley Capital Services Inc. have entered into various swap agreements with the Commission.

### **UNDERWRITING**

The 2009 Bonds are being purchased by the Underwriters listed on the cover page (the “Underwriters”) for whom Siebert Brandford Shank & Co., LLC is acting as the Representative. The Underwriters have agreed to purchase the 2009 Bonds at an underwriting discount of \$2,320,547.95.

The Underwriters will be obligated to purchase all of the 2009 Bonds if any of such 2009 Bonds are purchased. The 2009 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2009 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. 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.

### **RATINGS**

Moody’s Investors Service and Standard & Poor’s Rating Group are expected to assign long-term municipal bond ratings of “Aa2” (on review for possible down grade) and “AAA” (negative outlook), respectively, to the 2009A Senior Bonds based upon the issuance of the applicable financial guaranty insurance policy, to be issued by Assured Guaranty at the time of delivery of the 2009A Senior Bonds.

Moody’s Investors Service and Standard & Poor’s Rating Group have affirmed their underlying long-term ratings for the Commission’s Senior Bonds of “A1” and “AA”, respectively.

Moody’s Investors Service and Standard & Poor’s Rating Group have affirmed their underlying long-term ratings for the Commission’s outstanding Subordinate Bonds of “A3” and “A+”, respectively.

An explanation of the significance of each of such ratings may be obtained from the rating agency furnishing the same at the following addresses: Standard & Poor’s Rating Group, 25 Broadway, New York, NY 10004, Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; and Fitch Ratings, One State Street Plaza, New York, NY 10004. A rating is not a recommendation to buy, sell or hold securities. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or either of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2009 Bonds.

## LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2009 Bonds, or in any way contesting or affecting the validity of the 2009 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 2009 Bonds, including Oil Franchise Taxes, the existence or powers of the Commission or the construction of the Commission's Capital Improvement Program.

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

There are currently approximately 85 open claims for personal injury and/or property damage pending against the Commission, none of which individually or in the aggregate are deemed to expose the Commission to a material risk of loss.

## LEGAL MATTERS

Certain legal matters will be passed upon by Dilworth Paxson LLP and Bowman Kavulich Ltd., both of Philadelphia, Pennsylvania, Co-Bond Counsel. A copy of the form of opinion of Co-Bond Counsel which will be delivered with the 2009 Bonds is set forth in "APPENDIX D – FORM OF OPINION OF CO-BOND COUNSEL." Certain other legal matters will be passed upon for the Underwriters by their Counsel, Stevens & Lee, P.C., Reading, Pennsylvania, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire.

## TAX MATTERS

### **2009A Senior Bonds, 2009C Senior Bonds, and 2009D Subordinate Bonds**

In the opinion of Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2009A Senior Bonds, the 2009C Senior Bonds, and the 2009D Subordinate Bonds (collectively the "*Tax-Exempt Bonds*") will not be includable in the gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the 2009A-2 Senior Bonds, 2009C Senior Bonds, and the 2009D-2 Subordinate Bonds is excluded from the adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed on corporations. Interest on the 2009A-1 Senior Refunding Bonds and the 2009D-1 Subordinate Refunding Bonds is included in adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed on corporations. Interest on the Tax-Exempt Bonds may be included in effectively connected earnings and profits for the purpose of computing the branch profits tax imposed on certain foreign corporations doing business in the United States, received or accrued in any taxable year by certain foreign corporations may be included in computing the "dividend equivalent amount" of such corporations subject to the branch profits tax imposed on such corporations under Section 884 of the Internal Revenue Code of 1986, as amended. Further,

interest on the 2009 Bonds may be subject to federal income taxation under Section 1375 of the Code for S corporations which have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S corporations is passive investment income.

Ownership of the Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Tax-Exempt Bonds. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Tax-Exempt Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Tax-Exempt Bonds will be included in determining the modified gross income of the taxpayer. Co-Bond Counsel express no opinion as to any such consequences, and prospective purchasers of the Tax-Exempt Bonds who may be subject to such collateral consequences should consult their tax advisors.

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

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

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

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

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

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

**Original Issue Discount.** The initial public offering of certain of the Tax-Exempt Bonds (together, the “***OID Bonds***”) is less than the stated redemption price thereof at maturity. The difference between the initial public offering price for any such OID Bond and the stated redemption price at maturity is “original issue discount.” For federal income tax purposes, original issue discount on an OID Bond accrues to original holders of the OID Bond over the period of its maturity based on the constant yield method compounded annually as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the OID Bond for determining taxable gain or loss on the maturity, redemption, prior sale or other disposition of the OID Bond. Purchasers of the OID Bonds should consult their tax advisors for an explanation of the accrual rules for original issue discount and any other federal, state or local tax consequences of the purchase of OID Bonds with original issue discount.

THE FOREGOING SUMMARY AS TO TAX EXEMPT BONDS IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE TAX EXEMPT BONDS. PROSPECTIVE PURCHASERS OF THE TAX-EXEMPT BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE OWNERSHIP OF THE

TAX EXEMPT BONDS. CO-BOND COUNSEL WILL NOT RENDER ANY OPINION WITH RESPECT TO ANY FEDERAL TAX CONSEQUENCES OF OWNERSHIP OF THE FEDERALLY TAXABLE BONDS AND WILL NOT RENDER ANY OPINION AS TO STATE OR LOCAL TAX CONSEQUENCES EXCEPT FOR THE MATTERS SET FORTH UNDER THE CAPTION “STATE TAX MATTERS” BELOW.

### **2009B Senior Bonds and 2009E Subordinate Bonds (Federally Taxable – Issuer Subsidy – Build America Bonds)**

#### **General**

Interest on the Issuer Subsidy Bonds is includible in gross income for Federal income tax purposes.

#### **Additional Federal Income Tax Considerations Relating to the Issuer Subsidy Bonds**

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Issuer Subsidy Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect, or differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding an Issuer Subsidy Bond as a hedge against currency risks or as a position in a “straddle” for tax purposes, or persons whose functional currency is not the United States dollar. This summary focuses primarily on investors who will hold the an Issuer Subsidy Bonds as “capital assets” (generally, property held for investment within the meaning of Code Section 1221), but much of the discussion is applicable to other investors. Potential purchasers of Issuer Subsidy Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Issuer Subsidy Bonds.

**Taxability of Stated Interest and Principal.** In general, interest payable to holders of Issuer Subsidy Bonds who are not exempt from federal income tax will be treated as ordinary income, in the year paid, in the case of cash basis taxpayers, or the year accrued, in the case of accrual basis taxpayers. Principal payments on the Issuer Subsidy Bonds, other than those attributable to any market discount, will be treated as a return of capital.

**Acquisition Premium.** The holder of an Issuer Subsidy Bond will be treated as having amortizable bond premium to the extent (if any) by which the holder’s initial basis in the Issuer Subsidy Bond exceeds the outstanding principal amount of the Issuer Subsidy Bond. Provided that the holder makes an election under Section 171(c) of the Code (or made such an election after October 22, 1986), the amount of any amortizable bond premium may be amortized over the term of the Issuer Subsidy Bond and treated as a reduction of such holder’s taxable interest income from the Issuer Subsidy Bond each year, in which case the holder’s basis in the Issuer Subsidy Bonds will be reduced by the amortized amount.

The election under Section 171(c) of the Code to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by a holder of a Issuer Subsidy Bond, and may be revoked only with the consent of the Internal Revenue Service. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE ADVISABILITY OF MAKING AN ELECTION TO DEDUCT AMORTIZABLE BOND PREMIUM AND THE APPROPRIATE METHOD OF MAKING SUCH AN ELECTION.

**Market Discount.** A holder who purchases an Issuer Subsidy Bond from a prior holder for a price below the adjusted issue price of the Issuer Subsidy Bond (which generally will equal the remaining principal amount of such Issuer Subsidy Bond) will, subject to certain *de minimis* rules, be treated as having purchased the Issuer Subsidy Bond for a market discount. The amount of any market discount will be deemed to accrue over the remaining maturity of the Issuer Subsidy Bond in accordance with the constant yield to maturity method of accounting, and will have to be taken into account by the holder of a Issuer Subsidy Bond as ordinary income for federal income tax purposes. Accrued market discount generally only has to be taken into account as ordinary income as principal payments are received, or upon the recognition of gain from the disposition of the Issuer Subsidy Bonds, provided that the holder may elect to include market discount in income as it accrues.

A holder of an Issuer Subsidy Bond acquired at a market discount may also be required to defer, until the maturity date of such Issuer Subsidy Bond or its earlier disposition in a taxable disposition, the deduction of a portion of interest that the holder paid or accrued on indebtedness incurred or maintained to purchase or carry the Issuer Subsidy Bonds. This deferral rule does not apply if the holder of such Issuer Subsidy Bond elects to include the market discount in income for the tax years to which it relates. Prospective purchasers who intend to purchase Issuer Subsidy Bonds from an existing holder at a market discount should consult their own tax advisors regarding the inclusion of market discount in taxable income as ordinary income, the election to include market discount in income as it accrues, and the possible deferral of a portion of the interest deductions attributable to indebtedness incurred or maintained to purchase or carry Issuer Subsidy Bonds purchased at a market discount.

**Sale or Redemption of the Issuer Subsidy Bonds.** A holder of a Issuer Subsidy Bond's tax basis for such Issuer Subsidy Bond is the price such holder pays for the Issuer Subsidy Bond, reduced by (a) payments received other than "qualified periodic interest" and (b) amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of an Issuer Subsidy Bond, measured by the difference between the amount realized and the Issuer Subsidy Bond's basis as so adjusted, will generally give rise to capital gain or loss if the Issuer Subsidy Bond is held as a capital asset. Defeasance of the Issuer Subsidy Bonds may result in a reissuance thereof, in which event a holder will also recognize taxable gain or loss as discussed in the previous sentence. In the case of a subsequent holder, a portion of any gain will generally be treated as ordinary income to the extent of any market discount accrued to the date of disposition which was not previously reported as ordinary income.

**Backup Withholding.** A holder of an Issuer Subsidy Bond may, under certain circumstances, be subject to "backup withholding" at a specified rate prescribed in the Code with respect to interest on the Issuer Subsidy Bonds. This withholding generally applies if the holder of an Issuer Subsidy Bond (a) fails to furnish the Trustee with its taxpayer identification number



(“TIN”): (b) furnishes the Trustee an incorrect TIN; (c) fails to report properly interest, dividends or other “reportable payments” as defined in the Code, or (d) under certain circumstances, fails to provide the Trustee or its securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is his correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to payments made to certain holders of Issuer Subsidy Bonds, including payment to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below).

