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

Under existing law, interest on the 2009 Series A Bonds is included in the gross income of the owners thereof for federal income tax purposes. In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the 2009 Refunding Series B Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the 2009 Refunding Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the 2009 Series Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Series Bonds. See "TAX MATTERS" herein.

$217,215,000
STATE OF NEW HAMPSHIRE
Turnpike System Revenue Bonds
$150,000,000 2009 Series A (Federally Taxable – Build America Bonds – Direct Payment)
$67,215,000 2009 Refunding Series B

Dated: Date of Delivery **Due: As shown on the inside cover**

The 2009 Series Bonds will be issued as fully registered bonds, and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. So long as Cede & Co. is the registered owner of the 2009 Series Bonds, principal and semiannual interest (payable May 1 and November 1, commencing May 1, 2010 with respect to the 2009 Series A Bonds and payable April 1 and October 1, commencing April 1, 2010 with respect to the 2009 Refunding Series B Bonds) are payable by U.S. Bank National Association, as Trustee and Paying Agent, to Cede & Co., as nominee for DTC. (See "BOOK-ENTRY BONDS" herein.) Purchasers shall acquire beneficial ownership interests in the 2009 Series Bonds in the denominations of $5,000 or integral multiples thereof. The 2009 Series Bonds are subject to redemption prior to maturity as described herein.

The 2009 Series Bonds are being issued for the purposes of (i) funding a portion of the cost of capital improvements to the New Hampshire Turnpike System and funding certain reserves, (ii) refunding a portion of the outstanding Turnpike System Revenue Bonds, 1999 Series A, and (iii) costs of issuance.

The 2009 Series Bonds are limited obligations of the State payable solely out of net revenues of the State of New Hampshire Turnpike System and are not general obligations of the State of New Hampshire or any political subdivision thereof, and neither the full faith and credit nor the taxing power of the State of New Hampshire or any political subdivision is pledged for the payment of the 2009 Series Bonds. (See "SECURITY FOR THE BONDS" herein.)

MATURITY SCHEDULE - See Inside Cover

The 2009 Series Bonds are offered when, as and if issued and accepted by the Underwriters subject to the final approving opinion of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to herein. The 2009 Series A Bonds will be issued as federally taxable Build America Bonds (Direct Payment). Certain legal matters will be passed upon for the Underwriters by their counsel, Devine, Millimet & Branch, Professional Association, Manchester, New Hampshire. Delivery of the 2009 Series Bonds to DTC or its custodial agent is expected on or about December 1, 2009.

2009 SERIES A UNDERWRITERS

Citi
Merrill Lynch & Co.
J.P. Morgan
Jefferies & Company
Goldman, Sachs & Co.
Loop Capital Markets, LLC
Morgan Stanley
Piper Jaffray & Co.
Fidelity Capital Markets

2009 REFUNDING SERIES B UNDERWRITERS

Wells Fargo Securities
Fidelity Capital Markets
Barclays Capital
Goldman, Sachs & Co.
Morgan Keegan & Company, Inc.
Janney Montgomery Scott
Siebert Brandford Shank & Co., LLC

November 18, 2009

MATURITY SCHEDULE

$150,000,000
2009 Series A
(Federally Taxable – Build America Bonds – Direct Payment)

Due November 1	Principal Amount	Interest Rate	Price	CUSIP
2021	$1,610,000	5.227%	100%	644693KR3
2022	11,710,000	5.277	100	644693KS1
2023	7,100,000	5.377	100	644693KT9
2024	9,860,000	5.477	100	644693KU6

$50,725,000 6.259% Term Bonds due November 1, 2029, Price 100% CUSIP 644693KV4
$68,995,000 6.009% Term Bonds due November 1, 2039, Price 100% CUSIP 644693KW2

$67,215,000
2009 Refunding Series B

Due April 1	Principal Amount	Interest Rate	Yield	CUSIP
2010	$2,415,000	1.000%	0.420%	644693KC6
2011	4,715,000	3.000	1.120	644693KD4
2012	4,855,000	3.000	1.520	644693KE2
2013	5,005,000	4.000	1.940	644693KF9
2014	5,180,000	4.000	2.390	644693KG7
2015	5,460,000	4.000	2.780	644693KH5
2016	5,475,000	3.500	3.050	644693KJ1
2017	6,280,000	5.000	3.290	644693KK8
2018	4,745,000	4.000	3.510	644693KL6
2018	1,250,000	5.000	3.510	644693KQ5
2019	6,595,000	5.000	3.660	644693KM4
2020	5,825,000	5.000	3.810	644693KN2
2021	9,415,000	5.000	3.910	644693KP7

STATEMENT PURSUANT TO NEW HAMPSHIRE REVISED STATUTES ANNOTATED 421-B:20 FOR NEW HAMPSHIRE INVESTORS:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

STATE OF NEW HAMPSHIRE

Governor
John H. Lynch

Executive Council
Raymond S. Burton
John D. Shea
Beverly A. Hollingworth
Raymond J. Wieczorek
Debora B. Pignatelli

State Treasurer
Catherine A. Provencher

Secretary Of State
William M. Gardner

Attorney General
Michael A. Delaney

NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION

Commissioner
George N. Campbell, Jr.

Assistant Commissioner
David J. Brillhart, P.E.

Deputy Commissioner
Christopher D. Clement

Division Of Operations
Lyle Knowlton, P.E.
Director

Bureau Of Turnpikes
Christopher M. Waszczuk, P.E.
Administrator

Harvey S. Goodwin, P.E.
Turnpike Project Manager

Nassar Yari, P.E.
Project Manager

Dix E. Bailey
Maintenance Superintendent

John W. Corcoran, P.E.
Assistant Administrator

Margaret S. Blacker
Business Administrator

Robert A. Christensen
Toll Manager

Bond Counsel

Edwards Angell Palmer & Dodge LLP
Boston, Massachusetts

Financial Advisor

Public Resources Advisory Group
New York, New York

No dealer, broker, salesperson or other person has been authorized by the State of New Hampshire 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 representation must not be relied upon as having been authorized by the State of New Hampshire (the "State") or the Underwriters. 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 Series Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the New Hampshire Turnpike System generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the State or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in fuel prices, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances affecting the New Hampshire Turnpike System, many of which are beyond the control of the State. These forward-looking statements speak only as of the date of this Official Statement. The State disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the State's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact.

IN CONNECTION WITH AN OFFERING OF THE 2009 SERIES BONDS THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 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 UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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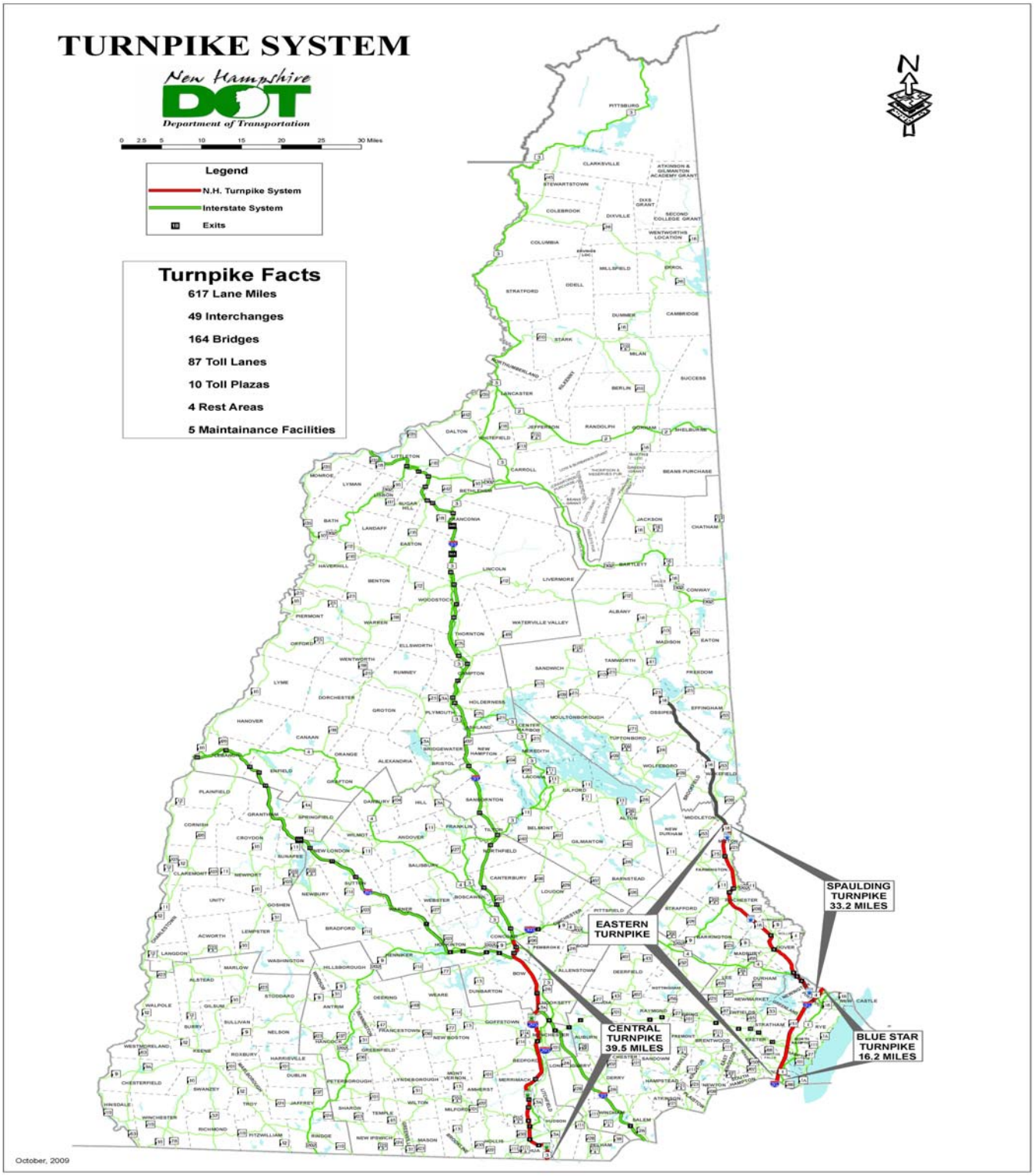
TURNPIKE SYSTEM
New Hampshire DOT
Department of Transportation
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Legend
N.H. Turnpike System
Interstate System
Exits
Turnpike Facts
617 Lane Miles
49 Interchanges
164 Bridges
87 Toll Lanes
10 Toll Plazas
4 Rest Areas
5 Maintainance Facilities
N
SPAULDING TURNPIKE 33.2 MILES
EASTERN TURNPIKE
CENTRAL TURNPIKE 39.5 MILES
BLUE STAR TURNPIKE 16.2 MILES
October, 2009

OFFICIAL STATEMENT

OF

THE STATE OF NEW HAMPSHIRE

$217,215,000

TURNPIKE SYSTEM REVENUE BONDS

$150,000,000	**$67,215,000**
2009 Series A	**2009 Refunding Series B**
(Federally Taxable – Build America Bonds – Direct Payment)	

INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, is being distributed by the State of New Hampshire (the "State") in order to furnish information in connection with the sale by the State of its Turnpike System Revenue Bonds, 2009 Series, in the aggregate principal amount of $217,215,000 (the "2009 Series Bonds"). The 2009 Series Bonds consist of $150,000,000 of Turnpike System Revenue Bonds, 2009 Series A being issued as federally taxable "Build America Bonds – Direct Payment" (the "2009 Series A Bonds") and $67,215,000 of Turnpike System Revenue Bonds, 2009 Refunding Series B (the "2009 Refunding Series B Bonds").

