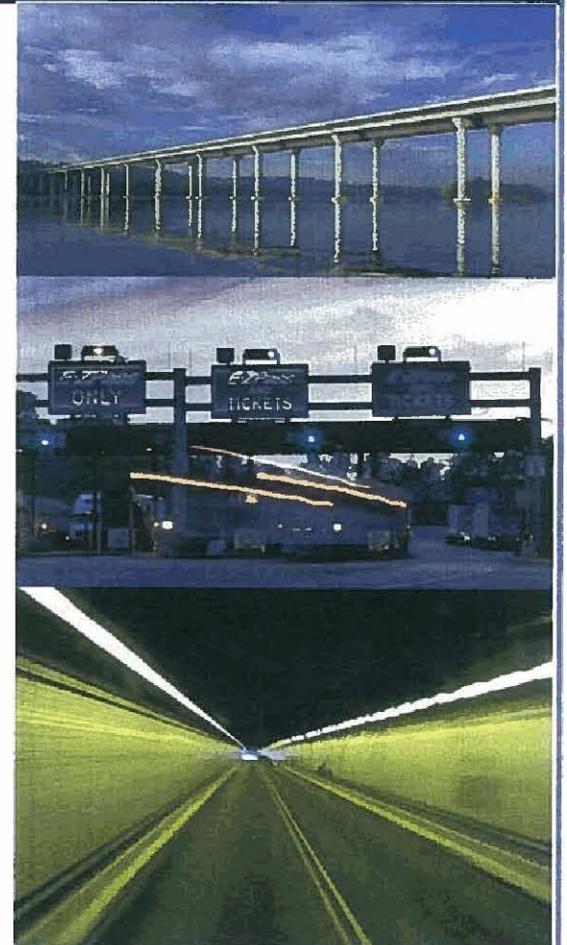


PFM

Pennsylvania Turnpike Commission
Financial Overview



November 13, 2012

Presented by :
The PFM Group

PFM is the Nation's Leading Financial Advisor and the Leader in Advising Toll and Transportation Agencies



Bay Area Toll Authority



Florida Department of Transportation



Golden Gate Bridge Highway and Transportation District



Illinois State Toll Highway Authority



Maryland Department of Transportation



Massachusetts Department of Transportation



Missouri Department of Transportation



New York State Thruway Authority

North Carolina Turnpike Authority



North Carolina Turnpike Authority

Orlando Orange County Expressway Authority



Pennsylvania Department of Transportation



Pennsylvania Turnpike Commission



Texas Department of Transportation



Transportation Corridor Agencies



Virginia Department of Transportation



The Commission's Financial Position is Strengthened by Well Established Procedures and Confirmed by Independent Sources



Procedures

- Comprehensive annual budget approach supported by real time revenue and expense analysis
- Long term independent traffic and revenue projections; multi-scenario financial modeling
- Act 44 Financial Plan, annual assessment of financial position with report to the Secretary of the Budget

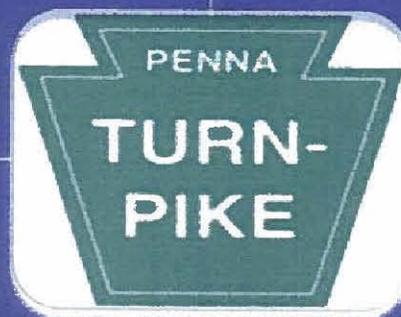
Independent Assessment

- Senior Bond Ratings of Aa3/A+/A+ from third-party ratings agencies
- Strong pricing of and demand for Turnpike Commission bonds



Turnpike Customers

Investors



General Assembly,
Governor, PennDOT
and State Agencies

Rating Agencies

<http://www.paturndpike.com/financial/financial.aspx>

Budgeting and Financial Planning are Done Under Conservative and Rigorous Standards



- Toll revenues are forecast by CDM Smith, an independent nationally recognized traffic consultant and updated annually **CDM Smith**
- Operating costs are contained through on-going efficiency measures
- Turnpike capital needs are assessed by Commission staff and independent engineers, Michael Baker Corporation **Baker**
- Act 44 commitments are established in statute with funding strategies reviewed and presented annually
- Reserves have been established to address unforeseen events