The Trustee will report to the holders of Issuer Subsidy Bonds and to the IRS for each calendar year the amount of any “reportable payments” during such year and the amount of tax withheld, if any, with respect to payments on the Issuer Subsidy Bonds.

**Foreign Holders.** Under the Code, interest with respect to Issuer Subsidy Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons (“Nonresidents”) generally will not be subject to the 30 percent United States withholding tax if the Trustee (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of a Issuer Subsidy Bond is a Nonresident. The withholding tax, if applicable, may be reduced or eliminated by an applicable tax treaty. However, interest that is effectively connected with a United States business conducted by a Nonresident holder of an Issuer Subsidy Bond will generally be subject to the regular United States income tax.

INVESTORS WHO ARE NONRESIDENTS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF OWNING ISSUER SUBSIDY BONDS.

THE FOREGOING SUMMARY AS TO ISSUER SUBSIDY BONDS IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF OWNING THE ISSUER SUBSIDY BONDS. PROSPECTIVE PURCHASERS OF THE ISSUER SUBSIDY BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNING THE ISSUER SUBSIDY BONDS. CO-BOND COUNSEL WILL NOT RENDER ANY OPINION WITH RESPECT TO ANY FEDERAL TAX CONSEQUENCES OF OWNING THE ISSUER SUBSIDY BONDS AND WILL NOT RENDER ANY OPINION AS TO STATE OR LOCAL TAX CONSEQUENCES EXCEPT FOR THE MATTERS SET FORTH UNDER THE CAPTION “STATE TAX MATTERS” BELOW.

### **State Tax Matters**

Under the laws of the Commonwealth of Pennsylvania (the “*Commonwealth*”) as presently enacted and construed, the 2009 Bonds are exempt from personal property taxes in the Commonwealth and the interest on the 2009 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. However, under the laws of the Commonwealth as presently enacted and construed, any profits, gains or income derived from the sale, exchange or other disposition of obligations of the Commission, such as the 2009 Bonds, will be subject to Pennsylvania taxes within the Commonwealth.

The 2009 Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

PROSPECTIVE PURCHASERS OF THE 2009 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE 2009 BONDS AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED TAX LEGISLATION.

### **FINANCIAL ADVISORS**

The Commission has retained Hopkins & Company, Philadelphia, Pennsylvania, and Phoenix Capital Partners, Philadelphia, Pennsylvania, as Co-Financial Advisors with respect to the authorization and issuance of the 2009 Bonds. The Co-Financial Advisors are not obligated to undertake or assume responsibility for, nor has it undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. Hopkins & Company and Phoenix Capital Partners are independent advisory firms and are not engaged in the business of underwriting, holding or distributing municipal or other public securities.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments to be held in an escrow account to pay the principal and redemption price of, and interest on, the 1998 Bonds from the date of issuance of the 2009 Bonds to and including December 1, 2009 will be verified solely as to mathematical accuracy by Causey Demgen & Moore Inc.

### **TRUSTEE AND PAYING AGENT**

The Commission has appointed U.S. Bank National Association, Philadelphia, Pennsylvania, as the successor Trustee and Manufacturers and Traders Trust Company as Paying Agent under the Indenture. The obligations and duties of the Trustee are as described in the Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2009 Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2009 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status, as applicable, of the interest on the 2009 Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity of the 2009 Bonds and status of the interest on the 2009 Bonds as well as other matters set out in that opinion. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Commission of any of the 2009 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such 2009 Bonds by the Commission.

Under the terms of the Indenture, the Trustee shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel and the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the Indenture, unless the Trustee has been specifically notified

in writing of such default by the owners of at least 10% in aggregate principal amount of the Outstanding 2009 Bonds affected by such default. All notices or other instruments required by the Indenture to be delivered to the Trustee must be delivered at the designated office of the Trustee. In the absence of any such notice, the Trustee may conclusively assume no Event of Default (as defined in the Indenture) exists, except as expressly stated in the Indenture. The summary of the Trustee's rights, duties, obligations and immunities is not intended to be a complete summary and reference must be made to the Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

### **MISCELLANEOUS**

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

The references herein to the Enabling Acts, Act 3, the 2009 Bonds, the Indenture, the Fifth Supplemental Indenture, and the Disclosure Undertaking, 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 2009 Bonds is to be construed as a contract with the holders of the 2009 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact.

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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  
Chief Financial Officer

**APPENDIX A**  
**THE PENNSYLVANIA TURNPIKE**

[See Attached]

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APPENDIX A

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## APPENDIX A

This Appendix A contains information about the Commission's various sources of Revenue including Tolls and Registration Fees, as well as information about the System (defined below). The 2009 Bonds, however, are not secured by or payable from Tolls or Registration Fees.

***THE 2009 BONDS SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE OFFICIAL STATEMENT FOR THE 2009 BONDS) WHICH CONSISTS PRIMARILY OF THE COMMISSION ALLOCATION PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.***

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

The Commission is composed of five members, including one ex officio member, the Secretary of PennDOT. Mr. Allen D. Biehler is the current Secretary. He was recently elected Chairman of the Commission. 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.



The present members of the Commission and the dates on which their respective terms expire are as follows:

<b>Name</b>	<b>Position</b>	<b>Expiration of Term</b>
Allen D. Biehler	Chairman	Ex-Officio
Timothy J. Carson	Vice Chairman	June 29, 2013
J. William Lincoln	Secretary/Treasurer	June 29, 2013
Pasquale T. Deon, Sr.	Commissioner	June 30, 2010
A. Michael Pratt	Commissioner	June 24, 2013

Act 44 extensively revised and modified earlier legislation, added new authorities and responsibilities and required adoption of a code of conduct for executive level employees, as well as members of the Commission. As more fully discussed herein, Act 44 obligated the Commission, among other things, to enter into a lease with PennDOT and to make substantial lease payments to PennDOT to provide funds for various transportation needs in the Commonwealth. In addition, Act 44 granted the Commission the right to lease that portion of Interstate 80 within the Commonwealth and the option to convert such portion of Interstate 80 to a toll road subject to certain federal approvals.

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

### **Executive Personnel**

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

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

Nikolaus H. Grieshaber was named Chief Financial Officer in June 2008. Prior to that time, 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.

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

Doreen A. McCall, Esq., has been the Chief Counsel since July 2005. Prior to that time, she served as Chief Counsel to the Pennsylvania Historical and Museum Commission from February 2003 to July 2005 and 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.

## **THE PENNSYLVANIA TURNPIKE**

### **General**

The present Pennsylvania Turnpike System (the "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 Pennsylvania;
- the approximately 13 mile Amos K. Hutchinson Bypass which adjoins the Turnpike Mainline near the New Stanton Interchange;
- the 23 mile section of the Mon/Fayette Project and the 8 mile section from the Pennsylvania/West Virginia border to Fairchance, which is located just south of Uniontown; and
- the 6 mile Southern Beltway project from PA 60 to US 22 (which was opened to traffic to bring the System mileage to 535 miles).

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

The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as Interstate Route 76. In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as Interstate Route 70. The Northeast Extension has been designated as Interstate Route 476.

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

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

The roadway for which the Commission will have operational responsibility will be greatly expanded if the Commission exercises the right granted to it under Act 44 to lease that portion of Interstate 80 (an east west highway in the Interstate Highway System) within the Commonwealth and receives the necessary federal approvals to convert such portion of Interstate 80 to a toll road.

#### **Revenue Sources of the Commission**

***The 2009 Bonds are not secured by or payable from Tolls. Senior Toll Revenue Bonds, Subordinated Toll Revenue Bonds, Guaranteed Bonds, and Special Revenue Bonds (all as defined below) are not secured by or payable from Oil Franchise Tax Revenues.***

***Tolls.*** 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***”) constitute one of the Commission’s three principal streams of revenues. The Tolls are presently pledged to secure the Commission’s outstanding turnpike senior toll revenue bonds (collectively, the “***Senior Toll Revenue Bonds***”) and the Senior Toll Indenture Parity Obligations (the Senior Toll Revenue Bonds and the Senior Toll Indenture Parity Obligations, together with any Senior Toll Indenture Subordinated Obligations issued under the Senior Toll Indenture, herein collectively the “***Senior Toll Indenture Obligations***”) which will be subject to or may be issued under the terms of the Senior Toll Indenture. There are currently \$2,813,170,000 aggregate principal amount of Senior Toll Revenue Bonds Outstanding under the Senior Toll Indenture. Other Senior Toll Parity Obligations include, among other things, interest rate swaps and reimbursement and standby bond purchase agreements. There currently are no Senior Toll Indenture Subordinated Obligations. The Commission has also issued subordinate toll revenue bonds (collectively, the “***Subordinate Toll Revenue Bonds***”) under the Subordinate Toll Indenture. The Commission may in the future, under the terms of the Senior Toll Indenture, identify in writing certain roads, other than the Mainline Section and the Northeast Extension, as not being part of the System for the purposes of the Senior Toll Indenture. The Tolls are not

pledged to secure the Oil Franchise Tax Revenue Bonds (as defined below), such as the 2009 Bonds, are not pledged to secure the Registration Fee Revenue Bonds (as defined below).

***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***"), a total of \$571,040,000 of which are issued and outstanding in addition to the proposed 2009 Bonds. The Oil Franchise Tax Revenue Bonds, including the 2009 Bonds, are secured solely by the Trust Estate consisting primarily of Oil Franchise Tax Revenues, investment earnings thereon, and the Issuer Subsidy (as defined in the Indenture). The Oil Franchise Tax Revenues are not pledged to secure any Senior Toll Indenture Obligations, any Subordinate Toll Revenue Bonds, or any Registration Fee Revenue Bonds. Proceeds of the outstanding Oil Franchise Tax Revenue Bonds were used to finance portions of the Mon/Fayette Expressway and the Southern Beltway.

***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***"), a total of \$442,020,000 of which are issued and outstanding. The Registration Fee Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by Registration Fee Revenues. Registration Fee Revenue Bonds are to be paid solely from the Registration Fee Revenues. The Registration Fee Revenues are not pledged to secure any Senior Toll Indenture Obligations, the Subordinate Toll Revenue Bonds or the Oil Franchise Tax Revenue Bonds (including the 2009 Bonds).

None of the Senior Toll Indenture Bonds, the Subordinate Toll Revenue Bonds, nor the Registration Fee Revenue Bonds are secured by or have any interest in the Trust Estate.