The 2009 Series Bonds are authorized to be issued pursuant to Chapter 237-A of the New Hampshire Revised Statutes Annotated, as amended (the "Act"), and a general bond resolution (the "Bond Resolution") of the State adopted by the Governor and Executive Council of the State ("Governor and Council") on November 9, 1987, as amended and supplemented and as further supplemented by a Supplemental Resolution adopted by the Governor and Council on October 21, 2009 (the "2009 Series Supplemental Resolution"). The State has authorized an aggregate of $766,050,000 in Turnpike System Revenue Bonds to be issued under the Act (excluding Bonds issued for the purpose of refunding Outstanding Bonds) of which $395,000,000 have been issued to date.

The 2009 Series A Bonds are being issued for the purposes of (i) funding a portion of the cost of constructing, improving and expanding the New Hampshire Turnpike System (the "Turnpike System") as part of the multi-year Capital Improvement Program for the Turnpike System as authorized by the New Hampshire Legislature, (ii) funding certain reserves required to be established under the Bond Resolution, and (iii) paying the costs of issuance.

The 2009 Refunding Series B Bonds are being issued for the purpose of refunding $70,220,000 of the Outstanding 1999 Series A Bonds (the "Refunded Bonds") in order to provide debt service savings to the Turnpike System and paying the costs of issuance of the 2009 Refunding Series B Bonds. See "PLAN OF REFUNDING."

The 2009 Series Bonds will be on a parity with the Outstanding Turnpike System Revenue Bonds. The following Bonds were Outstanding as of June 30, 2009:

Series	Principal Amount Outstanding
1999 Series A	$ 72,390,000*
2002 Refunding Series	64,145,000
2003 Refunding Series	83,315,000
2006 Refunding Series	26,915,000
Total	$246,765,000

*A portion of the 1999 Series A Bonds are being refunded with the proceeds of the 2009 Refunding Series B Bonds. See "PLAN OF REFUNDING."

As used herein, the term "Bonds" refers to all Bonds Outstanding under the Bond Resolution. The term "Outstanding" excludes Bonds which have been refunded through the issuance of Refunding Bonds as described under "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Refunding Bonds."

The New Hampshire Turnpike System (the "Turnpike System"), as shown on the map on page iv, presently consists of approximately 89 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises three limited access highways: the Blue Star Turnpike (I-95) and the Spaulding Turnpike (which together are referred to as the Eastern Turnpike), and the Central Turnpike (also known as the F.E. Everett Turnpike and includes portions of U.S. Interstate Highways 93 and 293). The major cities located in the central and southern sections of the State are primarily served by the Turnpike System. The Blue Star segment of the Turnpike System is 16.2 miles in length and constitutes a portion of US Interstate Highway 95. It extends from the Massachusetts state line in Seabrook, New Hampshire to the Maine state line in Portsmouth, New Hampshire.

On August 25, 2009, pursuant to a legislative mandate (see Section 76 of Chapter 144, Laws of 2009), the Department of Transportation transferred a section of Interstate 95 to the Turnpike System. The legislation authorized the Department of Transportation to convey the roadway to the Bureau of Turnpikes in exchange for $120 million and on such other terms and conditions as the Commissioner of Transportation and the Bureau of Turnpikes agree. The legislation further provides that the amount payable to the Department of Transportation for deposit into the State Highway Fund shall be paid from the Turnpike System General Reserve Account over a period not to exceed twenty years with $30 million (including interest) being paid in Fiscal Year 2010, $20 million (including interest) being paid in Fiscal Year 2011 and the balance to be paid as agreed by the Commissioner of Transportation and the State Treasurer. In anticipation of the Interstate 95 acquisition and implementation of the current Capital Improvement Program, the Governor and Council approved a $.50 toll increase on the Hampton main line plaza effective July 1, 2009 that is projected to generate approximately $9.1 million annually. See "THE TURNPIKE SYSTEM – Eastern Turnpike – I-95 Acquisition and Turnpike System – Historical Revenues and Expenditures."

The Spaulding segment of the Turnpike System extends from Portsmouth, New Hampshire to Milton, New Hampshire. It is 33.2 miles in length and is the major artery for north-south travel in the eastern corridor of the State. The Central Turnpike extends for 39.5 miles from the Massachusetts state line in Nashua, New Hampshire to Exit 14 in Concord, New Hampshire. It constitutes a portion of US Interstate Highways 93 and 293.

The "Capital Improvement Program" is a multi-year program originally authorized by the New Hampshire Legislature in 1986 to improve and expand the Turnpike System. The expansion and improvement projects in the Capital Improvement Program are designed to provide safety improvements to the existing Turnpike System and increase the Turnpike System's capacity. See "THE TURNPIKE SYSTEM" and "CAPITAL IMPROVEMENT PROGRAM." Through June 30, 2009 a total of $509 million of Bond proceeds, investment earnings and available toll revenues had been expended on Capital Improvement Program projects. The State currently estimates that the total cost of the Capital Improvement Program, including expenditures to date, is approximately $1.015 billion through Fiscal Year 2018. The proceeds of the 2009 Series A Bonds, together with interest thereon, are anticipated to be used to finance approximately $149,161,156 of construction, right-of-way acquisition, design and administrative costs, to fund an additional deposit for the Debt Service Reserve Account and to pay costs of issuance. (See "SOURCES AND USES OF FUNDS" and "CAPITAL IMPROVEMENT PROGRAM.")

The 2009 Series Bonds are limited obligations of the State and, under the terms of the Bond Resolution, are payable solely from the net revenues generated by the Turnpike System and from other funds specifically available therefor. See "SECURITY FOR THE BONDS."

The 2009 Series Bonds are not general obligations of the State or any political subdivision thereof and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged for the payment of the 2009 Series Bonds. Additional Bonds ranking on a parity with or subordinate to the 2009 Series Bonds may be issued from time to time under the Bond Resolution upon satisfaction of certain conditions set forth therein. See "SECURITY FOR THE BONDS—Additional Indebtedness."

Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Bond Resolution, and summary definitions of certain capitalized terms used herein are defined in the Glossary of Terms, attached hereto as Appendix F. Statements made herein with respect to the Act, the Bond Resolution and the 2009 Series Bonds are qualified in their entirety by a reference to such documents, copies of which are available upon request from the State Treasurer. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

THE 2009 SERIES BONDS

Description of the 2009 Series Bonds

The 2009 Series Bonds are being issued in the aggregate principal amount of $217,215,000, consisting of $150,000,000 aggregate principal amount of 2009 Series A Bonds and $67,215,000 aggregate principal amount of 2009 Refunding Series B Bonds maturing in the years and amounts shown on the inside front cover of this Official Statement. The 2009 Series Bonds will be dated their date of issuance. Interest on the 2009 Series A Bonds will be paid on May 1 and November 1 of each year, commencing May 1, 2010. Interest on the 2009 Refunding Series B Bonds will be paid on April 1 and October 1 of each year, commencing April 1, 2010. The record date for the payment of interest shall be the fifteenth day of the calendar month preceding each interest payment date.

The 2009 Series Bonds are being issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2009 Series Bonds. Purchases of beneficial interests in the 2009 Series Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in 2009 Series Bonds purchased. So long as DTC or its nominee, Cede & Co., is Bondholder, payments of the principal of and interest on the 2009 Series Bond will be made directly to such Bondholder. Disbursement of such payments to the DTC Participants (hereinafter defined) is the responsibility of DTC and disbursement of such payments to Beneficial Owners (hereinafter defined) is the responsibility of the DTC Participants and the Indirect Participants (hereinafter defined). See "BOOK-ENTRY BONDS."

Build America Bonds

The State intends to issue the 2009 Series A Bonds as "Build America Bonds" pursuant to the American Recovery and Reinvestment Act of 2009 and to elect to receive a subsidy payment ("Direct Payments") from United States Treasury equal to 35% of the taxable interest the State pays on the 2009 Series A Bonds. In order to receive the Direct Payments, the State is required to make certain filings with the Internal Revenue Service. If the State fails to make the required filings, it will not be eligible to receive the Direct Payments. Additionally, the proceeds of "Build America Bonds" have a number of limitations on their use. If the State were to use the proceeds of the 2009 Series A Bonds for expenditures other than capital expenditures, reasonably required reserve funds, and costs of issuance, the 2009 Series A Bonds would not be eligible for the Direct Payments. Direct Payments are treated as overpayments of tax, and accordingly are subject to offset against certain amounts that may be owed by the State to an agency of the United States of America. Finally, it is possible that the Direct Payments could be reduced or eliminated as a result of a change in federal law.

The Bond Resolution defines "Debt Service," for all purposes thereunder, as being net of any subsidy received from the United States of America. Accordingly, the required calculation of Debt Service for purposes of meeting the requirements for the issuance of Additional Bonds and the Debt Service Reserve Account Requirement will be net of any Direct Payments from the United States Treasury received with respect to the 2009 Series A Bonds.

The State will covenant in the 2009 Series Supplemental Resolution to make all required filings in accordance with applicable rules of the United States Treasury in order to receive the Direct Payments contemporaneously with the payment of interest due on the 2009 Series A Bonds, and to deposit such payments, upon receipt, in the Revenue Account. The Bond Resolution requires that the State pay monthly from the Revenue Account to the Debt Service Account an amount equal to one-sixth of the amount of the interest coming due on the next interest payment date. Accordingly, the State will make monthly deposits to the Debt Service Account of the gross amount of interest due on the 2009 Series A Bonds. The deposit of the Direct Payments to the Revenue Account, when received, will reimburse the State for a portion of such interest.

Redemption Provisions

Optional Redemption

2009 Series A Bonds Maturing on November 1, 2029. The 2009 Series A Bonds maturing on November 1, 2029 are subject to redemption at the option of the State prior to maturity beginning on November 1, 2019, in whole or in part (on a pro rata basis as described below), at any time at the price of 100% of their principal amounts plus accrued interest thereon to the redemption date.

2009 Series A Bonds Maturing on November 1, 2021 through 2024 (inclusive) and 2039. The 2009 Series A Bonds maturing on November 1, 2021 through 2024 (inclusive) and 2039 (collectively, the "Make-Whole Call Bonds") are subject to redemption at the option of the State prior to maturity, in whole or in part (on a pro rata basis as described below), at any time, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Make-Whole Call Bonds to be redeemed; or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Make-Whole Call Bonds to be redeemed (exclusive of interest accrued to the redemption date) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points,

plus accrued and unpaid interest on the Make-Whole Call Bonds being redeemed to the redemption date. For purpose of determining the Treasury Rate, the following definitions will apply:

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Make-Whole Call Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the applicable Make-Whole Call Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Make-Whole Call Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Make-Whole Call Bond, (a) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Deal Quotations, or (b) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the State.

"Reference Treasury Dealer" means Citigroup Global Markets Inc. and its successors and three other firms, specified by the State from time to time, that are primary U.S. Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided,

however, that if any of them ceases to be a Primary Treasury Dealer, the State shall substitute another Primary Treasury Dealer.

"Reference Treasury Deal Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Make-Whole Call Bond, the average, as determined by the Designated Investment Banker, of the bid and ask prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, at least two (2) business days but not more than forty-five (45) calendar days preceding such redemption date.

"Remaining Scheduled Payments" means, with respect to the Make-Whole Call Bonds of each maturity to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due assuming such Make-Whole Call Bonds were not so optionally redeemed but, however, giving effect to any mandatory sinking fund installments applicable to such Make-Whole Call Bonds provided, however, that, if such redemption date is not an interest payment date with respect to the Make-Whole Call Bonds, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced by the amount of interest accrued thereon to such redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Make-Whole Call Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

Extraordinary Optional Redemption of 2009 Series A Bonds. The 2009 Series A Bonds will be subject to extraordinary optional redemption prior to maturity, at the option of the State, upon the occurrence of an Extraordinary Event (defined below), in whole or in part (on a pro rata basis as described below), at any time, at the "Extraordinary Redemption Price." The Extraordinary Redemption Price is equal to the greater of:

(i) the issue price of the 2009 Series A Bonds set forth on the inside cover page hereof (but not less than 100%) of the principal amount of the 2009 Series A Bonds to be redeemed; or

(ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2009 Series A Bonds to be redeemed to the maturity date of such 2009 Series A Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2009 Series A Bonds are to be redeemed, discounted to the date on which the 2009 Series A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate plus 100 basis points,

plus accrued interest on the 2009 Series A Bonds to be redeemed to the redemption date.