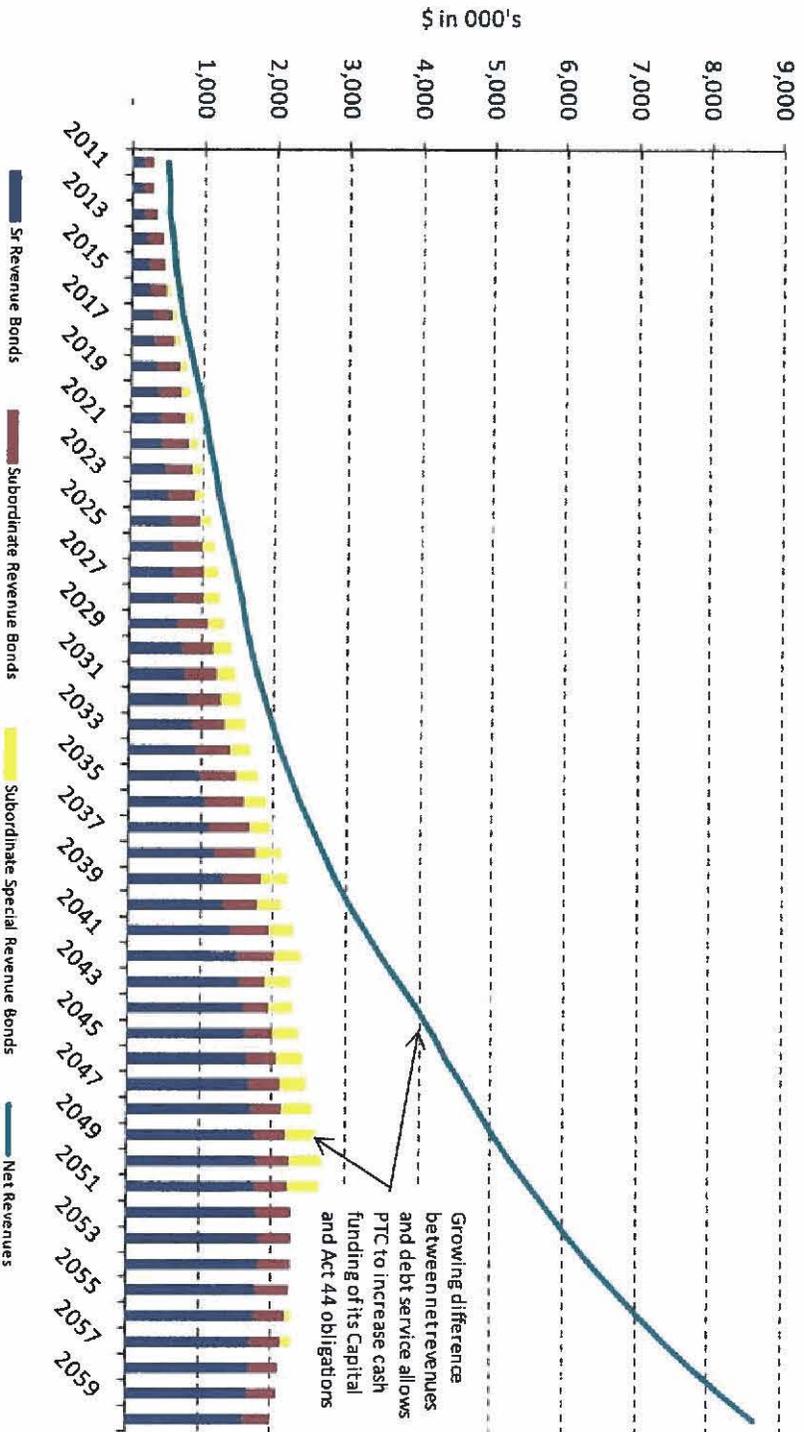
**This approach is essential in protecting
Commission financial operations**

The Commission is a Dynamic Enterprise So Approach to Financial Planning is not Static



- Act 44 financial plan is updated annually based upon actual performance and revised forecast
- Financial modeling includes impact assessment of alternative scenarios