***Rules Relating to Governance and Accountability Under Act 44.*** Act 44 sets forth certain rules relating to governance and accountability of the Commission, including, but not limited to, the filing of an annual financial plan of the Commission with the Pennsylvania Secretary of the Budget no later than June 1 of each year (the "Financial Plan"), providing updates to the Chairman and Minority Chairman of the Pennsylvania House and Senate Transportation Committees regarding the conversion of Interstate 80, conducting traffic studies to quantify diversion of traffic from Interstate 80 to other roadways as a result of the Conversion, conducting an audit by the Auditor General every four years to be paid for by the Commission and the adoption by the Commission of a comprehensive code of conduct for Commissioners and executive level employees. The Commission completed its Financial Plan for the 2010 fiscal year and delivered it to the Secretary of the Budget by the June 1 deadline. A complete copy of the Financial Plan can be obtained by contacting the Commission.

## **Future Legislation**

***Legislation in Pennsylvania.*** The staff of the Commission cannot predict whether future bills affecting the Commission will be introduced and enacted in the General Assembly of the Commonwealth.

***Federal Legislation.*** The staff of the Commission cannot predict whether future bills affecting the Commission will be introduced and enacted in the U.S. Congress.

## **Financial Policies and Guidelines**

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

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

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

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

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

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

***Security and Source of Repayment.*** The Commission may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged by the Swap, if any, but shall consider the economic costs and benefits of subordinating the

Commission's payments and/or termination payment under the Swap. The Commission shall consult with Bond Counsel regarding the legal requirements associated with making the payments under the Swap on a parity or non parity basis with outstanding Commission debt.

***Prohibited Agreements.*** The Commission will not use Agreements that:

Are speculative or create extraordinary leverage as risk;

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

Provide insufficient price transparency to allow reasonable valuation.

***Annual Swap Report.*** The Commission's Chief Financial Officer, in consultation with the Commission's Financial Advisor, Swap Advisor and Bond Counsel, will evaluate the risks associated with outstanding Swaps at least annually and provide to the senior executives and the Commissioners a written report of the findings based upon criteria set forth in the 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 Government Accounting Standards Board or other applicable regulatory agencies.

The Commission has a number of interest rate exchange agreements with respect to certain series of the Senior Toll Revenue Bonds as well as with respect to certain series of its Registration Fee Revenue Bonds and Oil Franchise Tax Revenue Bonds. As of September 18, 2009, the aggregate market value of such Swaps to the counterparties thereto from the Commission was calculated to be approximately \$130,000,000.

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.

## **CAPITAL IMPROVEMENTS**

### **Act 61 Projects**

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

### **Ten Year Capital Plan**

The Commission has a Ten Year Capital Plan, consisting of Highway, Technology, Fleet and Facilities programs, which it updates each year. The current Ten Year Capital Plan for Fiscal Year 2009/2010 is included below. The Highway program consists of roadway, bridge, tunnel and toll plaza/interchange projects. The Technology program consists of toll collection, communication, Intelligent Transportation Systems (ITS) and other electronic information management projects. The Fleet Program funds rolling stock that is required to maintain the system. The Facilities Program consists of buildings and large, heavy or high value equipment needs.

The highest priority highway project is the ongoing full depth roadway total reconstruction of the east/west Mainline and Northeast Extension. This work includes the reconstruction of the roadway, the widening of the median, and the replacement of both mainline and overhead bridges. To date, approximately 68 miles of total reconstruction has been completed and approximately 18 miles are currently in construction. The Reconstruction from Valley Forge Interchange (Milepost 326.0) to Norristown Interchange (Milepost 333.0) was completed in 2008. Reconstruction from Gateway Interchange (Milepost 1.5) to the New Castle/Beaver Falls Interchange (Milepost 10) was completed in 2009. Total Reconstruction projects from Irwin Interchange (Milepost 67.0) to New Stanton Interchange (Milepost 75.0), from Milepost 31 to Milepost 38 and from Milepost 210.0 to 215.0 is currently under construction. The Commission currently plans to spend approximately \$1.8 billion on total reconstruction projects and about \$916 million on various bridge projects over the next ten years.

The replacement of the Lehigh River and Pohopoco River Bridges on the Northeast Extension and the replacement of the Allegheny River bridge are both major bridge projects currently under construction. The replacement of the Gettysburg, Lebanon/Lancaster and Harrisburg East Toll Plazas were all completed in 2008.

The Technology program includes funding of \$250 million over the next ten years to address the Commission's Information Technology needs including toll collection projects, communication, application development and technical operational needs.

The Fleet Program includes funding of \$91 to purchase rolling stock to insure adequate maintenance of the roadway system.

The Facilities Program includes funding of \$416 million which has been programmed 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 operations.

### **Mon/Fayette Expressway and Southern Beltway**

Four projects constructed as part of the Mon/Fayette Expressway are in operation. One is a six mile toll road between Interstate Route 70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is an eight mile section of toll road from the Pennsylvania/West Virginia border to Fairchance, which is located just south of Uniontown. The third project is a 17 mile section of the Mon/Fayette Expressway from Interstate Route 70 in Washington County to Pennsylvania Route 51 in Allegheny County. In 2008, approximately 8 miles of the Uniontown to Brownsville Mon/Fayette Project opened in Fayette County, north of Uniontown. These are now part of the System.

The remaining 7 miles of the Uniontown to Brownsville Project of the Mon/Fayette Expressway is now under construction and is scheduled to open in 2012. A 26 mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to Interstate Route 376 in Pittsburgh, received environmental clearance in December 2004. Final design through design field view has been completed. Additional design, right of way acquisition and construction cannot progress until additional funding is identified.

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

The proposed Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Pennsylvania Route 60 at the Pittsburgh International Airport. It is composed of three distinct projects. The project from PA 60 to U.S. 22 (also known as the Findlay Connector) opened to traffic in late 2006. The project from U.S. 22 to I-79 received environmental clearance for its 13.3 miles in September, 2008 and is in final design; right of way acquisition began in late 2008. The remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, received environmental clearance in May 2009. Further advancement of the US 22 to I-79 and I-79 to the Mon/Fayette Expressway projects cannot proceed until additional funding is identified.

The proceeds of the Commission's Oil Franchise Tax Senior Revenue Bonds, Series A and B of 1998 and Series A, B and C of 2003 and the Registration Fee Revenue Bonds, Series of 2001 were applied to fund construction of the Mon/Fayette and Southern Beltway projects. It is anticipated that the remaining costs to complete the Mon/Fayette Expressway and the Southern Beltway will be financed with Oil Franchise Tax Revenues and Registration Fee Revenues along with other funding sources. Although the open sections of the Mon/Fayette Expressway and the Southern Beltway are toll roads, Tolls will not be applied to the financing of their construction. The proceeds of the 2009B Senior Bonds, the 2009C Senior Bonds, and the 2009E Subordinate Bonds will be applied to costs of the Mon/Fayette Expressway and Southern Beltway projects.



The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time. However, the Commission recently has begun to consider other approaches to completing such projects, due in large part to an estimated cost of \$5.2 billion to complete them. On September 17, 2008, the Commission issued a Request for Concepts/Solutions to complete such projects, noting that it was “seeking innovative public private partnership Concepts/Solutions for financing, designing, constructing, operating, and maintaining the un-built 52 miles of the Mon/Fayette Expressway and Southern Beltway.” The purpose of the Request was “to receive submissions that include Concepts/Solutions from teams that can demonstrate the necessary financial capacity and technical expertise to complete all or part of such major projects.” The existing completed portions of the Mon/Fayette Expressway and Southern Beltway accounted for 1.3% of the Commission’s gross tolls in fiscal 2008 and revenue on the completed portions has been sufficient to cover annual operating expenses.

The Request noted that “There are limited state and federal resources to complete three un-built projects of this program. The two un-built Southern Beltway projects are each approximately thirteen miles in length and the un-built Mon/Fayette Expressway project from PA Route 51 to I 376 is approximately 26 miles in length.” The Commission noted that it welcomed “all innovative ideas for completing all or part of the Mon/Fayette Expressway and Southern Beltway projects.”

The Commission held an informational meeting on September 17, 2008 at which it was reported the Commission requested that interested parties submit their ideas for completing one or more of the unfinished projects by January 15, 2009. The Commission received and evaluated the three responses and conducted oral interviews with all respondents in March 2009.

Since that time a number of significant events have occurred. World financial markets have become more uncertain resulting in less credit available to fund public-private partnership projects, proposed federal regulations for transportation public-private partnership (“PPP”) projects are more stringent, proposed federal taxation schedules for amortization and depreciation have been lengthened, new transportation legislation at the federal and state level may not be addressed this year, a number of transportation PPPs nationwide have received no responses or have not been consummated and all three respondents indicated that the Commission’s financial participation would be required for any of the construction scenarios.

As a result of the evaluations of the three responses and the significant events listed above, the Commission will not move forward with a Request for Proposal at this time.

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**PENNSYLVANIA TURNPIKE COMMISSION**  
**FISCAL YEAR 2009-2010 TEN YEAR CAPITAL PLAN – ANNUAL PROGRAM DETAIL**  
**(IN MILLIONS OF \$)**