An "Extraordinary Event" will have occurred if the State determines that a material adverse change has occurred to section 54AA or section 6431 of the Internal Revenue Code of 1986 (the "Code") (as such sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to Build America Bonds) or there is any guidance published by the Internal Revenue Service or the Department of the Treasury with respect to such sections of the Code or any other determination by the Internal Revenue Service or the Department of the United States Treasury, which determination is not the result of an act or omission by the State to satisfy the requirements to receive the Direct Payments, pursuant to which the Direct Payments are reduced or eliminated.

2009 Refunding Series B Bonds. The 2009 Refunding Series B Bonds maturing on April 1, 2021 are subject to redemption at the option of the State prior to maturity beginning on April 1, 2020, in whole or in part, by lot, at any time at the price of 100% of their principal amounts plus accrued interest thereon to the redemption date.

Mandatory Redemption

The 2009 Series A Bonds maturing on November 1, 2029 and November 1, 2039 are also subject to mandatory redemption, on a pro rata basis as described below, from sinking fund installments required to be made by the State under the terms of the Bond Resolution in amounts sufficient to redeem on November 1 of each year the principal amount of 2009 Series A Bonds shown below at the stated principal amounts, without premium, plus accrued interest thereon to the date of redemption:

2009 Series A Bonds due November 1, 2029

Year	Principal Amount
2025	$ 8,965,000
2026	9,975,000
2027	10,080,000
2028	10,665,000
2029 (final maturity)	11,040,000

2009 Series A Bonds due November 1, 2039

Year	Principal Amount
2030	$ 3,195,000
2031	7,480,000
2032	5,700,000
2033	6,970,000
2034	6,725,000
2035	7,260,000
2036	7,420,000
2037	7,780,000
2038	8,065,000
2039 (final maturity)	8,400,000

In the event that the 2009 Series A Bonds maturing on November 1, 2029 and November 1, 2039 shall be redeemed at the option of the State, an amount equal to the principal amount of the 2009 Series A Bonds so redeemed shall be credited on a pro rata basis, as nearly as practicable, toward all remaining sinking fund installments.

Pro Rata Redemption for 2009 Series A Bonds

Selection of 2009 Series A Bonds To Be Redeemed in Partial Redemption. So long as the 2009 Series A Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the 2009 Series A Bonds, partial redemptions will be done in accordance with DTC procedures. It is the State's intent that DTC, the DTC Participants and such other intermediaries that may exist between the State and the beneficial owners effect a pro rata reduction of principal (subject to minimum authorized denomination restrictions and DTC procedures) of all Outstanding 2009 Series A Bonds according to the beneficial interest in the 2009 Series A Bonds that DTC records list as owned by each DTC participant as of the record date for such payment. However, the State can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions or reductions in principal among beneficial owners on such a proportional basis.

If the 2009 Series A Bonds are no longer registered in book-entry-only form, any redemption of less than all of the 2009 Series A Bonds of any maturity will be allocated among the registered owners of such 2009 Series A Bonds as nearly as practicable in proportion to the principal amounts of the 2009 Series A Bonds of such maturity owned by each registered owner, subject to the authorized denominations applicable to the 2009 Series A Bonds. This will be calculated based on the formula: (principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular 2009 Series A Bonds to be redeemed will be determined by the Trustee, using such method as it deems fair and appropriate.

Partial Redemption – 2009 Refunding Series B Bonds

In the event of a partial redemption of any maturity of the 2009 Refunding Series B Bonds, the identity of the beneficial owners whose beneficial interests in the 2009 Refunding Series B Bonds will be redeemed and the amount of any such redemption will be determined by DTC and its participants by lot in such manner as DTC and its participants deem appropriate.

Notice of Redemption

Notice of any redemption will be mailed to the registered owners of the 2009 Series Bonds selected for redemption not more than sixty days nor less than thirty days prior to the date set for redemption. The redemption of any 2009 Series Bond will not be affected by failure to mail such notice to the registered owner of any other 2009 Series Bond. So long as DTC or its nominee, Cede & Co., is the registered owner of the 2009 Series Bonds, all notices of any redemption will be made only to DTC or its nominee, Cede & Co. and in such manner as may be requested thereby. (See "BOOK-ENTRY BONDS".) Following proper notice of the redemption of any 2009 Series Bonds, if sufficient moneys are deposited with the Trustee for redemption, interest thereon ceases to accrue as of the redemption date.

BOOK-ENTRY BONDS

General

The information provided under this caption "BOOK-ENTRY SYSTEM-General" has been provided by DTC. No representation is made by any of the State, the Trustee or the Underwriters as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2009 Series Bonds. The 2009 Series Bonds will be issued in fully-registered form 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 certificate will be issued for each maturity of each series of the 2009 Series Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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** and **www.dtc.org**.

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

To facilitate subsequent transfers, all securities 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 securities 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 securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities 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.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed, unless other arrangements are made between DTC and the State.

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

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, 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 issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct

Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

Limitations

For so long as the 2009 Series Bonds are registered in the name of DTC or its nominee, Cede & Co., the State and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered Owner of such 2009 Series Bonds for all purposes, including payments, notices and voting.

Because DTC is treated as the Owner of the 2009 Series Bonds for substantially all purposes under the Resolution, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the State, to DTC and to the Trustee, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the 2009 Series Bonds that may be transmitted by or through DTC.

Neither the State nor the Trustee shall have any responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any 2009 Series Bonds;

(ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than a registered Owner, as shown in the Bond Register, of any notice with respect to any 2009 Series Bond including, without limitation, any notice of redemption with respect to any 2009 Series Bond;

(iii) the payment to any DTC Participant or Indirect Participant or any other Person, other than a registered Owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, interest on, or redemption price of, any 2009 Series Bond;

(iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2009 Series Bonds; or

(v) any consent given or other action taken by DTC as registered Owner.

Further, neither the State nor the Trustee can provide any assurances that DTC, the DTC Participants and such other intermediaries that may exist between the State and the beneficial owners will serve and act in the manner described in this Official Statement.

Prior to any discontinuation of the book-entry system with respect to the 2009 Series Bonds as hereinabove described, the State and the Trustee may treat DTC as, and deem DTC to be, the absolute Owner of the 2009 Series Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of principal of, premium, if any, and interest on the 2009 Series Bonds;

(ii) giving notices of redemption and other matters with respect to the 2009 Series Bonds;

(iii) registering transfers with respect to the 2009 Series Bonds; and

(iv) the selection of 2009 Series Bonds for redemption.

PLAN OF REFUNDING

Upon delivery of the 2009 Refunding Series B Bonds, the State will enter into a Refunding Trust Agreement with U.S. Bank National Association, as Trustee (the "Refunding Trustee"), to provide for the refunding of the 1999 Series A Bonds due April 1 in the years 2011 through 2019 (inclusive), 2021 and 2029 (the "Refunded Bonds"). Upon receipt of the requisite proceeds of the 2009 Refunding Series B Bonds, the Refunding Trustee will deposit irrevocably in the Refunding Trust Fund established under the Refunding Trust Agreement the amount which will be invested in direct obligations of the United States of America ("Government Obligations") maturing in amounts and bearing interest at the rates sufficient to pay, when due, the interest on, and upon redemption or at maturity, the outstanding principal of and redemption premium on the Refunded Bonds. The Refunding Trust Fund, including the interest earnings on Government Obligations, is pledged solely for the benefit of the holders of the Refunded Bonds and is not available to pay any other Bonds. The Refunded Bonds will be redeemed on December 31, 2009 at a redemption price of 101%. Upon issuance of the 2009 Refunding Series B Bonds and the deposit of funds into the Refunding Trust Fund, the Refunded Bonds will be defeased and no longer Outstanding under the Bond Resolution.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the 2009 Series Bonds are expected to be applied as follows:

Sources	
Par Amount of 2009 Series A Bonds (Federally Taxable – Build America Bonds – Direct Payment)	$150,000,000.00
Par Amount of 2009 Refunding Series B Bonds	67,215,000.00
Plus Net Original Issue Premium on the 2009 Refunding Series B Bonds	4,566,094.60
Available Funds of the Turnpike System	567,795.21
Total Sources of Funds	$222,348,889.81
Uses	
Deposit to Construction Account*	$140,853,240.98
Deposit to Debt Service Reserve Account	7,921,303.18
Deposit to Refunding Trust Fund	71,773,892.82
Underwriters' Discount	1,229,208.40
Costs of Issuance	571,244.43
Total Uses of Funds	$222,348,889.81

* A portion of this amount will reimburse the System for prior capital expenditures.

The available funds from the Turnpike System consist of funds or investments in the Debt Service Account held for the payment of interest on the Refunded Bonds.

SECURITY FOR THE BONDS

Pledge of Revenues

The 2009 Series Bonds are limited obligations of the State. The principal of, redemption premium, if any, and interest on the 2009 Series Bonds are payable solely from and are equally and ratably secured by a pledge of Revenues (hereinafter defined), subject only to the payment of Operating Expenses (hereinafter defined), and monies and securities on deposit from time to time in all accounts and subaccounts established by the Bond Resolution (except the Rebate Account) on the terms and in the manner provided in the Bond Resolution. **Revenues** means all tolls, rates, rents, fees, charges, receipts or other income derived or to be derived by the State from the ownership or operation of the Turnpike System, and all rights to receive the same. Proceeds of Bonds issued under the Act and of certain notes issued in anticipation of the receipt of Revenues are included in Revenues, but, unless otherwise provided by a Supplemental Resolution, Revenues do not include the proceeds of other borrowings by the State, or the proceeds of grants for limited purposes or of the disposition of property financed by such grants. Operating Expenses means the ordinary costs and expenses of the State for the operation, maintenance and repair of the Turnpike System, including working capital as provided in the Bond Resolution. **Operating Expenses** do not include the principal of and interest on bonds, notes or other evidences of indebtedness issued by the State for the purposes of the Turnpike System, Renewal and Replacement Costs (hereinafter defined) and depreciation.

All Bonds issued and outstanding under the Bond Resolution will be secured, equally and ratably without preference of any Bond over any other Bond, by the pledge created by the Bond

Resolution and the covenants of the State made in the Bond Resolution. The State expects to issue additional bonds under the Bond Resolution on a parity with the 2009 Series Bonds, the 2006 Refunding Series Bonds, the 2003 Refunding Series Bonds, the 2002 Refunding Series Bonds and the 1999 Series A Bonds to finance the Capital Improvement Program. See "SECURITY FOR THE BONDS - Additional Indebtedness" and "CAPITAL IMPROVEMENT PROGRAM."

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION IS PLEDGED FOR THE PAYMENT OF THE BONDS.

The enforceability of the 2009 Series Bonds and the Bond Resolution may be limited by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally enforceable.

The rights and remedies of Bondholders under the Resolution and other matters are summarized under "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

Toll Rate Covenant

The State has covenanted in the Bond Resolution that it will establish and collect tolls and charges for the use of the Turnpike System adequate at all times, with other available funds, to provide for the proper operation and maintenance of the Turnpike System and for the timely payment of the principal of and interest on all Bonds, notes or other evidences of indebtedness payable from the Revenues and all other required payments in connection with the Turnpike System.