Fiscal 2013 Act 44 Financial Plan Turnpike Net Revenues and Debt Service



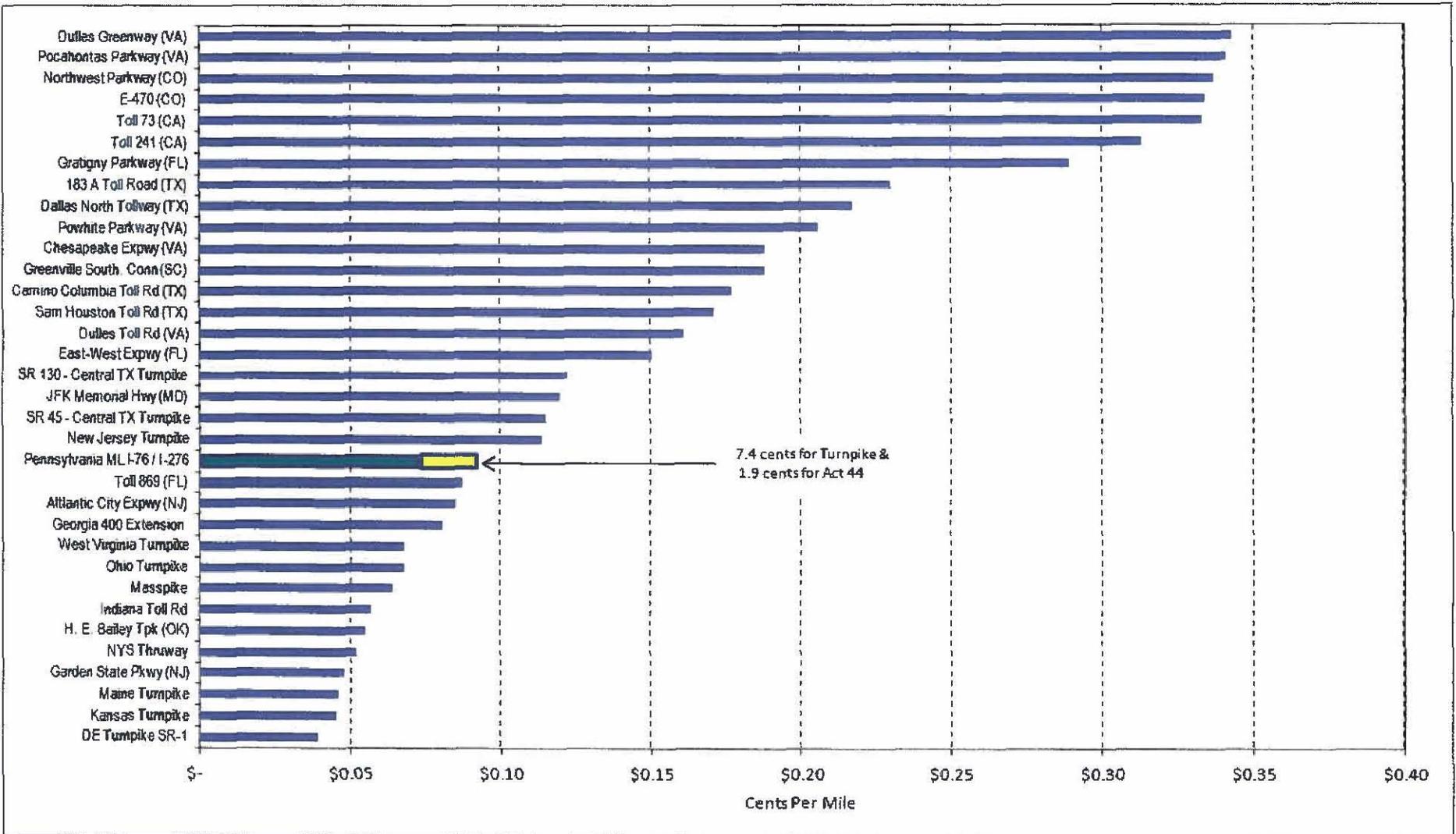
Flexibility in toll setting is the basis for the financial plan



- Toll setting is driven by capital needs, covenant requirements, Act 44 funding obligations and maintenance of financial margins
 - Approximately 80% of the Commission's toll rate is for Turnpike needs
 - While remaining 20% is for Act 44 needs
- Lower cost-per-mile provides rate-making flexibility

Per Mile Toll Rates	
Median for US	12.2¢
Memorial Highway (MD)	12.0¢
NJ Turnpike	11.3¢
Pennsylvania Turnpike	
Turnpike Needs	7.4¢
Act 44 Needs	1.9¢
Total	9.3¢
Ohio Turnpike	6.8¢
Massachusetts Turnpike	6.4¢
New York State Thruway	5.2¢

Flexibility in toll setting is the basis for the financial plan



Source: CDM Smith



- Market conditions are regularly monitored
 - Facilitates debt structures that minimize borrowing costs and maximize investor interest
 - Substantiates use of innovative financing structures
- Rating agencies meetings are annual and in-person but supplemented with regular update calls
- Investor outreach to existing and potential bondholders is multi-faceted
 - In-person, one-on-one meetings
 - Industry conferences
 - Web-based presentations



Senior Bonds

- Security: Net Toll Revenues, i.e. after operating expenses
- Purpose: Fund Commission Capital Plan
- Ratings: 'Aa3', 'A+', 'A+'

Subordinate Bonds

- Security: Commission Payments from the General Reserve Fund after payment of Senior Bonds and required deposits
- Purpose: Fund Act 44 transit operating grants
- Ratings: 'A3', 'A-', 'A-'