CAPITAL PLAN CATEGORY	Current FY		Priority A Year 2-4				Priority B Year 5-7				Priority C Year 8-10				Total	% of Total
	2009-2010	FY	FY		FY		FY		FY		FY		2018-2019			
			2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018						
<b>Highway Program</b>																
Roadway	58.0	57.9	57.4	44.3	44.3	26.0	38.0	39.2	40.8	49.3	42.7	453.5	10%			
Structures	111.8	81.0	51.8	88.1	88.1	97.6	105.7	83.1	87.2	95.7	114.4	916.4	20%			
Total Reconstruction Program	163.7	151.8	210.7	188.0	188.0	199.9	171.1	185.2	191.6	191.2	191.6	1,844.8	40%			
Slip Ramp/Interchange Program	33.8	59.3	59.6	65.4	65.4	62.1	57.9	64.3	51.6	34.2	21.4	109.7	11%			
Highway Misc. Program	14.5	15.2	14.8	8.4	8.4	8.7	9.1	9.9	10.5	11.5	11.8	114.5	2%			
<b>TOTAL</b>	<b>381.8</b>	<b>365.2</b>	<b>394.3</b>	<b>394.2</b>	<b>394.2</b>	<b>394.3</b>	<b>381.9</b>	<b>381.8</b>	<b>381.8</b>	<b>381.8</b>	<b>381.8</b>	<b>3,838.8</b>	<b>84%</b>			
<b>Facilities program</b>																
Re-capitalization Program	3.2	1.3	6.2	20.3	20.3	20.9	20.1	8.9	1.6	23.6	22.9	128.9	3%			
Sustainment Program	15.4	10.6	11.6	12.2	12.2	12.9	13.4	13.9	14.5	15.1	15.7	135.1	3%			
Compliance program	4.8	2.1	2.1	2.2	2.2	2.3	2.4	2.5	2.6	2.7	2.8	26.7	1%			
New Initiative program	18.0	25.7	22.9	8.0	8.0	6.6	5.5	16.1	22.7	-	-	125.6	3%			
<b>TOTAL</b>	<b>41.4</b>	<b>39.6</b>	<b>42.7</b>	<b>42.8</b>	<b>42.8</b>	<b>42.7</b>	<b>41.4</b>	<b>41.4</b>	<b>41.4</b>	<b>41.4</b>	<b>41.4</b>	<b>416.3</b>	<b>9%</b>			
<b>Fleet Equipment program</b>																
Fleet Equipment program	9.2	8.8	9.5	9.5	9.5	7.3	9.2	9.2	9.2	9.3	9.3	90.6	2%			
<b>TOTAL</b>	<b>9.2</b>	<b>8.8</b>	<b>9.5</b>	<b>9.5</b>	<b>9.5</b>	<b>7.3</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.3</b>	<b>9.3</b>	<b>90.6</b>	<b>2%</b>			
<b>Technology Program</b>																
Functional Business Software Program	6.4	20.9	16.2	14.9	14.9	25.5	25.0	12.3	13.0	13.8	14.9	162.8	4%			
Infrastructure HW/SW Program	11.5	9.2	6.8	4.6	4.6	4.6	5.0	5.0	5.5	4.0	5.9	62.2	1%			
Toll Collect/Operations Program	9.6	2.8	1.9	2.0	2.0	2.1	1.2	1.3	1.3	1.4	1.4	25.1	1%			
<b>TOTAL</b>	<b>27.5</b>	<b>32.9</b>	<b>25.0</b>	<b>21.5</b>	<b>21.5</b>	<b>32.2</b>	<b>31.3</b>	<b>18.5</b>	<b>19.7</b>	<b>19.2</b>	<b>22.2</b>	<b>250.1</b>	<b>5%</b>			
<b>TOTAL TURNPIKE NEEDS BY YEAR</b>	<b>459.9</b>	<b>446.5</b>	<b>471.5</b>	<b>468.0</b>	<b>468.0</b>	<b>476.5</b>	<b>463.8</b>	<b>451.0</b>	<b>452.2</b>	<b>451.7</b>	<b>454.6</b>	<b>4,595.8</b>	<b>100%</b>			

**APPENDIX B**  
**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE;**  
**DEFINITIONS OF CERTAIN TERMS**

[See Attached]

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## APPENDIX B

### SUMMARIES OF CERTAIN PROVISIONS OF INDENTURE; DEFINITIONS OF CERTAIN TERMS

#### DEFINITIONS OF CERTAIN TERMS

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

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

“Additional Projects” shall mean the improvements, extensions and replacements to the Pennsylvania Turnpike System, other than the portions of the improvements, extensions and replacements which are financed or refinanced with the proceeds of Additional Bonds.

“Assumed Variable Rate” shall mean the maximum established rate for any Variable Rate Indebtedness then outstanding.

“Authenticating Agent” shall mean the Person or Persons designated and authorized to authenticate any series of Bonds or such Person designated by the Authenticating Agent to serve such function, and shall at this time be the Trustee with respect to the 2009 Bonds.

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

“Balloon Indebtedness” shall mean a series of Bonds 25% or more of the principal of which matures on the same date and is not required by the documents governing such indebtedness to be amortized by payment or redemption prior to such date. If any series of Bonds consists partially of Variable Rate Indebtedness and partially of Fixed Rate Indebtedness, the portion constituting Variable Rate Indebtedness and the portion constituting Fixed Rate Indebtedness shall be treated as separate series for purpose of determining whether any such indebtedness constitutes Balloon Indebtedness.

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

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

“Bond” shall mean any bond issued under the provisions of the Indenture.

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

“Bond Insurance Policy” means, with respect to the 2009 Bonds, the insurance policy issued by the Bond Insurer that guarantees the payment of the principal of and interest on the 2009A Bonds.

“Bond Insurer” shall mean, as to any series of Bonds, the bond insurer undertaking to insure such Bonds. With respect to the 2009 Bonds, Bond Insurer means Assured Guaranty Corp. or any successor thereto.

“Bond Registrar” shall mean, with respect to the 2009 Bonds, that Person which maintains the bond register or such other entity designated by the Bond Registrar to serve such function, and shall initially be the Trustee with respect to the 2009 Bonds.

“Business Day” shall mean any day other than a Saturday or a Sunday or a day on which banking institutions are required or authorized by law or executive order to remain closed in the Commonwealth of Pennsylvania. With respect to the 2009 Bonds, Business Day means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in New York, New York are authorized or required to remain closed or (iii) a day on which the New York Stock Exchange is closed.

“Certificates of Deposit” shall mean negotiable or nonnegotiable certificates of deposit, time deposits or other similar banking arrangements issued by the Trustee or by any bank or trust

company, including any depository hereunder, which has a combined capital and surplus of not less than \$200,000,000, to be fully secured by Government Obligations or direct and general obligations of the Commonwealth of Pennsylvania. Such security shall have an aggregate market value, exclusive of accrued interest, at all times at least equal to the amount of such Certificate of Deposit. Such security shall be deposited with a Federal Reserve Bank or with the trust department of the Trustee.

“Clearing Fund” shall mean the special fund created by the Indenture.

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

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

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

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

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

“Defeasance Securities” shall mean:

1. Cash,
2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series “SLGs”),
3. Direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury and CATS, TIGRS and similar securities,

4. Resolution Funding Corp. strips which have been stripped by the Federal Reserve Bank of New York,
5. Pre-refunded obligations of a state or municipality rated in the highest rating category by the Rating Agency, and
6. Obligations issued by the following agencies which are backed by the full faith and credit of the
  - a. U.S. Export-Import Bank
  - b. Farmers Home Administration  
Certificates of beneficial ownership
  - c. Federal Financing Bank
  - d. General Services Administration  
Participation certificates
  - e. U.S. Maritime Administration  
Guaranteed Title XI financing
  - f. U.S. Department of Housing and Urban Development  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Housing Notes and Bonds - U.S. government guaranteed public housing notes and
  - g. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

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

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



“Enabling Acts” shall have the meaning set forth in the Indenture.

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

“Extraordinary Event” shall mean the amendment or repeal of Section 54AA or 6431 of the Code as such sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (H.R. 1) pertaining to “Build America Bonds”) if the effect of such amendment or repeal is to reduce or eliminate the Issuer Subsidy.

“Fiscal Year” means the fiscal year of the Commission, currently the 12-month period beginning on the first day of June of each calendar year and ending on the last day of May of the following calendar year.

“Fixed Rate Indebtedness” shall mean (i) any indebtedness other than Variable Rate Indebtedness and (ii) indebtedness which, except for this clause (ii), would be Variable Rate Indebtedness with respect to which the Commission has entered into an interest rate swap agreement with an entity which has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without reference to such gradations such as “plus” or “minus”) by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on one or more rates of interest each of which is established at a single numerical rate for the entire remaining term of such agreement, provided that such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only if such agreement remains in effect and if any counterparty thereto is not in default thereunder, and provided further that, for purposes of determining whether the conditions set forth in the Indenture have been satisfied, such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only if the terms of such agreement provide that it will remain in effect as long as any Bond to which such agreement relates is Outstanding. Notwithstanding the foregoing, if two series of Bonds constituting Variable Rate Indebtedness, or one or more maturities within a series, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Bonds taken as a whole, such Bonds shall constitute Fixed Rate Indebtedness.

“Government Obligations” shall mean direct obligations of, or obligations, the principal and interest of which are unconditionally guaranteed by, the United States of America.

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

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

“Indenture” shall mean the Indenture as amended and supplemented.

“Interest Payment Date” shall mean, with to each series of Bonds, the Interest Payment Date defined as such in the Indenture. With respect to the 2009 Bonds, Interest Payment Date shall mean June 1 and December 1 of each year.

“Insurance Agreement” shall mean the Insurance and Reimbursement Agreement between the Bond Insurer for the 2003 Bonds and the Commission.

“Issuer Subsidy” means the 35% cash subsidy payment made by the United States Treasury to the Commission relating to the 2009B Bonds and the 2009E Bonds pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (H.R.1) pertaining to “Build America Bonds”).

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

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

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

“Oil Franchise Tax” means the “oil company franchise tax for highway maintenance and construction” imposed by the Commonwealth pursuant to 75 Pa. C.S.A. Chap. 95.

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

“Opinion of Counsel” shall mean an opinion or opinions at writing signed by an attorney who is, or a firm of attorneys at law which has a member who is, admitted to practice before the Supreme Court of the Commonwealth of Pennsylvania who may (except as otherwise expressly provided herein) be counsel to the Commission who renders the initial opinion to the purchaser of the Bonds, who shall not be unsatisfactory to the Trustee. If such counsel be an individual, he/she shall not be, and if such counsel be a partnership or professional corporation, it shall not

have as a partner or employee an attorney at law who is, an officer or employee of the Commission, but such counsel may be regularly retained by or under contract with the Commission. Such opinion or opinions may contain such exceptions, qualifications and limitations as may be customary under the circumstances.

“Outstanding” means, when used with reference to 2009 Bonds, as of a particular date, all 2009 Bonds theretofore authenticated and delivered, except:

(a) 2009 Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation pursuant to the provisions hereof;

(b) 2009 Bonds which are deemed to have been paid in accordance with the provisions hereof; and

(c) 2009 Bonds in exchange for or in lieu of which other 2009 Bonds have been authenticated and delivered pursuant to the provisions hereof.

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

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

“Paying Agent” shall mean, with respect to the 2009 Bonds, initially the Manufacturers and Traders Trust Company, a New York state banking association.