Without limiting the generality of the foregoing, the State has covenanted that it will establish and collect tolls and charges sufficient so that in each Fiscal Year its Net Revenues (defined below) will be at least equal to the greater of: (a) 120% of Debt Service (as defined below); or (b) 100% of Debt Service plus the total amount of principal of and interest on all general obligation or other bonds, notes or other evidences of indebtedness (excluding principal of bond anticipation notes paid or to be paid from proceeds of bonds maturing after the end of the Fiscal Year) payable from Revenues during the Fiscal Year, and the additional amount, if any, required to be paid from the General Reserve Account to satisfy the Renewal and Replacement Requirement (hereinafter defined) for the Fiscal Year. **Net Revenues** means the Revenues (excluding (i) proceeds of Bonds and notes issued in anticipation of Bonds or of Revenues and (ii) proceeds of the sale or other disposition of all or any part of the Turnpike System, proceeds of insurance and condemnation awards received with respect to the Turnpike System (other than proceeds of use and occupancy insurance or any other insurance against loss of Revenues) and other items of an extraordinary and nonrecurrent nature) after deducting Operating Expenses. **Debt Service** means with respect to each Fiscal Year the aggregate of the amounts to be set aside (or estimated to be required to be set aside) in the Debt Service Account in the Fiscal Year for the payment of the principal and sinking fund installments of and interest on Bonds, excluding debt service paid or to be paid from Bond proceeds or from any subsidy

from the United States of America for the purpose. A failure to generate Net Revenues in accordance with the covenant described in this paragraph will not be considered a default by the State if the State is taking timely corrective action under the provisions described in the following paragraph.

As described above, Direct Payments received by the State with respect to the 2009 Series A Bonds will be taken into account in calculating Debt Service. The State will covenant in the 2009 Series Supplemental Resolution to take all action necessary to receive the Direct Payments and to deposit the Direct Payments, when received, in the Revenue Account.

The State has covenanted in the Bond Resolution that it will review the adequacy of its tolls and charges as soon as practicable after the end of each Fiscal Year. If this review indicates that the tolls and charges are, or will be, insufficient to meet the requirements described in the two preceding paragraphs or if it appears at any time that the tolls and charges are or will be insufficient, the State has covenanted that it will forthwith cause an independent engineer (the "Independent Engineer") to make a study and to recommend within 90 days after the beginning of the then current Fiscal Year a schedule of tolls and charges which will provide Revenues sufficient to comply with the requirements described in the two preceding paragraphs in the following Fiscal Year and to restore any deficiency at the earliest practicable time, unless the Independent Engineer certifies that such a schedule of tolls and charges is impracticable at that time and the State therefore cannot comply with such requirements and recommends instead a schedule of tolls and charges to comply as nearly as practicable with the requirements. If the tolls and charges are or will be insufficient, the State will place the schedule of tolls and charges recommended by the Independent Engineer in effect not later than 180 days after the beginning of the then current Fiscal Year.

Debt Service Reserve Account Requirement

The Bond Resolution establishes a Debt Service Reserve Account Requirement for the Bonds. The Debt Service Reserve Account Requirement is, as of any date of calculation, an amount equal to the maximum annual Debt Service during the then current or any future Fiscal Year on Outstanding Bonds; provided that in computing such requirement any Option Bonds Outstanding during such Fiscal Year shall be assumed to mature on their stated dates of maturity.

Under the Bond Resolution, the State may deposit a surety bond, insurance policy or letter of credit into the Debt Service Reserve Account to meet all or a part of the Debt Service Reserve Account Requirement. To date, the State has funded the Debt Service Revenue Account Requirement entirely in cash, which amount is invested in Permitted Investments in accordance with the Bond Resolution.

Flow of Funds

The Bond Resolution establishes certain accounts and subaccounts. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION." The State has covenanted in the Bond Resolution to deposit promptly all Revenues into the Revenue Account (other than the Revenues expressly required or permitted by the Bond Resolution to be credited to or deposited in any other account). The moneys in the Revenue Account are to be applied first to the payment

of Operating Expenses and then to payments required by the Bond Resolution to be paid from the Revenue Account into the following accounts in the following order:

(1) Debt Service Account, Interest Subaccount;
(2) Debt Service Account, Principal Subaccount;
(3) Rebate Account;
(4) Debt Service Reserve Account;
(5) Insurance Reserve Account;
(6) Special Redemption Account; and
(7) General Reserve Account.

The Bond Resolution also establishes a Construction Account.

Renewal and Replacement Requirement

The Bond Resolution establishes a Renewal and Replacement Requirement with respect to each Fiscal Year, which Renewal and Replacement Requirement shall be an amount to be set forth in the Annual Budget, as determined by the State in its discretion, for Renewal and Replacement Costs for that Fiscal Year. **Renewal and Replacement Costs** are costs associated with major reconstruction, rehabilitation, renewals, replacements and extraordinary repairs necessary to the sound operation of the Turnpike System or to prevent loss of Revenues, but not costs associated with new construction, additions or extensions.

Additional Indebtedness

Additional Parity Bonds

Under the Bond Resolution the State may issue additional Bonds ("Additional Bonds") on a parity with the then Outstanding Bonds to pay Project Costs or to refund Bonds or other obligations issued for the purpose of paying Project Costs. With the exceptions provided below, the issuance of each series of Additional Bonds shall be subject to the following conditions:

(1) If Bonds are being issued to pay Project Costs:

(A) An Authorized Officer must certify as to the estimated completion date and Project Costs of the Project or Projects for which Additional Bonds are being issued; and

(B) The Independent Engineer must state whether, to the best of its knowledge, the construction, improvement or acquisition of any highway or other facility is being projected or planned which may be materially competitive with any part of the Turnpike System, and the estimated date of completion of such highway or other facility; and

(C) An Authorized Officer must establish that the Net Revenues for any period of 12 consecutive calendar months out of the 24 calendar months next preceding the issuance of the Additional Bonds equal or exceed the Net Revenue Requirement for such 12 calendar months; provided that if any adjustment of toll rates shall have been placed in effect during such 12-month period, such Net Revenues may reflect the Revenues which the Authorized Officer

estimates would have resulted had such toll rate adjustment been in effect for the entire 12-month period; and

(D) The Independent Engineer must certify for the then current and each future Fiscal Year to and including the fifth full Fiscal Year after the estimated Completion Date of the Project, an estimate of Revenues and a review of Operating Expenses as projected by an Authorized Officer, giving effect to, among other factors, any adjustment of toll rates which shall have been placed in effect subsequent to the beginning of the current Fiscal Year, as if such toll rate adjustment had been in effect from the beginning of the Fiscal Year until the effective date of any subsequent adjustment, and any adjustment of toll rates provided by an Authorized Officer to the Independent Engineer which, in the opinion of the Authorized Officer, would be necessary to comply with the toll rate covenant, as if such adjustment were to be in effect from its effective date as assumed by the Authorizing Officer; and

(E) An Authorized Officer must determine, on the basis of the certificate described in paragraph (1)(D), that (i) the estimated Net Revenues for the then current and each future Fiscal Year to and including the fifth full Fiscal Year after the estimated Completion Date of the Project equal or exceed the Net Revenue Requirement for each such Fiscal Year, and (ii) that the estimated Net Revenues for said fifth full Fiscal Year (I) equal or exceed one hundred twenty percent (120%) of the amount payable in the Maximum Annual Debt Service Year (as defined below) in respect of principal and sinking fund installments of and interest on the Series of Additional Bonds and all other Bonds Outstanding on the date of issuance of the Series of Additional Bonds, and (II) equal or exceed one hundred percent (100%) of the sum of (a) the amount payable in the Maximum Annual Debt Service Year in respect of principal and sinking fund installments of and interest on the Series of Additional Bonds and all other Bonds Outstanding on the date of issuance of the Series of Additional Bonds, (b) debt service on all general obligation or other bonds, notes or other evidences of indebtedness (excluding principal of bond anticipation notes to the extent they are to be paid from proceeds of bonds or other obligations maturing after the end of the Maximum Annual Debt Service Year) payable from Revenues during the Maximum Annual Debt Service Year, and (c) the additional amount, if any, required to be paid from the General Reserve Account to satisfy the Renewal and Replacement Requirement for said fifth Fiscal Year. In computing the Net Revenue Requirement and the amount described in subclause (ii) under this Clause, Variable Rate Bonds are deemed to bear interest at all times to the maturity thereof at a constant rate of interest equal to the Maximum Interest Rate, provided that to the extent that Variable Rate Bonds issued or to be issued include related select auction variable rate securities and residual interest bonds or other related issues which, taken together, are the equivalent of a fixed rate obligation of the State, such issues shall be aggregated and treated as a single issue of fixed rate Bonds. "**Maximum Annual Debt Service Year**" means the Fiscal Year, commencing with said fifth full Fiscal Year, in which the aggregate amount payable in respect of principal and sinking funds installments of and interest on (a) the Series of Additional Bonds and (b) all other Bonds Outstanding on the date of issuance of the Series of Additional Bonds is the greatest.

(2) An Authorized Officer must certify that to the best of his or her knowledge and belief no Event of Default exists under the Bond Resolution and (B) the Trustee must certify that there is no Event of Default of which it has knowledge;

(3) Delivery to the Trustee of a certified copy of the Supplemental Resolution providing for the issuance of the Additional Bonds; and

(4) Delivery to the Trustee of an opinion of nationally recognized bond counsel, selected by the State and satisfactory to the Trustee, that the conditions precedent to the issuance of the Additional Bonds have been satisfied.

In connection with the issuance of Bonds to refund Bonds, the certificates described in paragraph (1) above are not required if any Authorized Officer certifies as to the Debt Service for each Fiscal Year in which Bonds are or will be Outstanding (a) with respect to the Bonds Outstanding immediately prior to the issuance of such refunding Bonds and (b) with respect to the Bonds to be Outstanding immediately thereafter, and demonstrates that the Debt Service computed for each Fiscal Year pursuant to clause (b) will not be greater than the Debt Service computed for that Fiscal Year pursuant to clause (a). The certificates described in paragraph (1) above shall be required in the case of Bonds issued to refund obligations other than Bonds (including the issuance of Bonds to retire notes issued in anticipation of Bonds) as if the Bonds were being issued for the Projects financed by the prior obligations.

The certificates described in paragraphs (1)(B), (1)(C), (1)(D) and (1)(E) above are not required for Bonds being issued to complete the payment of Project Costs of a Project for which Bonds have previously been issued, if (a) an Authorized Officer certifies that the aggregate Project Costs of the Project to be paid by the issuance of such Bonds (together with Project Costs paid from proceeds of any other Bonds issued for the Project pursuant to this provision) do not exceed ten percent (10%) of the total estimated Project Costs of the Project, and (b) the Independent Engineer certifies that estimated Net Revenues of the Turnpike System with the completed Project will exceed estimated Net Revenues of the Turnpike System without completion of the Project.

The certificates described in paragraphs (1)(B), (1)(C), (1)(D) and (1)(E) above are not required for Bonds being issued to pay Project Costs of a Project consisting of extraordinary repair, reconstruction or replacement of facilities of the Turnpike System that have been damaged, destroyed or lost in whole or in part, if the Independent Engineer certifies (a) that all available moneys in the Insurance Reserve Account have been or will be expended to meet such Project Costs and (b) that, after giving effect to the application of all available moneys in the Insurance Reserve Account, the issuance of the Bonds is necessary to repair, reconstruct or replace the damaged, destroyed or lost property to the extent reasonably necessary for the proper conduct of the operations of the Turnpike System.