MLF Subordinate Special Revenue Bonds

- Security: Payable from Commission Payments after payment of Subordinate Bonds and in the event of a deficiency, amounts on deposit in the Motor License Fund
- Purpose: Fund Act 44 highway and bridge payments
- Rating: 'Aa3', 'NR', 'AA'

Note: The Commission utilizes debt separately secured by Oil Franchise Revenues and Registration Fees to finance the Mon/Fayette and Southern Beltway projects

Commission's Ratings Compare Favorably



- Rating agencies review the Commission's credit for each transaction

Issuer	Lien	Debt Outstanding	Ratings			Debt
			Moody's	S&P	Fitch	Current as of
Triborough Bridge and Tunnel Authority*	Senior	6,894,775,000	Aa3	AA-	AA-	7/6/2012
	Subordinate	1,837,455,000	A1	A+	A+	7/6/2012
	Total	8,732,230,000				
New Jersey Turnpike*	Senior	8,405,322,029	A3	A+	A	8/9/2012
Bay Area Toll Authority*	Senior	5,519,440,000	Aa3	AA	AA-	8/1/2012
	Subordinate	2,385,000,000	A1	A+	N/A	8/1/2012
	Total	7,904,440,000				
North Texas Tollway Authority*	Revenue	6,133,528,117	A2	A-	N/A	11/21/2011
	Subordinate	1,000,000,000	Baa3	BBB+	N/A	5/11/2012
	Total	7,133,528,117				
Pennsylvania Turnpike Commission*	Senior	2,980,035,000	Aa3	A+	A+	10/31/2012
	Subordinate	3,379,689,367	A3	A-	A-	10/31/2012
	MLF	697,242,018	A1	N/A	AA	10/31/2012
	Total	7,056,966,385				
Illinois State Toll Highway Authority	Senior	4,016,765,000	Aa3	AA-	AA-	12/31/2011
New York State Thruway Authority	Senior	3,280,780,000	A1	A+	NA	9/18/2012
Florida Turnpike	Senior	2,800,000,000	Aa3	AA-	AA-	6/30/2011
Maryland Transportation Authority	Senior	2,312,030,000	Aa3	AA-	AA-	2/14/2012
Massachusetts Turnpike*	Senior	1,220,697,623	A3	A	A+	12/31/2011
	Western Turnpike	109,000,000	Aa3	N/A	AA-	12/31/2011
Oklahoma Turnpike Authority	Senior	1,136,215,000	Aa3	AA-	AA-	12/31/2011
Ohio Turnpike	Senior	589,050,000	Aa3	AA	AA	12/31/2011

*Toll Revenues used for off system purposes

Investor Demand is Strong and Diverse



- Demand for the Commission's debt remains strong as evidenced by lower interest rate premium that investors demand compared to benchmark AAA rated debt
- Since the end of 2010/beginning of 2011 the interest rate premium for bonds sold by the Commission with a 10/11 year maturity has declined by
 - 20% for Senior Bonds
 - 32% for Subordinate Bonds
 - 32% for Motor License Fund Enhanced Bonds
- Lower interest rate premium helps to lower the Commission's debt service costs
- The Commission's bond sales are typically more than two times oversubscribed
- A broad range of well known institutions buy the Commissions bonds
- Largest investors individually hold approximately from \$50 million to more than \$500 million

Vanguard	Black Rock
Delaware Investments	Fidelity Investments
Franklin Templeton	Deutsche Asset Management
Nuveen	Invesco
Wells Capital Management	Alliance Bernstein

The Turnpike's Financial Position is Strong and Supported by Well Established Procedures and Confirmed by Independent Sources



- The Turnpike takes a comprehensive approach in assessing and evaluating all of its financial responsibilities
- The Turnpike's fiscal position, including toll rate levels, compares favorably to other toll facilities, despite its substantial funding responsibilities
- Investors continue to show significant demand for Turnpike bonds and pricing reflects their opinion of the soundness of a Turnpike investment
- The rating agencies are aware of Act 44 responsibilities and the Turnpike's own capital needs
 - "Turnpike system is an essential east-west intra and interstate transportation corridor in eastern US with a long history of well-managed financial operations, consistently strong senior lien DSCRs and satisfactory liquidityRequired public annual update of Act 44 Financial Plan to Commonwealth Budget Secretary provides transparency and accountability" – Moody's
 - "The stable outlook reflects Standard & Poor's opinion that PTC will likely maintain its strong financial flexibility during our two-year outlook horizon despite increasing debt." – S&P
 - "Fitch views favorably the focus on mainline capital spending for reconstruction and renewal, somewhat mitigating deferred maintenance concerns" – Fitch Ratings