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

“Permitted Investments” (to the extent permitted by law) shall mean:

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

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are

backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration  
Participation certificates
6. Government National Mortgage Association (GNMA or “Ginnie Mae”)  
GNMA - guaranteed mortgage-backed bonds  
GNMA - guaranteed pass-through obligations  
(not acceptable for certain cash-flow sensitive issues.)
7. U.S. Maritime Administration  
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

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

1. Federal Home Loan Bank System  
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)

Participation Certificates  
Senior debt obligations

3. Federal National Mortgage Association (FNMA or “Fannie Mae”) Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or “Sallie Mae”) Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System  
Consolidated systemwide bonds and notes

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

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

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

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

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

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

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

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

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

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

“Pledged Bonds” shall mean a Bond purchased by the Paying Agent or Trustee with amounts received pursuant to a drawing under a Credit Facility and pledged to or registered in the name of a Bank which is a provider of such Credit Facility or its designee.

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

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

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

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

(d) if any of the Outstanding series of Bonds constitutes Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness or if Bonds then proposed to be issued would constitute Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness,

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

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

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

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

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

"Project" shall mean the project for the 2009 Bonds and any additional projects or refundings which are authorized by the Enabling Acts.

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

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



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

“Reimbursement Agreement” shall mean an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issue a Credit Facility with respect to Bonds of one or more series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder, including any security or pledge agreement entered into in connection therewith pursuant to which the Commission grants the Bank or Banks a security interest in any collateral to secure its obligations to the Bank or Banks.

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

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

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

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

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

“Sinking Fund” shall mean the Senior Bonds Sinking Fund and the Subordinated Bonds Sinking Fund.

“Special Record Date” shall mean the date established by the Trustee for the payment of interest on the 2009 Bonds not paid on a regularly scheduled Interest Payment Date.

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

“Subordinated Bonds Debt Service Fund” shall mean the special fund created by the Indenture.

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

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

“Subordinated Bonds Sinking Fund” shall mean the special fund created by the Indenture.

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

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

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

“Tender Indebtedness” shall mean any Bond or portion thereof a feature of which is an option, on the part of the Bond Owner, or an obligation under the terms of such Bond, to tender all or a portion of such Bond to the Commission, the Trustee, the Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bond or portion thereof be purchased if properly presented.

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

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

“2003 Bonds” shall mean collectively the \$124,730,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2003, the \$197,955,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2003, and the Oil Franchise Tax Senior Revenue Bonds aggregate principal amount of \$160,000,000 Series C of 2003.

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

“2009 Bonds” shall mean, collectively, the 2009A Bonds, the 2009B Bonds, the 2009C Bonds, the 2009D Bonds and the 2009E Bonds.

“2009A Bonds” shall mean the \$21,550,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2009 consisting of Oil Franchise Tax Senior Revenue Bonds, Subseries A-1 of 2009 (Refunding) and Oil Franchise Tax Senior Revenue Bonds, Subseries A-2 of 2009.

“2009B Bonds” shall mean the \$127,170,000 Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 (Federally Taxable—Issuer Subsidy—Build America Bonds).

“2009C Bonds” shall mean the \$15,461,246 Oil Franchise Tax Senior Revenue Bonds, Series C of 2009.

“2009D Bonds” shall mean the \$31,560,000 Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009 consisting of Oil Franchise Tax Subordinated Revenue Bonds Subseries D-1 of 2009 (Refunding) and Oil Franchise Tax Subordinated Revenue Bonds, Subseries D-2 of 2009.

“2009E Bonds” shall mean the \$102,505,000 Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (Federally Taxable—Issuer Subsidy—Build America Bonds).

“Variable Rate Indebtedness” shall mean: (i) any indebtedness the interest rate applicable to which is established at the time of incurring of such indebtedness at a rate which can increase during the entire term thereof or will at some subsequent date be established at a rate which can increase during the entire term thereof and (ii) indebtedness which, except for this clause (ii), would be Fixed Rate Indebtedness but with respect to which the Commission has entered into an interest rate swap agreement with an entity which (or the guarantor of whose obligation) has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without regard to gradations such as “plus” or “minus”) by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on a rate of interest which is not established at a single numerical rate for the entire remaining term of such agreement, provided that such Fixed Rate Indebtedness shall be deemed to be Variable Rate

Indebtedness only while such agreement remains in effect and only if the counterparty thereto is not in default thereunder.

## THE INDENTURE

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

### *Grant of Security Interest*

Pursuant to the Indenture, the Commission has granted a security interest in and pledged and assigned unto the Trustee (i) all Tax Revenues, (ii) the right of the Commission to receive the Commission Allocation and any amounts of the Commission Allocation actually received by the Commission, (iii) the Issuer Subsidy, (iv) all monies deposited into accounts or funds created by the Indenture (other than the Rebate Fund), and (v) all investment earnings on all monies held in accounts and funds established by the Indenture (other than the Rebate Fund) (all of these items shall collectively be known as the “Trust Estate”) as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by it in connection with such Bonds, including any Parity Swap Agreements, any Insurance Agreement and Reimbursement Obligations.

### *Limitations on Issuance of Indebtedness*

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

### *Issuance of Additional Bonds*

Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the Indenture for the purpose of paying the cost of all or any part of any Additional Project or for the purpose of refunding all or any portion of the Bonds then outstanding and, if elected by the Commission as hereinafter set forth, all or a portion of the expenses incurred by the Commission in connection with the issuance of such Bonds.

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

- (a) the documents required by the Indenture for issuance of Additional Bonds generally and for the particular type of Additional Bonds being issued;
- (b) a Supplemental Indenture executed by the Commission in an appropriate number of counterparts setting forth, subject to the provisions of the Indenture, the terms and provisions of such Additional Bonds; and

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

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

***Issuance of Additional Bonds for any Additional Projects***

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

Such Additional Bonds shall not be authenticated by the Authenticating Agent nor delivered by the Trustee, unless there shall be filed with the Trustee the documents required by the Indenture for issuance of Additional Bonds generally and unless there shall be filed with the Trustee a Treasurer's Certificate demonstrating and concluding that the Historic Tax Revenues were not less than 200% of the Maximum Principal and Interest Requirements on account of all Senior Bonds to be outstanding under the Indenture after the issuance of proposed Additional Senior Bonds and not less than 115% of the Maximum Principal and Interest Requirements on account of all Bonds to be outstanding under the Indenture after the issuance of Additional Subordinated Bonds.

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

With respect to any Additional Bonds, and in the event that there has been or is pending a substitution and/or replacement of Tax Receipts by the Commission, there shall be filed with the Trustee a confirmation from the Rating Agency that the rating on the 2006 Bonds, the 2009 Bonds and the 1998 Bonds will not be lower than the rating on such 2006 Bonds, 2009 Bonds and 1998 Bonds, respectively, then in effect immediately prior to the issuance of such Additional Bonds.

***Issuance of Additional Bonds for Refunding***

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

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

- (a) the documents required by the Indenture for issuance of Additional Bonds generally;
- (b) in case all or a portion of such Bonds are to be issued for the purpose of redeeming Bonds prior to their stated maturity or maturities, such documents as shall be required by the Trustee to show that provision has been duly made for the redemption of such Bonds; and
- (c) a certificate of an independent public accountant verifying that the proceeds (excluding accrued interest, but including any premium and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) of such refunding Bonds and any investment income earned thereon shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded, and, if permitted by law and deemed necessary by the Commission, the payment of interest thereon to the date of redemption.

The Authenticating Agent and Trustee, however, shall not authenticate and deliver such Bonds unless they receive a certificate signed by the Treasurer or Assistant Treasurer of the Commission demonstrating, with respect to Additional Senior Bonds, that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Senior Bonds outstanding after delivery of such Additional Bonds shall be either (i) at least 200% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Senior Bonds and with respect to Additional Subordinated Bonds, that the percentage derived by the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Bonds outstanding after delivery of such Additional Subordinated Bonds shall be either (i) at least 115% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Subordinated Bonds.

With respect to any Additional Bonds, and in the event that there has been or is pending a substitution and/or replacement of Tax Receipts by the Commission, there shall be filed with the Trustee a confirmation from the Rating Agency that the rating on the 2009 Bonds will not be

lower than the rating on such 2009 Bonds then in effect immediately prior to the issuance of such Additional Bonds.

### ***Clearing Fund***

The Indenture creates a special fund, called the “Clearing Fund,” which shall be held in trust by the Trustee until applied as hereinafter provided. There shall be deposited in the Clearing Fund all of the net proceeds of the sale of the 2009 Bonds, including accrued interest payable thereon, and the net proceeds of any other Bonds to the extent provided in any Supplemental Indenture. The amounts so deposited in the Clearing Fund shall be disbursed or transferred by the Trustee upon the furnishing of an order of the Chairman of the Commission as is provided by the Indenture. Upon the sooner of such payments and transfers finally being accomplished and that date six (6) months after the date of issuance of the 2009 Bonds (or such other date established in a Supplemental Indenture), any remaining balance shall be transferred to the Construction Fund.

### ***Construction Fund***

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

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

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

### ***Revenue Fund***

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

The Commission acknowledges in the Indenture that it has irrevocably directed the Commonwealth to transfer all Tax Receipts which the Commission is entitled to receive from the Commonwealth to the Trustee for deposit into the Revenue Fund. Notwithstanding the foregoing, the Commission covenants that any and all Tax Receipts or other Tax Revenues



which it receives initially will be deposited into a segregated account of the Commission and will be transferred therefrom within one (1) Business Day following receipt, as far as practicable, with the Trustee or in the name of the Trustee with a depository or depositories designated by the Commission and approved by the Trustee, to the credit of the Revenue Fund.

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

### ***Senior Bonds Debt Service Fund***

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

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

(1) On or before the last Business Day of each calendar month, (i) an amount which equals the amount necessary to pay, and for the purpose of paying, (i) one-sixth ( $1/6$ ) of the interest due on the Senior Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the any Senior Bonds to the first Interest Payment Date for the applicable Senior Bond, a monthly amount equal to the product of the interest amount owed on such first Interest Payment Date divided by the number of months from the date of issuance of such Senior Bond to such first Interest Payment Date), which amount shall be deposited in the Interest Account, and (ii) any amount due to the Bond Insurer with respect thereto; provided, however, so long as an Extraordinary Event has not occurred, the Trustee may assume for purposes of such calculation, that the Issuer Subsidy will be received by the Commission and deposited in the 2009B Issuer Subsidy Fund prior to such Interest Payment Date with respect to the 2009B Bonds.