Subordinated Obligations

The State may also issue bonds, notes or other evidences of indebtedness for the purposes of the Turnpike System payable from the General Reserve Account and Revenues subordinate to the deposits and credits required to be made under the Bond Resolution and to the payments required for Operating Expenses, and may secure the bonds, notes or evidences of indebtedness by a pledge of the Revenues inferior to the pledge of the Revenues created by the Bond Resolution. Outstanding general obligation bonds issued for Turnpike System purposes are payable out of Revenues subject to the prior payment of amounts due and owing in respect of Outstanding Bonds. See “THE TURNPIKE SYSTEM – Management Discussion of Historical

Revenues and Expenditures" for information regarding the obligation of the System to make certain payments to the State Highway Fund from the General Reserve Account in connection with the purchase from the State on August 25, 2009 of a section of U.S. Interstate 95 in Portsmouth.

Operation and Maintenance of System

The State has covenanted in the Bond Resolution that it will operate, maintain and make improvements to the Turnpike System in accordance with prudent practice for this type of system. The Bond Resolution imposes requirements with respect to insurance (see "Risk Management-Insurance" below), annual budgets and the retention of Independent Engineers and also imposes restrictions on encumbrance of the Revenues and properties of the Turnpike System, all as summarized under "SECURITY FOR THE BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

Risk Management-Insurance

Pursuant to the Bond Resolution, the State is required to maintain such insurance through insurance reserves or policies, as it deems prudent or necessary to protect the interests of the State and the Bondholders. The Bond Resolution requires the State to establish an account of the State (the Insurance Reserve Account) to be held and administered by the Treasurer which is currently funded at a level of $3,000,000. In the event of any loss or damage to property of the Turnpike System, the State shall apply monies in the Insurance Reserve Account, to the extent monies are not available from a commercial insurance policy, as soon as practicable to repair and reconstruct or replace the damaged or lost property to the extent necessary for the proper operation of the Turnpike System.

The State is also required by the Bond Resolution to review on an annual basis the risks to the Turnpike System and the kind and amount of insurance in force and the amount on deposit in the Insurance Reserve Account. A report issued by the Commissioner of Insurance of the State describing the results of this study and providing for an adjustment to the required level in the Insurance Reserve Account for the ensuing Fiscal Year shall be delivered to the Treasurer within 60 days of the end of the prior Fiscal Year. At no time shall the Insurance Reserve Account requirement be less than $3,000,000. Most recently, on August 19, 2009, the Insurance Commissioner certified that the $3,000,000 reserve requirement remains adequate. If the State determines to cover certain risks to the Turnpike System by additional policies of insurance, such policies shall be in addition to the amount from time to time in the Insurance Reserve Account.

The State may issue Bonds pursuant to the Bond Resolution for the purpose of paying the costs, in excess of any amount in the Insurance Reserve Account plus any amounts available under insurance policies, for extraordinary repair, replacement or construction of certain facilities constituting a part of the Turnpike System which are damaged, destroyed or lost in whole or in part due to accident, act of God or the like, provided that the conditions as set forth in the Bond Resolution are met. See "SECURITY FOR THE BONDS–Additional Indebtedness-Additional Parity Bonds."

State law provides that claims in tort for damages to persons or property brought against the State or any agency, including the Turnpike System, are limited to the greater of the proceeds of any insurance policy procured by the State or the sum of $475,000 per claimant and $3,750,000 per incident.

The State currently maintains liability insurance for all Turnpike System vehicles and boiler insurance for specified building locations. No other insurance is currently in force.

The State has experienced no material casualty loss to the Turnpike System facilities since the Turnpike System's inception in 1950.

PROGRAM RESPONSIBILITY AND MANAGEMENT

The Act

The 2009 Series Bonds are being issued under the authority granted by the Act. The Act provides for the issuance by the State Treasurer of revenue bonds of the State for the Turnpike System in such amounts as the Governor and the five-member Executive Council (the "Council") shall determine, from time to time, subject to the current statutory limit of $766,050,000 (excluding Bonds issued for the purpose of refunding outstanding Bonds). As of the date of this Official Statement, approximately $395,000,000 of this $766,050,000 statutory limit will have been utilized. This amount does not include the 2009 Series A Bonds offered hereby. Pursuant to the Act, Bonds may be secured by a resolution, by a trust or by a security agreement in a form determined by the State Treasurer with the approval of the Governor and Council.

The Act provides that Bonds issued thereunder constitute limited obligations of the State, and that the State has not pledged its full faith and credit for repayment of the Bonds, nor are the Bonds payable out of any other funds except for such other funds as provided in the Act. The Act further provides that any debt service fund, construction fund, debt service reserve fund, or other fund established in connection with the issuance of Bonds under the Act is to be kept separate from other moneys of the State.

Under the terms of the Act, the State pledges to and agrees with the Bondholders that until such Bonds, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged, or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the State with or for the benefit of such holders, the State (a) will carry out and perform, or cause to be carried out and performed, each and every promise covenant, agreement or contract made or entered into by the State or on its behalf by or under the provisions of the Act and on its behalf to be performed and (b) will not issue any bonds, notes or other evidences of indebtedness, other than Bonds, having any rights secured by any pledge of or other lien or charge on the Revenues or any moneys or securities paid to or held by the State or the State Treasurer under the Act and shall not create or cause to be created any lien or charge on the Revenues or any such moneys or securities other than a lien and pledge thereon created by or pursuant to the provisions of the Act. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION." Nothing in

the Act, however, prevents the State from issuing evidences of indebtedness (1) which are secured by a pledge or lien that is expressly subordinate and junior in all respects to every lien and pledge created by or pursuant to the provisions of the Act or (2) for which the full faith and credit of the State is pledged and which are not expressly secured by any specific lien or charge on Revenues or any such moneys or securities or (3) that are secured by a pledge of or lien on moneys or funds to be derived on and after such date as every pledge or lien thereon created by or pursuant to the provisions of the Act are discharged and satisfied.

Executive Officers of the State

The principal executive officers of the State are the Governor, the State Treasurer, the Secretary of State and the Executive Council, all of whom are elected biennially. The Governor is vested with the executive power of the State and is responsible for the faithful execution of all laws enacted by the Legislature and the management of the executive departments of the State. The State Treasurer and the Secretary of State are elected by joint ballot of the House and Senate. The Council is elected by the people, one Councilor from each of five Councilor districts in the State. The Council's chief function is to provide advice and consent to the Governor in the executive function of government. The Governor and Council can negate each other both in nominations and appointments of executive officers, and a substantial portion of the executive powers of the Governor are subject to the advice and consent of the Council. All contracts, including those related to the Capital Improvement Program and toll rate changes must be approved by the Governor and Council. The State Treasurer, pursuant to the Act, is empowered to issue bonds to finance improvements to the Turnpike System upon authorization by the Governor and Council.

Budget and Appropriation Process

The Legislature meets annually but adopts its budget on a biennial basis. Prior to the beginning of each biennium, all departments of the State, including the Department of Transportation, are required by law to transmit to the Commissioner of the Department of Administrative Services requests for capital expenditures, as well as estimates of their administration, operation and maintenance expenditure requirements for each Fiscal Year of the ensuing biennium.

Capital expenditure requests are summarized by the Commissioner of the Department of Administrative Services, who submits the summary to the Governor. After holding public hearings and further evaluation of selected projects, the Governor prepares a capital budget for submission to the Legislature.

In conjunction with the receipt of operating budget estimates, the Commissioner of the Department of Administrative Services prepares an estimate of the total income of the State for each Fiscal Year of the ensuing biennium. Based upon the expenditure estimates the Commissioner has received and the revenue projections the Commissioner has made, the Commissioner prepares a tentative budget for the ensuing biennium, which is transmitted to the Governor. The Governor then holds public hearings on the tentative operating budget and prepares the final budget proposal, setting forth the Governor's financial program for the following two Fiscal Years.

By February 15 of each odd-numbered year, both the capital and the operating budgets must be submitted to the Legislature for its consideration. A final budget is approved by the Legislature and presented to the Governor to be signed into law or vetoed. If the Governor vetoes the budget, it is returned to the Legislature for an override vote or further legislative action.

Once the budget becomes law, it represents the authorization for spending levels of each State department during the next two Fiscal Years. If the Governor determines that additional appropriations are necessary, the Governor may submit supplemental estimates of such appropriations to the Legislature for its approval.

In addition to the budget procedures set forth above, the State is required by the Bond Resolution to file with the Treasurer, for each Fiscal Year, an annual budget relating to the Turnpike System. This budget must be consistent with the biennial budget enacted by the Legislature.

Department of Transportation

The Department of Transportation is administered by a Commissioner, an Assistant Commissioner and a Deputy Commissioner. The Commissioner, the Assistant Commissioner and the Deputy Commissioner are appointed by the Governor and are confirmed by the Governor and the Council for four-year terms. The Commissioner of the Department of Transportation has overall responsibility for the general supervision, control and direction on behalf of the Department of Transportation over all matters pertaining to location, alteration, construction, reconstruction and maintenance of the State's 4,268 miles of State highways and 2,120 bridges, including the Turnpike System.

The following individuals are the principal administrators of the Department of Transportation and the Capital Improvement Program:

George N. Campbell, Jr., Commissioner of the Department of Transportation. Mr. Campbell took office on May 19, 2008 as Commissioner of the New Hampshire Department of Transportation. Mr. Campbell has extensive experience in public service in executive leadership posts in state government and elected office, having previously served as Commissioner of the Department of Transportation and Commissioner of Economic Development for the State of Maine, and as a City Councilor and Mayor of Portland, Maine.

In the private sector, Mr. Campbell has been president of four companies, including an inter-modal transportation business and a commercial real estate business. The Portsmouth, New Hampshire resident has lent his leadership expertise to numerous community boards, including the Executive Committee of the Portsmouth Music Hall.

George Campbell earned his Bachelor's of Arts Degree and Master's Degree in Public Administration from the University of Maine.

David J. Brillhart, P.E., Assistant Commissioner of the Department of Transportation. The Assistant Commissioner serves as Chief Engineer for the Department of Transportation. Mr. Brillhart graduated from the University of New Hampshire with a B.S. degree in Civil

Engineering (1978). He has been employed by the Department of Transportation since 1978 and performed various functions in the Bureaus of Bridge Design and Highway Design. He served as Assistant Director of Project Development and was appointed to Director in 2002. He was appointed Assistant Commissioner in 2004.

Christopher D. Clement, Sr., Deputy Commissioner of the Department of Transportation. Mr. Clement took office on October 8, 2008 as Deputy Commissioner of the New Hampshire Department of Transportation. Mr. Clement brings to the Department of Transportation leadership experience through serving in both public and private sector environments. Most recently, as the Director of Engineering and Facilities Operation at Pease Development Authority, and prior to that, years of increasing leadership experience culminating as the Director of Global Commercial Product Management with Goss International, Inc. of Dover, New Hampshire.

Mr. Clement has earned a B.S. in Mechanical Engineering from the University of New Hampshire, and an M.B.A. degree from Southern New Hampshire University.

William J. Cass, P.E., Director of Project Development, Department of Transportation. This Division is responsible for the planning, design, and construction of highway and bridge projects, including the Turnpike System Capital Improvement Program. Mr. Cass was appointed to his current position in 2007. Prior to that he served as the Assistant Director of Project Development for 3 years. He is Project Director, formerly Project Manager, for the I-93 reconstruction and widening project from Salem to Manchester, and has been involved with the project throughout its development. He has 23 years of experience in various design and management capacities for the Department of Transportation. He has a B.S. in Civil Engineering degree from the University of New Hampshire (1985).

Lyle Knowlton, P.E., Director of Operations, Department of Transportation. The Director of Operations oversees maintenance of all State highways and bridges, and all the functions of the Bureau of Turnpikes. Mr. Knowlton graduated from Clarkson University with a B.S. degree in Civil Engineering (1972) and was awarded a Masters of Business Administration from Plymouth State College (1984). He has over 25 years of experience with the Department of Transportation including serving as the Chief of the Consultant section within the Bureau of Highway Design from 1992 to 1998 and Administrator of the Bureau of Traffic from 1998 to 2000.