(2) On or before the last Business Day of each calendar month, an amount which equals one-twelfth ( $1/12$ ) of the amount necessary to pay (or, in the case of the period from the date of issuance of the any Senior Bonds to the first date on

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

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

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

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

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

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

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

### ***Senior Bonds Sinking Fund***

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

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

The moneys at any time on deposit to the credit of the Senior Bonds Sinking Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of Senior Bonds of the same maturity of Senior Bonds to be called for mandatory redemption from the Senior Bonds Sinking Fund, and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of Senior Bonds which the Commission may agree to purchase or has paid provided that such purchase price is not in excess of 100% of the principal amount thereof. At the time of any purchase of the Senior Bonds, the Trustee shall withdraw from the Interest Account of the Senior Bonds Debt Service Fund any amounts deposited therein for the payment of interest on the Senior Bonds so purchased. Any Bonds so purchased in lieu of redemption by the Commission shall be cancelled by the Trustee and no longer remain outstanding.

### ***Subordinated Bonds Debt Service Fund***

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

After the withdrawals described above, the Trustee shall withdraw from the Revenue Fund and deposit to the applicable Account in the Subordinated Bonds Debt Service Fund the

amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

(1) On or before the last Business Day of each calendar month, an amount which equals the amount necessary to pay, and for the purpose of paying, (i) one-sixth ( $1/6$ ) of the interest due on the Subordinated Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the any Subordinated Bonds to the first Interest Payment Date for the applicable Subordinated Bond, a monthly amount equal to the product of the interest amount owed on such first Interest Payment Date divided by the number of months from the date of issuance of such Subordinated Bond to such first Interest Payment Date), which amount shall be deposited in the Interest Account and (ii) any amount due to the Bond Insurer with respect thereto; provided, however, so long as an Extraordinary Event has not occurred, the Trustee may assume for purposes of such calculation, that the Issuer Subsidy will be received by the Commission and deposited in the 2009E Issuer Subsidy Fund prior to such Interest Payment Date with respect to the 2009E Bonds.

(2) On or before the last Business Day of each calendar month an amount which equals one-twelfth ( $1/12$ ) of the amount necessary to pay, and for the purpose of paying, the principal amount of any Subordinated Bonds maturing on the next succeeding maturity date (or, in the case of the period from the date of issuance of the any Subordinated Bonds to the first maturity date for the applicable Subordinated Bond, a monthly amount equal to the product of the principal amount owed on such first maturity date divided by the number of months from the date of issuance of such Subordinated Bond to such first maturity date), including any amounts due the Bond Insurer with respect thereto, which amount shall be deposited in the Principal Account; provided, however, that no deposit shall be made pursuant to this clause (2) on any date on which deposits are required to be made to the Subordinated Bonds; and

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

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

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

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

### ***Subordinated Bonds Sinking Fund***

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

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

The moneys at any time on deposit to the credit of the Subordinated Bonds Sinking Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of Subordinated Bonds of the same maturity of Subordinated Bonds to be called for mandatory redemption from the Subordinated Bonds Sinking Fund, and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of Subordinated Bonds which the Commission may agree to purchase or has paid, provided that such purchase

price is not in excess of 100% of the principal amount thereof. At the time of any purchase of the Subordinated Bonds, the Trustee shall withdraw from the Interest Account of the Subordinated Bonds Debt Service Fund any amounts deposited therein for the payment of interest on the Subordinated Bonds so purchased. Any Bonds so purchased in lieu of redemption by the Commission shall be cancelled by the Trustee and no longer remain outstanding.

### ***Subordinated Bonds Debt Service Reserve Fund***

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

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

In lieu of the deposit of money into or the maintenance of required amounts in the Subordinated Bonds Debt Service Reserve Fund, the Commission may cause to be provided a surety bond or surety bonds or an insurance policy or policies payable to the Trustee for the benefit of the holders or a letter of credit in an amount equal to the difference between the Subordinated Bonds Debt Service Reserve Requirement and the amounts then on deposit in the Subordinated Bonds Debt Service Reserve Fund. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of one (1) Business Day’s notice) on any Interest Payment Date on which moneys will be required to be withdrawn from the Subordinated Bonds Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Subordinated Bonds to the extent that such withdrawals cannot be made by amounts credited to the Subordinated Bonds Debt Service Reserve Fund. The insurer providing such surety bond or

insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by the Rating Agency. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second-highest rating category by the Rating Agency, and the letter of credit itself shall be rated in the highest category of such Rating Agency. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this paragraph, the Commission shall be obligated either (i) to reinstate the maximum limits of such surety bonds, insurance policy or letter of credit or (ii) to deposit into the Subordinated Bonds Debt Service Reserve Fund, funds pursuant to the operation of the first paragraph of this Section in the amount of the disbursement made under such surety bond, insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount credited to the Subordinated Debt Service Reserve Fund equals the Subordinated Bonds Debt Service Reserve Requirement.

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

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

### ***Oil Franchise Tax General Fund***

The Indenture creates a special fund called the “Oil Franchise Tax General Fund” which shall be held in trust by the Trustee until applied as described-below. After first having made the deposits provided in the Indenture and described above and while any Bonds are Outstanding, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately

preceding an Interest Payment Date to the credit of the Oil Franchise Tax General Fund the balance, if any, after making the required deposits described above.

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

- (a) To purchase or redeem Bonds or any other obligations of the Commission;
- (b) To make payments into the Construction Fund;
- (c) To make improvements, extensions and replacements of the Pennsylvania Turnpike System;
- (d) To fund amounts payable by the Commission under a Parity Swap Agreement which are not Insured Swap Payments, such amounts shall be payable from the Oil Franchise Tax General Fund only if and to the extent that after such payment the Commission will have moneys available to pay debt service on the Senior Bonds for the next twelve (12) months; and
- (e) To further any lawful corporate purpose.

### ***Issuer Subsidy Funds***

The Fifth Supplemental Indenture creates a fund designated the “2009B Issuer Subsidy Fund”. The Commission shall deposit the Issuer Subsidy relating to the 2009B Bonds to the credit of the 2009B Issuer Subsidy Fund promptly upon receipt. So long as no Event of Default has occurred and is continuing under the Indenture, all sums on deposit in the 2009B Issuer Subsidy Fund shall be transferred to the Senior Bonds Debt Service Fund on the Business Day immediately preceding each Interest Payment Date for the 2009B Bonds and applied solely to the payment of interest on the 2009B Bonds on such Interest Payment Date. Funds on deposit in the 2009B Issuer Subsidy Fund are to be applied to payment of interest on the 2009B Bonds on the Interest Payment Date immediately succeeding deposit of such funds in the 2009B Issuer Subsidy Fund.

The Fifth Supplemental Indenture also creates a fund designated the “2009E Issuer Subsidy Fund”. The Commission shall deposit the Issuer Subsidy relating to the 2009E Bonds to the credit of the 2009E Issuer Subsidy Fund promptly upon receipt. So long as no Event of Default has occurred and is continuing under the Indenture, all sums on deposit in the 2009E



Issuer Subsidy Fund shall be transferred to the Subordinated Bonds Debt Service Fund on the Business Day immediately preceding each Interest Payment Date for the 2009E Bonds and applied solely to the payment of interest on the 2009E Bonds on such Interest Payment Date. Funds on deposit in the 2009E Issuer Subsidy Fund are to be applied to payment of interest on the 2009E Bonds on the Interest Payment Date immediately succeeding deposit of such funds in the 2009E Issuer Subsidy Fund.

Upon the occurrence of an Event of Default, funds on deposit in the 2009B Issuer Subsidy Fund shall be transferred to the Senior Bonds Debt Service Fund and applied as described in “Application of funds: Senior Bonds”, and funds on deposit in the 2009E Issuer Subsidy Fund shall be transferred to the Subordinated Bonds Debt Service Fund and applied as described in “Application of Funds: Subordinated Bonds”.

### ***Depositories of Moneys, Security for Deposits and Investments of Moneys***

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

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

Moneys held in any of the funds or accounts under the Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided above or may be invested in Permitted Investments. All such investments shall be made by the Trustee only upon the oral request of the Commission immediately confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific investments to be acquired. Absent investment directions from the Commission, the Trustee may invest such balance in investments described in paragraph 0) of the definition of Permitted Investments.

All such investments made pursuant to the Indenture shall be subject to withdrawal or shall mature or be subject to redemption by the holder at not less than the principal amount

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

### ***Covenants as to Tax Revenues***

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

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

### ***Other Covenants of Commission***

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

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

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

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

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

such plans and specifications and of any change orders involving such construction contract.

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

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

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

(f) To make no investment or other use of the proceeds of 2009 Bonds which would cause such Bonds to be “arbitrage bonds” as that term is defined in Section 148 of the Code, and all applicable regulations promulgated with respect thereto; to comply with the requirements of the Code and applicable regulations throughout the term of the 2009 Bonds; and not to take any action, omit to take any action, or permit any other person to take any action or fail to take any action over which the Commission has control, which action or inaction would cause the interest on the 2009 Bonds to be subject to federal income tax to a greater extent than on the date of issuance of such Bonds.

### ***Financial Statements; Available Information***

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

The Commission further covenants that it will cause any additional reports or audits to be made as required by law and that, as often as may be requested, it will furnish to the Trustee, and

the holder of any Bond such other information concerning the Tax Revenues as any of them may reasonably request and as may be easily provided by the Commission.

### ***Events of Default***

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

(a) payment of the interest on, or principal and premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise provided that the failure to make a payment with respect to a Subordinated Bond shall not constitute an event of default with respect to Senior Bonds; or

(b) the Commission shall for any reason be rendered incapable of fulfilling its obligations under the Indenture, including, without limitation, as a result of its existence being terminated or expiring; or

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

(d) any proceeding shall be instituted, with the consent or acquiescence of the Commission, for the purpose of effecting a compromise between the Commission and its

creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Tax Revenues; or

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

### ***Remedies***

Upon the happening and continuance of any event of default specified in (a) above with respect to the Senior Bonds, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds then Outstanding shall, by a notice in writing to the Commission, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Senior Bonds or in the Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Senior Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, moneys shall have accumulated in the Senior Bonds Sinking Fund sufficient to pay the principal of all matured Senior Bonds and all arrears of interest, if any, upon all the Senior Bonds then outstanding (except the principal of any Senior Bonds not then due by their terms and the interest accrued on such Senior Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Commission hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the appropriate trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Senior Bonds or in the Indenture (other than a default in the payment of the principal of such Senior Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds not then due by their terms and then outstanding shall, by written

notice to the Commission rescind and annul such declaration and its consequences but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon; and provided, further, that notwithstanding anything contained in the Indenture to the contrary

Upon the happening and continuance of any event of default specified in the Indenture, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding shall proceed subject to the Indenture to protect and enforce its rights and the rights of the holders of the Bonds under the laws of Pennsylvania or under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem reasonable or necessary to protect and enforce such rights.

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

***Application of Funds: Senior Bonds***

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

- (a) Unless the principal of all the Senior Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

first: to the payment to the persons entitled thereto of all installments of interest then due (including any amount due to the Bond Insurer with respect thereto under the terms of the Insurance Agreement and any Insured Swap Payment), in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the person entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds;

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

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

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

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

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

***Application of Funds: Subordinated Bonds***

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

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

first: to the payment to the persons entitled thereto of all installments of interest then due (including any amount due to the Bond Insurer with respect thereto under the terms of the Insurance Agreement), in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the person entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinated Bonds;

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

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



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

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

### ***Holder's Right to Direct Proceedings***

Subject to rights of the Bond Insurer as set forth in the Indenture, anything in the Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then outstanding with respect to which the event of default has occurred shall have the right, subject to the provisions of the Indenture noted above, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to any holder of a Bond not a party to such direction. The Trustee may exercise any right or take any other action deemed proper by the Trustee which is not inconsistent with such direction.

No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture or for any other remedy thereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding with respect to which the event of default has occurred shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or

proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in the Indenture in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy hereunder. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by this or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all holders of such outstanding Bonds.

### ***Notice of Default***

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

### ***Supplemental Indentures Without Consent of Holders***

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

- (a) to cure any ambiguity or formal defect or omission in the Indenture or in any Supplemental Indenture, including without limitation defects which would, if not cured, cause the interest on any series of Bonds to be included in gross income for federal income tax purposes when such interest is not to be so includable,
- (b) to grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders or the Trustee,
- (c) to issue Additional Bonds pursuant to the Indenture,
- (d) to obtain maintain or upgrade the then current rating of the Bonds or to obtain a Credit Facility; provided, however, no amendment with respect to obtaining a Credit Facility shall grant to the provider of the Credit Facility a lien with respect to the Trust Estate superior to that of any holder,

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

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

### ***Supplemental Indentures with Consent of Holders***

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

### ***Defeasance***

If, when the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in the Indenture or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Commission to the Trustee, the whole amount of the principal and interest and the premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid or there shall have been deposited with the Trustee or the Paying Agent an amount, evidenced by moneys or Defeasance Securities, certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings

therefrom (likewise to be held in trust and committed, except as hereinafter provided), to be sufficient for the payment, at their maturities or redemption dates, of all principal, premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, and provision shall also be made for paying all other sums payable under the Indenture hereunder by the Commission, then and in that case the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Commission, and upon receipt of an Opinion of Counsel stating in substance that all conditions precedent provided for in the Indenture relating to defeasance have been satisfied, shall release the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Commission, and shall turn over to the Commission or to such officer, board or body as may then be entitled by law to receive the same any surplus in any finds or accounts other than moneys held in the Rebate Fund or for redemption or payment of Bonds.

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

If the Commission deposits with the Trustee Defeasance Securities (or Defeased Tax-Exempt Securities, with respect to the 1998 Bonds) sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on such Bond or Bonds shall cease to accrue on the due date and all liability of the Commission with respect to such Bond or Bonds shall cease. Thereafter, such Bond or Bonds shall be deemed not to be outstanding under the Indenture and the holder or holders of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bond or Bonds, and the Trustee shall hold such fluids in trust for such holder or holders.

### ***Subordination***

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

- (a) No payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues or any amounts in the Subordinated Bonds Debt Service Fund or Subordinated Bonds Sinking Fund, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds, unless full payment of amounts due and payable on or prior to such payment date, whether at maturity, by acceleration or otherwise, for principal of and

premium, if any, and interest on all Senior Bonds has been made or duly provided for in accordance with the terms of the Indenture. Notwithstanding the foregoing, no payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds if at the time of such payment or application or immediately after giving effect thereto, there shall exist a default in the payment of principal of, and premium, if any, or interest on any Senior Bonds.

(b) (i) Upon any dissolution or winding up or total or partial liquidation, reorganization or arrangement of the Commission, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, premium, if any, and interest due or to become due upon all Senior Bonds shall first be paid in full, or payment thereof provided for in accordance with the terms of the Senior Bonds, and any deficiency in any fund created under the Indenture has been satisfied, before any payment from the Tax Revenues is made on account of the Subordinated Bonds.

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

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

### ***Rights of the Bond Insurer***

The Second Supplemental Indenture, Third Supplemental Indenture and Fifth Supplemental Indenture contain a number of provisions required by the Bond Insurer. Such provision, among other things, grant the Bond Insurer the right to receive notices of certain events and other information, the right to consent to certain actions, acceleration rights, impose requirements for Permitted Investments, valuation, trustee related provisions, defeasance, the right to control certain remedies granted to the Owners of the 2003 Bonds, 2006 Bonds or the 2009A Bonds, as applicable, or the Trustee for the benefit of such Owner, and recognition as a third-party beneficiary thereunder. For the purposes of exercising certain voting rights under the Indenture, MBIA Insurance Corporation shall be deemed to be the Owner of the 2003 Bonds, Ambac Assurance Corporation shall be deemed to be the Owner of the 2006 Bonds, and Assured Guaranty Corp. shall be deemed the Owner of the 2009A Bonds.

**APPENDIX C**  
**SECURITIES DEPOSITORY**

[See Attached]

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## **APPENDIX C**

### **SECURITIES DEPOSITORY**

#### **Securities Depository**

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

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the 2009 Bonds. The 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity and series or subseries of the 2009 Bonds in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

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

Purchases of 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009 Bonds on DTC's records. The ownership

interest of each actual purchaser of each 2009 Bond (the “**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2009 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 2009 Bonds, except in the event that use of the book-entry system for the 2009 Bonds is discontinued.

To facilitate subsequent transfers, all 2009 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 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2009 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2009 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 2009 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2009 Bonds, such as redemptions, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of 2009 Bonds may wish to ascertain that the nominee holding the 2009 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the 2009B Bonds or 2009E Bonds, as applicable, within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2009 Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or redemption price of and interest on the 2009 Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and

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

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

So long as Cede & Co. is the registered owner of the 2009 Bonds, as nominee of DTC, references herein to the bondholders or registered owners of the 2009 Bonds means Cede & Co., not the Beneficial Owners of the 2009 Bonds.

#### **Discontinuation of Book-Entry-Only System**

DTC may determine to discontinue providing its service with respect to the 2009 Bonds at any time by giving reasonable notice to the Commission and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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**APPENDIX D**  
**FORM OF OPINION OF CO-BOND COUNSEL**

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[FORM OF CO-BOND COUNSEL OPINION]

October 15, 2009

Pennsylvania Turnpike Commission  
Harrisburg, PA

Re: \$298,246,246 Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series A, B and C of 2009 and Pennsylvania Turnpike Commission Oil Franchise Tax Subordinated Revenue Bonds, Series D and E of 2009

Ladies and Gentlemen:

We have served as Co-Bond Counsel to the Pennsylvania Turnpike Commission (the "Commission") in connection with the issuance of its (i) Oil Franchise Tax Senior Revenue Bonds, Series A of 2009 in the aggregate principal amount of \$21,550,000 (the "2009A Bonds"), consisting of Subseries A-1 (Refunding) in the aggregate principal amount of \$14,930,000 (the "A-1 Refunding Bonds") and Subseries A-2 in the aggregate principal amount of \$6,620,000 (the "A-2 Bonds"), (ii) Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 (Federally Taxable—Issuer Subsidy—Build America Bonds) in the aggregate principal amount of \$127,170,000 (the "2009B Build America Bonds"), (iii) Oil Franchise Tax Senior Revenue Bonds, Series C of 2009 in the initial principal amount of \$15,461,246 (the "2009C Bonds"), (iv) Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009 in the aggregate principal amount of \$31,560,000 (the "2009D Bonds"), consisting of Subseries D-1 (Refunding) in the aggregate principal amount of \$26,995,000 (the "D-1 Refunding Bonds") and Subseries D-2 in the aggregate principal amount of \$4,565,000 (the "D-2 Bonds"), and (v) Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (Federally Taxable—Issuer Subsidy—Build America Bonds) in the aggregate principal amount of \$102,505,000 (the "2009E Build America Bonds" and, together with the 2009A Bonds, the 2009B Build America Bonds, the 2009C Bonds and the 2009D Bonds, the "Bonds"), pursuant to a resolution adopted by the Commission on June 2, 2009 (the "Resolution") and pursuant to and secured by a Fifth Supplemental Trust Indenture dated as of October 1, 2009 (the "Fifth Supplemental Indenture"), amending and supplementing the Trust Indenture dated as of August 1, 1998 (the "Original Indenture" and, together with the Fifth Supplemental Indenture, and all amendments and supplements to the Original Indenture, the "Indenture"), from the Commission to U.S. Bank National Association, as successor trustee (the "Trustee"). All terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The proceeds of the A-1 Refunding Bonds will be used to (i) refund \$15,170,000 aggregate principal amount of the Commission's Oil Franchise Tax Senior Revenue Bonds, Series A of 1998; (ii) pay the bond insurance premium for the A-1 Refunding Bonds; and (iii) pay Costs of Issuance allocable to the A-1 Refunding Bonds (the "A-1 Project").

The proceeds of the A-2 Bonds will be used to (i) finance, together with proceeds of the 2009C Bonds and the D-2 Bonds, such capital expenditures permitted by the Enabling Acts as

the Commission shall determine (the “2009 Construction Project”); (ii) pay the bond insurance premium for the A-2 Bonds; and (iii) pay Costs of Issuance allocable to the A-2 Bonds (the “A-2 Project and, together with the A-1 Project, the “2009A Project”).

The proceeds of the 2009B Build America Bonds will be used to (i) finance a portion of the 2009 Construction Project; and (ii) pay Costs of Issuance allocable to the 2009B Build America Bonds (the “2009B Project”).

The proceeds of the 2009C Bonds will be used to (i) finance a portion of the 2009 Construction Project; and (ii) pay Costs of Issuance allocable to the 2009C Bonds (the “2009C Project”).

The proceeds of the D-1 Refunding Bonds will be used to (i) refund \$27,000,000 aggregate principal amount of the Commission’s Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998; and (ii) pay Costs of Issuance allocable to the D-1 Refunding Bonds (the “D-1 Project”).

The proceeds of the D-2 Bonds will be used to (i) finance a portion of the 2009 Construction Project; (ii) fund the Subordinated Bonds Debt Service Reserve Fund to the extent required by the financing, and (iii) pay Costs of Issuance allocable to the D-2 Refunding Bonds (the “D-2 Project” and, together with the D-1 Project, the “2009D Project”).