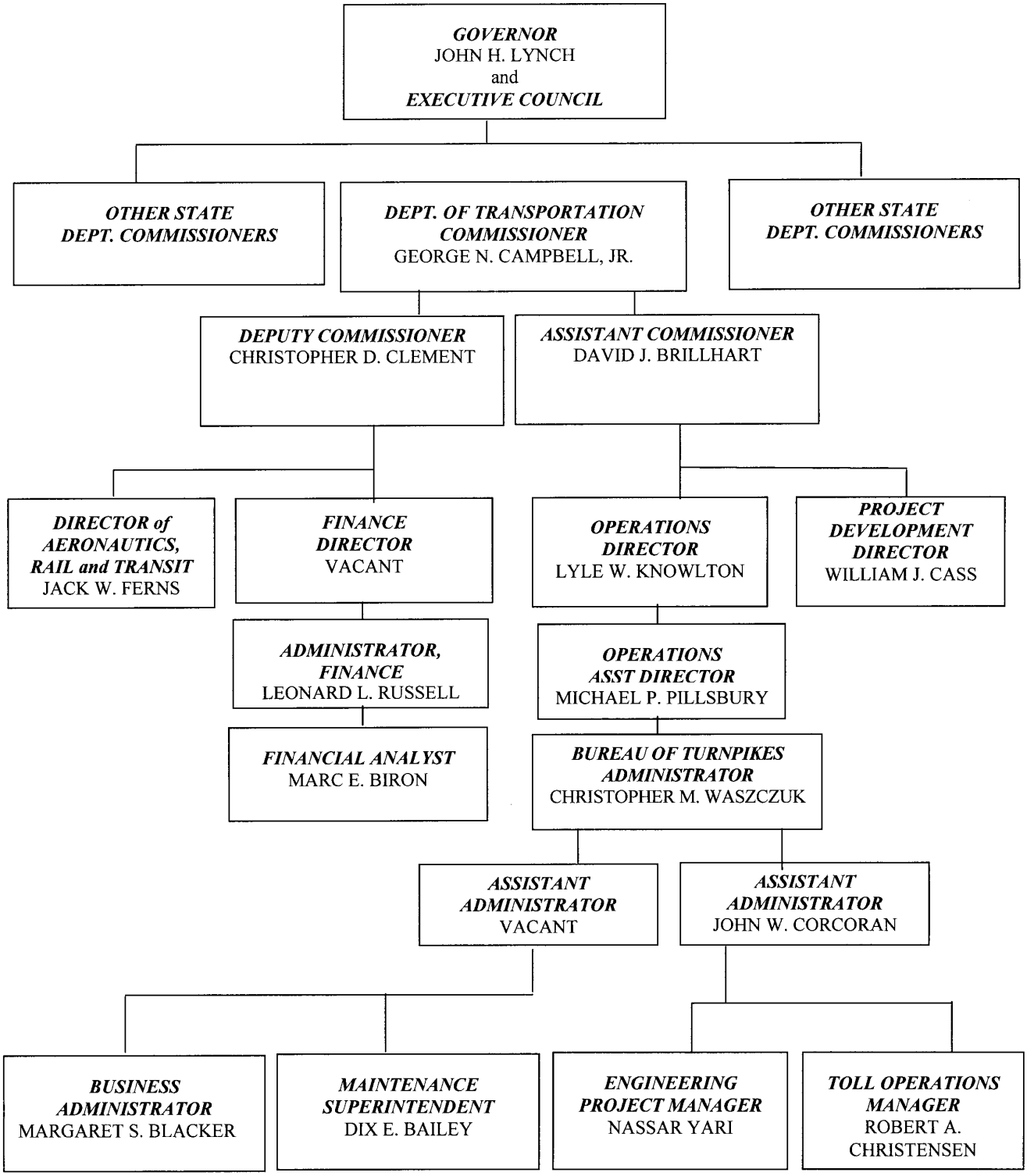
Leonard L. Russell, CPA, Finance Administrator of the Department of Transportation. The Administrator directs and supervises the operations of the Division of Finance and oversees all fiscal activities of the Department. Mr. Russell graduated from Southern New Hampshire University with a B.S. degree in Accounting and maintains a current license with the State as a certified public accountant. He has been employed by the Department of Transportation since 2006 and has twenty years experience with the State in budget, accounting, policy and procedures.

Marc E. Biron, CFA, Financial Analyst. Mr. Biron has held this position since 2008. Prior to joining the Department of Transportation, he worked in the private sector in the banking

field for over 10 years. Mr. Biron has a B.S. degree in Biology from Tufts University and an M.B.A. degree from the University of New Hampshire in 1992.

The following chart shows the organization of State government relating to the Turnpike System:

ORGANIZATION CHART



The Department of Transportation comprises four Divisions (Operations, Project Development, Administration, and Aeronautics, Rail and Transit) as described below.

Operations

The Division of Operations maintains and supervises the State's transportation network and maintains the Department of Transportation's equipment.

The Bureau of Turnpikes is within the Operations Division of the Department of Transportation. The organizational structure of the Bureau of Turnpikes consists of four major sections: Toll Operations, Maintenance, Engineering and Administration. All managers of the Turnpike sections report to the Administrator of Turnpikes who, in turn, reports to the Director of Operations of the Department of Transportation. As of September 30, 2009, of the 240 permanent employee positions of the Bureau of Turnpikes, 153 are assigned to Toll Operations, 69 are assigned to the Maintenance section, 6 are assigned to the Engineering section and 18 are assigned to Administration. The Bureau of Turnpikes is responsible for maintenance and operation of the approximately 89-mile Turnpike System, which includes 617 lane miles, 164 bridges, 49 interchanges and 20 facilities, consisting of: 10 toll plazas, 5 maintenance facilities, 4 welcome areas and 1 park. The Bureau of Turnpikes coordinates with the Project Development Division, which is responsible for the Capital Improvement Program Projects relating to the Turnpike System.

An Assistant Administrator position was recently vacated (October 7, 2009) with duties re-assigned to Bureau section heads. The need for the Assistant Administrator position in its current capacity and the potential for its re-classification within the Bureau are being evaluated. The following individuals are the principal administrators of the Bureau of Turnpikes:

Christopher M. Waszczuk, P.E., Administrator of the Bureau of Turnpikes. Mr. Waszczuk was named the Administrator of the Bureau effective October 23, 2009, serving as the interim Administrator since June 1, 2009. Mr. Waszczuk began his career with the Department in September 1985 in the Highway Design Bureau. He left Highway Design in April of 1986 for a position in Bridge Design, where he spent the next 13 years. In January 1999, Mr. Waszczuk was promoted to Project Manager and in October 2005 to Chief Project Manager within Project Development. Mr. Waszczuk received his Bachelor of Science in Civil Engineering in 1983 from the University of Massachusetts at Amherst and is a registered Professional Engineer in the State of New Hampshire.

John W. Corcoran, P.E., Assistant Administrator of the Bureau of Turnpikes. Mr. Corcoran became the Assistant Administrator of the Bureau of Turnpikes overseeing Tolls and Engineering in October of 2006. Prior to joining the Bureau of Turnpikes, he had served as the Assistant Administrator of the Traffic Bureau from October of 2000. He began his career with the Highway Design Bureau in 1989 after receiving his Bachelor of Science in Civil Engineering from Clarkson University and is a registered Professional Engineer in the State of New Hampshire.

Margaret S. Blacker, Business Administrator of the Bureau of Turnpikes. From 1989 to 1995, Ms. Blacker worked for the Department of Transportation's Bureau of Budget and Finance and was responsible for the preparation of audit-quality financial statements for the Turnpike

System. After working for the Department's Bureau of Public Works as the Business Administrator from 1995 to 1998, she began working for the Bureau of Turnpikes, where she is responsible for financial management and analysis. Ms. Blacker has a B.S. degree in Accounting from Franklin Pierce College and completed her M.B.A. program with New Hampshire College in the spring of 2000.

Nassar Yari, P.E., Engineering Project Manager of the Bureau of Turnpikes. Mr. Yari joined the Bureau of Turnpikes in July of 2005. Prior to this, he had worked with the Department of Transportation's Bureau of Construction as a Contract Administrator from 1985 to 2005. Mr. Yari is responsible for coordinating/assisting in Turnpike expansion projects and renewal-replacement projects for the Bureau of Turnpikes. He received his M.S. in Civil Engineering in 1986 and a B.S. in Civil Engineering in 1984 from the University of New Hampshire.

Dix E. Bailey, Maintenance Superintendent of the Bureau of Turnpikes. Mr. Bailey began his career with the Department of Transportation in 1984 as a laborer. He has held several positions in Project Development up to and including Geological Exploration Superintendent before being promoted to his current position in February of 2005.

Robert A. Christensen, Toll Operating Manager of the Bureau of Turnpikes. Mr. Christensen became the Toll Manager in November 2007 following executive positions as Headmaster of Boxford Academy, Town Administrator of Weare, NH, and Senior Pastor of Christ Community Church. Mr. Christensen is responsible for all aspects of toll operations including both the E-ZPass electronic toll collection system and a workforce of over 350 personnel. He holds the Certificate of Advanced Graduate Studies degree in Educational Leadership from Plymouth State University, Master of Arts in Religion from Liberty University, and the Post Graduate of Theology from Boston Baptist College. He earned the title of Certified Public Manager in 2005.

Toll Operations Section. The Toll Operations section manages the toll collection activities at all toll plazas. Toll Operations is responsible for collecting and preparing all toll receipts for pickup by a security service. Processing of receipts is done by a banking institution. The bank counts and deposits the receipts daily in the Turnpike System account and provides data and reports to the Turnpike System. Turnpikes Administration Section (below) audits the toll collection data and presents the results of the audits to Toll Operations and Turnpike Management. All electronic E-Zpass transactions are processed by the customer service center, which provides monthly reporting of customer activity. The reporting of revenue is reviewed and audited by the Turnpike Administration section.

There are presently 10 toll plazas comprised of 5 main line plazas and 5 ramp plazas. There are a total of 87 lanes of toll operation on the Turnpike System with 30 dedicated E-ZPass lanes. The number of E-ZPass lanes is predicated on the expected E-ZPass usage. The Turnpike System has 101 lane sets of equipment, including equipment providing the capability for reversible lanes.

Maintenance Section. The Maintenance Section is responsible for the year-round maintenance of the entire Turnpike System and the operation of 4 welcome areas, 2 of which are

located in Hooksett on the F.E. Everett Turnpike and one each in Seabrook on I-95 and on the F.E. Everett Turnpike in Nashua. In addition, the Turnpike System maintains Hilton Park on the Spaulding Turnpike in Dover.

Winter maintenance of the Turnpike System is primarily concerned with the removal of snow and ice from the roadways and toll plazas. Summer maintenance involves drainage cleanout, guardrail repairs, vegetation control, the repair of property damage, litter control and small improvement projects.

The Bureau of Turnpikes owns its own fleet of vehicles for maintenance activities. The Bureau of Turnpikes operates 46 plow trucks, 9 wheel-loaders, 26 mowing tractors, 2 backhoes, a heavy sign truck, a heavy bridge crane truck, 2 street sweepers and a grader. In addition, during winter maintenance, plow and salting trucks are hired from private contractors on an as-needed basis to supplement the permanent fleet and facilitate the removal of snow and ice from the highways.

There are five maintenance facilities on the Turnpike System. The heavy equipment mechanics, formerly Turnpike employees, are now under the direction of the Bureau of Mechanical Services. They utilize the Merrimack Maintenance Facility on the Central Turnpike and the North Hampton Satellite Garage and Dover Maintenance Facility on the Eastern Turnpike to maintain turnpike vehicles in good working condition. The Bureau of Turnpikes replaces major items of equipment (i.e. trucks, cars, pay loaders, tractors) in a timely manner in order to ensure that an efficient fleet of vehicles is available to maintain the Turnpike System.