The proceeds of the 2009E Build America Bonds will be used to (i) finance a portion of the 2009 Construction Project; (ii) fund the Subordinated Bonds Debt Service Reserve Fund to the extent required by the financing; and (iii) pay Costs of Issuance allocable to the 2009E Build America Bonds (the “2009E Project” and, together with the 2009A Project, the 2009B Project, the 2009C Project and the 2009D Project, the “2009 Project”).

Pursuant to the Indenture, the Bonds are limited obligations of the Commission, payable solely from the Trust Estate (as defined in the Fifth Supplemental Indenture).

The Commission was created under and by authority of the Act of the General Assembly of Pennsylvania approved May 21, 1937, P.L. 774, No. 211, as amended and supplemented by several Acts of the General Assembly, including, *inter alia*, the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; the Act of September 30, 1985, P.L. 240, No. 61; the Act of August 5, 1991, P.L. 238; the Act of April 16, 1992, P.L. 169; the Act of November 24, 1992, P.L. 725; and the Act of July 18, 2007, P.L. 169, No. 44. All such acts are sometimes hereafter referred to as the “Enabling Acts”. The Enabling Acts constitute the Commission as an instrumentality of the Commonwealth of Pennsylvania (the “Commonwealth”). The General Assembly of the Commonwealth, by Act of August 5, 1991, P.L. 238; Act of April 16, 1992, P.L. 169; Act of July 2, 1993, P.L. 58; and Act of February 14, 1994, No. 3 (collectively the “Oil Franchise Tax Act”), imposed an additional 55 mills of “oil company franchise tax for highway construction” and directed that 14% of such additional 55 mills (the “Commission Allocation”) be distributed for toll roads designated pursuant to the Act of September 30, 1985, P.L. 240, No. 61 (such act, as amended, is hereinafter referred to as “Act 61”). Under the Oil Franchise Tax Act, the oil company franchise taxes are collected by the Commonwealth Department of



Revenue and deposited into the Motor License Fund of the Commonwealth held by the Department of Transportation. The Oil Franchise Tax Act provides that the Commission Allocation “is hereby appropriated monthly” to the Commission. The Oil Franchise Tax Act also provides that the Commonwealth pledges and agrees with any purchaser of the bonds to be issued by the Commission and secured by oil and franchise tax revenues that the “Commonwealth will not limit or alter the rights vested in the Pennsylvania Turnpike Commission to the appropriation and distribution of such tax revenues.”

In our capacity as Co-Bond Counsel, we have examined the Constitution and such statutes of the Commonwealth and such resolutions of the Commission and proceedings related thereto as we have deemed necessary to enable us to render the opinions set forth below. We also have examined and relied upon the proceedings authorizing the issuance of the Bonds and certain certifications and agreements (including a Tax Regulatory Agreement and Non-Arbitrage Certificate delivered in connection with the 2009A Bonds, the 2009C Bonds and the 2009D Bonds, intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations (the “Code”)), the opinion of the Chief Counsel to the Commission, affidavits, receipts and other documents, including the Indenture and specimen Bonds, which we have considered relevant. We also have relied on a certificate of the Trustee as to its authentication of the Bonds.

In rendering the opinions set forth below, we have relied upon the genuineness, authenticity, truthfulness and completeness of all documents, records and other instruments which we have examined. We have not undertaken to verify the factual matters set forth therein by independent investigation.

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

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

1. The Commission is a validly existing instrumentality of the Commonwealth with full power and authority to undertake the 2009 Project, to execute and deliver the Fifth Supplemental Indenture, to issue the Bonds, to pledge the Commission Allocation to secure and to pay the principal of and interest on the Bonds and to use the proceeds of the Bonds to finance the 2009 Project.

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

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

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

5. The 2009A Bonds, 2009B Build America Bonds and 2009C Bonds are Additional Senior Bonds under the Indenture and are secured by the Indenture on an equal and ratable basis with all other Senior Bonds issued or to be issued under the Indenture and any indenture supplemental thereto. The 2009D Bonds and 2009E Build America Bonds are Additional Subordinate Bonds under the Indenture and are secured by the Indenture on an equal and ratable basis with all other Subordinate Bonds issued or to be issued under the Indenture and any indenture supplemental thereto. Senior Bonds are senior in right of payment and security to Subordinate Bonds.

6. The Indenture creates a valid pledge of, and a valid and binding security interest in, the Tax Revenues (as defined in the Indenture).

7. Pursuant to the Oil Franchise Tax Act, the Commission Allocation has been appropriated monthly by the Commonwealth. The payment of the Commission Allocation by the Commonwealth does not require further legislative appropriation or approval.

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

9. Under existing statutes, regulations, rulings and court decisions, interest on the 2009A Bonds, 2009C Bonds and 2009D Bonds (the "Tax Exempt Bonds") will not be includible in gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. However, interest on the A-1 Refunding Bonds and the D-1 Refunding Bonds is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on corporations (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit). In addition, interest on the Tax Exempt Bonds is included in effectively connected earnings and profits for the purpose of computing the branch profits tax imposed on certain foreign corporations doing business in the United States. Further, interest on the Tax Exempt Bonds may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

We call to your attention that interest on the 2009B Build America Bonds and 2009E Build America Bonds is includible in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions.

Our opinions as to the validity, binding effect and enforceability of the Indenture and the Bonds are subject to the effect of any applicable bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and

the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity, at law, or in bankruptcy).

These opinions are rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the Bonds, including the appendices thereto, and make no representation that we have independently verified any such information.

The opinions set forth herein are given solely for your benefit and may not be relied on by any other person or entity without our express prior written consent. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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**APPENDIX E**  
**TABLE OF ACCRETED AMOUNTS**  
**FOR CAPITAL APPRECIATION BONDS**

[See Attached]

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**TABLE OF ACCRETED AMOUNTS FOR  
\$5,000 MATURITY AMOUNT CAPITAL APPRECIATION BONDS**

Date	CABS Due 2037	CABS Due 2038	CABS Due 2039
10/15/2009	\$1,151.20	\$1,089.55	\$1,030.95
12/1/2009	1,158.90	1,096.85	1,037.90
6/1/2010	1,189.55	1,125.90	1,065.45
12/1/2010	1,221.00	1,155.75	1,093.75
6/1/2011	1,253.30	1,186.35	1,122.80
12/1/2011	1,286.45	1,217.80	1,152.60
6/1/2012	1,320.50	1,250.10	1,183.20
12/1/2012	1,355.40	1,283.20	1,214.60
6/1/2013	1,391.25	1,317.20	1,246.85
12/1/2013	1,428.05	1,352.10	1,279.95
6/1/2014	1,465.85	1,387.95	1,313.95
12/1/2014	1,504.60	1,424.75	1,348.85
6/1/2015	1,544.40	1,462.50	1,384.65
12/1/2015	1,585.25	1,501.25	1,421.40
6/1/2016	1,627.20	1,541.05	1,459.15
12/1/2016	1,670.25	1,581.85	1,497.90
6/1/2017	1,714.40	1,623.80	1,537.65
12/1/2017	1,759.75	1,666.80	1,578.50
6/1/2018	1,806.30	1,711.00	1,620.40
12/1/2018	1,854.10	1,756.35	1,663.40
6/1/2019	1,903.10	1,802.85	1,707.55
12/1/2019	1,953.45	1,850.65	1,752.90
6/1/2020	2,005.15	1,899.70	1,799.45
12/1/2020	2,058.15	1,950.05	1,847.25
6/1/2021	2,112.60	2,001.70	1,896.25
12/1/2021	2,168.50	2,054.75	1,946.60
6/1/2022	2,225.85	2,109.20	1,998.30
12/1/2022	2,284.70	2,165.10	2,051.35
6/1/2023	2,345.15	2,222.50	2,105.80
12/1/2023	2,407.15	2,281.35	2,161.75
6/1/2024	2,470.85	2,341.85	2,219.15
12/1/2024	2,536.20	2,403.90	2,278.05
6/1/2025	2,603.30	2,467.60	2,338.55
12/1/2025	2,672.15	2,533.00	2,400.60
6/1/2026	2,742.80	2,600.10	2,464.35
12/1/2026	2,815.35	2,669.00	2,529.80
6/1/2027	2,889.85	2,739.75	2,596.95
12/1/2027	2,966.25	2,812.35	2,665.90
6/1/2028	3,044.75	2,886.90	2,736.70
12/1/2028	3,125.25	2,963.40	2,809.35
6/1/2029	3,207.90	3,041.90	2,883.95
12/1/2029	3,292.75	3,122.50	2,960.50

<b>Date</b>	<b>CABS Due 2037</b>	<b>CABS Due 2038</b>	<b>CABS Due 2039</b>
6/1/2030	3,379.85	3,205.25	3,039.10
12/1/2030	3,469.25	3,290.20	3,119.80
6/1/2031	3,561.05	3,377.40	3,202.60
12/1/2031	3,655.20	3,466.90	3,287.65
6/1/2032	3,751.90	3,558.80	3,374.95
12/1/2032	3,851.15	3,653.10	3,464.55
6/1/2033	3,953.00	3,749.90	3,556.50
12/1/2033	4,057.55	3,849.25	3,650.95
6/1/2034	4,164.90	3,951.25	3,747.90
12/1/2034	4,275.05	4,056.00	3,847.40
6/1/2035	4,388.10	4,163.45	3,949.55
12/1/2035	4,504.20	4,273.80	4,054.40
6/1/2036	4,623.30	4,387.05	4,162.05
12/1/2036	4,745.60	4,503.30	4,272.55
6/1/2037	4,871.15	4,622.65	4,386.00
12/1/2037	5,000.00	4,745.15	4,502.45
6/1/2038		4,870.90	4,621.95
12/1/2038		5,000.00	4,744.70
6/1/2039			4,870.65
12/1/2039			5,000.00



**APPENDIX F**  
**SPECIMEN BOND INSURANCE POLICY**

[See Attached]

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## Financial Guaranty Insurance Policy

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders, that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation 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 a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 31 West 52<sup>nd</sup> Street, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel at the same address and at [generalcounsel@assuredguaranty.com](mailto:generalcounsel@assuredguaranty.com) or at the following Facsimile

Number: (212) 445-8705, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "Term" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "Fiscal Agent") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

**ASSURED GUARANTY CORP.**

(SEAL)

By: \_\_\_\_\_  
[Insert Authorized Signatory Name]  
[Insert Authorized Signatory Title]

Signature attested to by:

\_\_\_\_\_  
Counsel