Engineering Section. The Engineering section is responsible for the oversight and management of the Renewal and Replacement Program (see "THE TURNPIKE SYSTEM – Maintenance of the Turnpike System" below) as well as the Capital Improvement Program for the Turnpike System.

The section acts as an administrative liaison between the Bureau of Turnpikes and private contractors and designers. In addition, the Engineering section manages and coordinates the granting of encroachment permits on the Turnpike System.

Administration Section. The Administration section is responsible for administration and financial activities of the Bureau of Turnpikes, including budget preparation, financial reconciliation, audit functions, accounts payable, accounts receivable and payroll. It accounts for the expenditure of the Turnpike System's operating funds as authorized by the State Legislature. These data flow into the Department of Transportation's Bureau of Finance and Contracts, and are processed and entered into the statewide accounting and budgeting system.

Other Services. Other Divisions and Bureaus in the Department of Transportation provide assistance and support to the Bureau of Turnpikes for its operations, particularly during the reconstruction and construction associated with the Capital Improvement Program, as well as programs of a continuing nature. These Divisions and Bureaus invoice the Bureau of Turnpikes for all services provided to the Bureau of Turnpikes.

A special bridge maintenance crew under the supervision of the Bridge Maintenance Engineer performs routine maintenance on the 164 bridges on the Turnpike System.

A special sign crew under the supervision of the Traffic Bureau Engineer performs routine sign maintenance on the Turnpike System.

The State Police patrol the Turnpike System, and costs for this service are reimbursed from Turnpike System funds. The State Police are supervised solely by the Department of Safety, and not by the Department of Transportation.

The Bureau of Mechanical Services provides the maintenance for the motorized fleet of vehicles at the Bureau of Turnpikes.

The Bureau of Traffic manufactures all signs for the Turnpike System, erects heavy signs, performs pavement marking and maintains traffic signals.

Project Development

The Division of Project Development is responsible for transportation engineering including planning, design, right of way acquisition, materials research and testing, and construction administration of all transportation projects. The Division is responsible for assuring that all highway projects and programs identified by the office of the Commissioner of the Department of Transportation are implemented, and for maintaining a coordinated management effort in carrying out the State's highway transportation programs, including the Capital Improvement Program for the Turnpike System.

Finance

The Division of Finance is responsible for all departmental (including Turnpike System) accounting, purchasing and budget control, property, contracts and grants management, data processing, assistance with departmental planning, inventory control, printing and issuance of permits, registrations and licenses. The Department of Transportation's Bureau of Finance and Contracts operates a computerized general ledger system that produces financial statements.

A search is underway to fill the vacant Finance Director position. In the interim, the Administrator for the Bureau of Finance and Contracts is responsible for overseeing the Finance functions.

Aeronautics, Rail and Transit

The Division of Aeronautics, Rail and Transit has responsibilities involving several of the State's various modes of transportation, including aviation, rail, transit, bicycle, and pedestrian.

The Division bureaus have many similar functions, including statewide responsibility for federal and/or state aid for airports, railroad, public/mass transportation programs, and regulatory and safety inspection programs.

In addition to planning functions, the Division provides input and guidance to the many providers and users of the state's inter-modal transportation system.

Personnel

Labor Relations

A single labor organization, the State Employees Association of N.H. Inc. ("SEA"). represents all State employees with the exception of certain law enforcement employees. This labor organization is affiliated with the Service Employees International Union ("SEIU") as Local 1984, AFL-CIO, CLC (Canadian Labor Council). All Bureau of Turnpikes employees may join this organization. Approximately 64% of all State employees are members of SEA, including approximately 64% of the employees of the Turnpike System. Labor relations between the Bureau of Turnpikes and its employees traditionally have been satisfactory. Strikes by State employees are illegal under state law.

Every two years a new collective bargaining agreement is negotiated, which provides certain rights and procedures to protect the interests of all State employees. The two-year agreement period coincides with the State's operating budget. The next round of negotiations with the State's three unions for the 2009 – 2011 collective bargaining agreements began in December 2008. The State has collective bargaining agreements with the SEA, the New Hampshire Troopers Association (the "NHTA"), and the New England Police Benevolent Association (the "NEPBA") that were effective July 1, 2007 and expired on June 30, 2009. The State reached a tentative agreement with the SEA in September, 2009 which the union membership failed to ratify on October 12, 2009. As a result of the failure to ratify the contract, the State laid off an estimated 250 employees and demoted another 60 employees by November 1, 2009. The layoffs were made at agencies funded from General Fund expenditures, and accordingly, none of the layoffs or demotions were at the Bureau of Turnpikes. The State will continue to negotiate with all three unions, the SEA, the NHTA and the NEPBA. Their expired contracts will continue in effect until new contracts are finalized. At this time, it is not possible to determine the likely terms of the new contracts or the financial impact on the Turnpike System.

Pensions and Other Benefits

All full-time classified State employees, including all full-time permanent Bureau of Turnpikes employees, are required to become members of and make contributions to the New Hampshire Retirement System (the "Retirement System"). The June 30, 2009 actuarial valuation is currently expected to be completed by November 30, 2009. As of June 30, 2009, the actuarial value of the net assets available to pay benefits of the combined retirement and health insurance subsidy programs is estimated by the Retirement System to be approximately $5.074 billion. The total pension and health insurance subsidy actuarial liability at June 30, 2009 is estimated by the Retirement System to be approximately $9.162 billion, resulting in an estimated combined unfunded pension and health insurance subsidy actuarial liability at June 30, 2009 of approximately $4.088 billion. The estimated combined funding ratio as of June 30, 2009 is 55.4%. The results of the June 30, 2009 actuarial valuation will be used to determine employer contributions for the 2012-2013 biennium. The State currently estimates that employer contribution could increase by 20-30% in the next biennium, although the actual employer contribution rates will depend on many factors that cannot now be determined. The Turnpike System incurred approximately $715,000 of costs in Fiscal Year 2009 related to pension and

health insurance subsidy contribution and has budgeted approximately $1 million for Fiscal Year 2010.

In addition to retirement benefits, as state employees and eligible retirees, Turnpike System employees and eligible retirees receive a choice of low-cost health plans and a dental plan in accordance with the collective bargaining agreement described above. The Turnpike System will contribute approximately $3.6 million toward health insurance and $0.2 million toward dental insurance during Fiscal Year 2010.

THE TURNPIKE SYSTEM

General Description

The Turnpike System as shown on the map on page iv presently consists of 89 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System, comprising a total of approximately 617 total lane miles. Since beginning operations in 1950, the Turnpike System has contributed to the development of the New Hampshire economy. It has also been a major factor in the growth of the tourist industry in the State. The Turnpike System comprises three limited access highways: the Blue Star Turnpike (I-95) and the Spaulding Turnpike which are collectively referred to as the Eastern Turnpike and the Central Turnpike (also known as the F.E. Everett Turnpike). The major cities located in the central and southern sections of New Hampshire are primarily served by the Turnpike System. See "DEMOGRAPHIC AND ECONOMIC DATA", set forth in Appendix B, for a general description of the State and its economy, including population, economic activity, employment, personal income, state and local taxation, housing, education, utilities, banking and transportation.

Currently, no food, gas or vehicle service facilities are located on the Turnpike System, with the exception of vending machines at the Hooksett and Seabrook rest areas. Motorist services are located near most interchanges on the Turnpike System and are privately operated. State operated liquor stores are located at two rest areas on the Central Turnpike and at two sites along the Blue Star Turnpike (I-95). The Bureau of Turnpikes does not receive any revenue from the liquor store operations which are under the supervision of the State's Liquor Commission, or from the vending machines which are under the supervision of the Department of Administrative Services.

The State is currently considering the Hooksett rest area redevelopment project that proposes to redevelop the existing northbound and southbound rest areas and State liquor stores, which are located north of the Hooksett Toll Plaza, into new service area facilities with new State liquor stores. The redevelopment proposal involves the issuance of a request for proposals (RFP) to procure a developer/operator through a ground lease arrangement. The new service areas are envisioned to offer major branded and/or locally recognized food concepts and will be anchored with the new State liquor stores. Although these facilities will be an attractive option for travelers on the Turnpike, the project is not envisioned to have an effect on traffic. Any potential added revenue to the Turnpike System will be determined through the RFP process.

Also under consideration, the Hampton High Volume Discount Gas Facilities project proposes to develop high volume discount gas facilities at the existing Liquor Store locations on I-95. The development proposal involves the issuance of a Request for Proposals (RFP) to procure a gas station developer/operator through a ground lease arrangement. The gas dispensation facilities are envisioned to include a small convenience food store and sell gasoline at a competitively discounted rate. Although these gas facilities will be an attractive option for travelers on the Turnpike, the project is not envisioned to have an effect on traffic. Any potential added revenue to the Turnpike System will be determined through the RFP process.

Eastern Turnpike

Blue Star Turnpike (I-95)

The Blue Star Turnpike segment of the Turnpike System extends from the Massachusetts state line in Seabrook, New Hampshire to the Maine state border in Portsmouth, New Hampshire. It is 16.2 miles in length and constitutes a portion of US Interstate Highway 95. On August 25, 2009, the Turnpike System acquired a 1.6 mile section of highway from the State's Highway System, connecting the Blue Star Turnpike to the Maine border. The Blue Star Turnpike serves as the major connecting road between the states of Maine and Massachusetts. It also parallels the seacoast and, as such, is the major artery for tourist traffic to the New Hampshire coast from Massachusetts and Maine. The route also connects with several major highways in New Hampshire, including Route 101, Route 4 and the Spaulding Turnpike. Two toll plazas are located in Hampton, one for main line traffic and one for vehicles entering and leaving the Turnpike System.

A maintenance facility and a Park and Ride facility to encourage car pooling are located in Hampton. A welcome center is located in Seabrook with parking for motorists and commercial vehicles. This facility now provides a larger building than the former Seabrook rest area, allowing for increased convenience for the Turnpike System patrons. Currently, there are plans to pursue the Hampton high volume discount gas facilities project, which proposes to develop high volume discount gas facilities at the existing Liquor Store locations on I-95. The development proposal involves the issuance of a Request for Proposals (RFP) to procure a Gas Station Developer/Operator through a ground lease arrangement. The gas dispensation facilities are envisioned to include a small convenience food store and sell gasoline at a competitively discounted rate.

I-95 Acquisition

The Bureau of Turnpikes owns and maintains the entirety of Interstate 95 (I-95) within the New Hampshire state limits. The only exception to this had been a 1.6-mile portion of I-95 in Portsmouth that extends to the Maine state line. This section of I-95 was transferred on August 25, 2009 to create a complete segment of the Turnpike from the Massachusetts state line to the Maine border. Although this 1.6-mile section of I-95 was owned by the State, the Bureau of Turnpikes maintained this segment and billed the State for the maintenance expenses on an annual basis.

As part of legislation passed under Section 76 of Chapter 144, Laws of 2009 ("Chapter 144"), the Department of Transportation conveyed the 1.6-mile section of I-95 to the Bureau of

Turnpikes. The legislation established a payment schedule for the $120 million acquisition price with interest (at the State borrowing rate) to be paid over a maximum 20-year term. Pursuant to Chapter 144, the Department of Transportation and the Bureau of Turnpikes entered into a Transfer Agreement that set forth a payment schedule, including $30 million to be paid in Fiscal Year 2010, $20 million to be paid in Fiscal Year 2011 and the balance to be paid in approximately equal installments of $5.9 million annually in each Fiscal Year until 2030. To date, $15 million has been paid and an additional $15 million will be paid on or about December 1, 2009. The interest rate applicable to this obligation is 4.00%. All amounts are payable solely from the General Reserve Account and the obligation is subordinate to all obligations with respect to the Bonds. The amounts paid and payable in Fiscal Year 2010 and 2011 will be made from available funds now held in the General Reserve Account, the balance of which was $60.4 million at the end of Fiscal Year 2009. The remaining balance after fiscal year 2011 is expected to be paid from additional amounts expected to be available in later years.

The consultant firm of HNTB completed an assessment of the 1.6-mile section of I-95 identifying an asset value of $120 million in a report dated February 9, 2009. HNTB gathered and reviewed the historical inspection data, performed visual inspections, and assessed the Renewal and Replacement Program work completed on this section of road. HNTB used three methodologies to identify the value: Governmental Accounting Standards Board's Statement ("GASB") 34, Replacement Value Method less future improvement costs, and a Hybrid Method using GASB 34 for the bridges and replacement value for the roadways.

Despite the appraised $120 million market value, related party transaction accounting rules require that the Interstate 95 asset transfer to the Turnpike System be recorded at the asset's book value, net of accumulated depreciation, in the Highway Fund at the date of purchase. The net book value at the August 25, 2009 transfer date was $4.2 million. Since the purchase price of the asset was $120 million, the Turnpike System will record an extraordinary loss of $115.8 million in Fiscal Year 2010.

Concurrent with the transfer, the Department advertised two projects to rehabilitate and renew the aforementioned section of I-95. The first project (Portsmouth 15678 advertised for bids in May 2009) involves pavement rehabilitation and resurfacing, replacement of existing deficient guardrail, and some modifications to the median drainage. Also included were rehabilitation and preservation work on the four I-95 bridge decks. Work started in July 2009 and is scheduled to be completed in August 2010. This project cost $5.4 million and is funded with federal funds under the American Recovery and Reinvestment Act (ARRA) program. A second project (Portsmouth 14376 advertised for bids in August 2009) involves painting the Piscataqua River Bridge approaches carrying I-95 over the Pan-Am Railroad, Ranger Way, and Preble Way. Work is scheduled to be completed in September 2011. This project is estimated to cost $9.0 million and is funded with federal bridge aid funds.

In accordance with the provisions in Chapter 144, the high level bridge on Interstate Route 95 over the Piscataqua River is eligible for federal funds and state highway funds. In the event of emergency repairs or repair to damage from a catastrophic event, the Department of Transportation, rather than the Bureau of Turnpikes, shall remain liable for such repairs to the high level bridge. The Bureau of Turnpikes is responsible for the routine maintenance of the bridge. Since no new toll plazas will be constructed, this section of highway remains eligible for

federal funds. No federal funds from the original construction are required to be repaid as a result of the transfer.

A toll increase of 50 cents for passenger cars and $1.00 for commercial vehicles was implemented at the Hampton main line plaza on July 1, 2009 to generate additional toll revenue to pay for this acquisition as well as other elements of Chapter 144 and to provide additional funds for the current Capital Improvement Program.

Spaulding Turnpike

The Spaulding Turnpike segment of the Turnpike System, including the 11.2 mile Spaulding Turnpike extension, extends from Portsmouth, New Hampshire to Exit 18 in Milton, New Hampshire. It is 33.2 miles in length and is a part of the major north-south artery in the eastern corridor of the State. This segment of the Turnpike System connects the Blue Star Turnpike (I-95) to Route 16 (a major roadway to northern New Hampshire in the eastern portion of the State). It connects the major cities of eastern New Hampshire (Portsmouth, Dover and Rochester) and intersects with several other major highways (State Routes 4, 11 and 125 and U.S. Route 202). It has two toll plazas located in Dover and in Rochester, a maintenance facility located in Dover and a Park and Ride facility at Exit 9 in Dover. Maintenance on the Spaulding Turnpike extension is provided by the Department of Transportation's Bureau of Highway Maintenance, which bills the Bureau of Turnpikes for services. In addition, for the convenience of the Turnpike System patrons, a park with picnic facilities is provided at Hilton Park in Dover.

Central Turnpike (F.E. Everett)

The Central Turnpike, commonly known as the F.E. Everett, extends from the Massachusetts state line in Nashua, New Hampshire to Exit 14 in Concord, New Hampshire. Its distance is 39.5 miles and, in part, constitutes portions of US Interstate Highways 93 and 293. The Central Turnpike connects three urban centers in New Hampshire (the cities of Concord, Manchester, and Nashua). The route also connects with the major East-West roads in New Hampshire (Route 101, Route 4 and I-89). Six toll plazas are located on the Central Turnpike: two at Hooksett (main line and ramp), a main line plaza in Bedford, and ramp plazas in Merrimack at Bedford Road, Exit 11 and Merrimack Industrial Interchange. There are maintenance facilities in Nashua, Merrimack and Hooksett. Park and Ride facilities are provided in Hooksett and Nashua.

In addition, two rest areas for information and rest room facilities are provided in Hooksett for the convenience of Turnpike System patrons. Current plans envision a project to redevelop Hooksett rest areas. The project proposes to redevelop the existing Northbound and Southbound rest areas and State liquor stores, which are located north of the Hooksett Toll Plaza into new service area facilities with new State liquor stores. The re-development proposal involves the issuance of a Request for Proposals (RFP) to procure a developer/operator through a ground lease arrangement. The new service areas are envisioned to offer major branded and/or locally recognized food concepts and will be anchored with the new State liquor stores.

The Central Turnpike also has a welcome center at Exit 6 in Nashua. Bus service to Boston is now available from this facility as well as from the Park and Ride at Exit 8. The

widening of the Central Turnpike in Nashua from the Massachusetts state line to the Exit 8 interchange has been completed. This section of reconstructed highway includes a highway interconnect from the Exit 2 interchange in Nashua to Route 3A in Hudson.

Maintenance of the Turnpike System

The Turnpike System (other than the Spaulding Turnpike extension) is maintained and repaired by the Bureau of Turnpikes of the State Department of Transportation. All maintenance and repair costs have been funded from turnpike operating revenues since the beginning of the Turnpike System in 1950. The Turnpike System funds Renewal and Replacement Costs from the Turnpike General Reserve Account. Although not required by the Bond Resolution, it is the State's policy to set aside $2,000,000 of its General Reserve Account for unanticipated Renewal and Replacement Costs.

Since 1986, the Bureau of Turnpikes has resurfaced an average of approximately 10% of the total lane miles of the Turnpike System each year, with the exception of Fiscal Years 2005 and 2006 (during which no resurfacing was performed), repaired and planned for the rehabilitation of at least one bridge each year, provided needed updating and repairs of the heating systems and emergency generators at all facilities, and performed other repairs as needed. The Bureau expects to continue to resurface sufficient lane miles annually in order to complete a full repavement cycle of the entire Turnpike System every ten years (the "Renewal and Replacement Program").

Due to the costs associated with the introduction of the E-ZPass program, the Bureau of Turnpikes deferred certain expenditures associated with Renewal and Replacement Costs during Fiscal Years 2005 and 2006. Since appropriations for Renewal and Replacement expenditures associated with Renewal and Replacement Costs do not lapse and can be carried forward to subsequent years, unspent prior Fiscal Year appropriations are available in future Fiscal Years. The contracted independent engineering consultant, HNTB, completed a review and assessment of the Renewal and Replacement Program on October 13, 2006. The program was accelerated to meet HNTB's recommendations beginning Fiscal Year 2007 and continued into 2010.

For Fiscal Years 2010 through 2014, the Turnpike System's proposed budget for Renewal and Replacement Costs currently totals $52,672,000, including $3,772,000 of budgeted amounts unspent and carried forward from prior years, with major expenditures for resurfacing, bridge rehabilitation, bridge painting and major sign rehabilitation and toll plaza canopy repairs. The following projects are planned for Fiscal Year 2010 through 2014 as part of the Renewal and Replacement Program:

- Contracted overhead sign structure replacement and sign replacement program.
- Resurfacing on Central and Eastern Turnpike.
- Rehabilitation of six (6) bridges.
- Paint two (2) bridges on the Blue Star Turnpike.
- Toll plaza canopy roof replacement and painting.
- Toll plaza emergency generator replacements.
- Guard rail upgrades and replacements.
- Safety rumble strips on roadway shoulders.

- Installation of concrete median barriers.
- Replacing concrete structural slab at toll plazas.
- Drainage replacement and repairs.

Historically there have been fluctuations in annual expenditures for the Renewal and Replacement Program. The number of lane miles requiring resurfacing varies from year to year. Beginning in Fiscal Year 1988, a Bridge Rehabilitation Program was initiated by the Department. The Department's Bridge Rehabilitation Program rehabilitates and widens bridges on the Turnpike System that are approximately forty years old and are not included as part of the Capital Improvement Program. Bridges less than forty years old will receive continuing preventive maintenance and minor rehabilitation by the Turnpike Bridge Maintenance crew, which are not funded as in the Renewal and Replacement Program, but are part of the operating budget of the Bureau. The Department's Bridge Rehabilitation Program for the Turnpike System will rehabilitate at least one bridge annually and the program is expected to continue to address bridge rehabilitation requirements of the Turnpike System in order to maintain a sufficiency rating on all bridges of "good," or better. Bridges not included for repairs in the current Bridge Rehabilitation Program are either in a turnpike study area or are scheduled for replacement in the Capital Improvement Program.

The following table indicates the funds expended on a GAAP basis since Fiscal Year 1998 and projected expenditures for the Renewal and Replacement Program for the Turnpike System through Fiscal Year 2014. These amounts do not include an estimated average annualized cost of $800,000 beginning in Fiscal Year 2012 for bridge maintenance renewal work associated with the five I-95 Bridges transferred as part of the I-95 1.6-mile acquisition.

RENEWAL AND REPLACEMENT EXPENDITURES
FISCAL YEARS 1998 THROUGH 2014
GAAP BASIS AND BUDGET ($000's)

	Fiscal Year	Amount
GAAP Basis	1998	$ 3,982
	1999	4,049
	2000	4,112
	2001	5,928
	2002	5,724
	2003	7,058
	2004	4,973
	2005	3,114
	2006	4,567
	2007	8,552
	2008	11,842
	2009	7,150*
Budget	2010	13,372**
	2011	9,800***
	2012	9,200***
	2013	9,800***
	2014	10,500***

* This amount is unaudited.
** Unaudited, includes carry forward from Fiscal Year 2009 of $3,772 plus budget amount of $9,600
*** Proposed budget amount

Renewal and Replacement expenditures in Fiscal Year 2009 were reduced from prior years due primarily to contract award and payment timing issues. Pursuant to New Hampshire Revised Statue Annotated 237:49-a, unspent budgeted amounts do not lapse and are carried forward into future fiscal years.

Management's Discussion of the Turnpike System

Condition of the Turnpike System Facilities

The Department of Transportation believes that the Turnpike System continues to receive adequate preventive maintenance, allowing for facilities to be maintained in good condition. The Turnpike Independent Engineer, HNTB, conducted a Renewal and Replacement Program assessment dated October 13, 2006 and it reported the infrastructure of the System to be in generally good condition. The State continues to appropriate sufficient funds to provide for renewal and replacement of facilities as scheduled. These include such items as resurfacing of main line roadways and interchange ramps in addition to a Bridge Rehabilitation Program which includes bridge deck replacement and substructure repair.

The Department of Transportation believes that the current plans for operation and maintenance of the Turnpike System, together with the improvements under the Capital Improvement Program, will keep the Turnpike System operationally sound and its condition good to excellent.

All 164 bridge structures on the Turnpike System are inspected every two years and rated by the Department of Transportation's Bureau of Bridge Design in accordance with national bridge inspection standards. The Department's Bridge Rehabilitation Program through Fiscal Year 2014 includes six bridges scheduled for rehabilitation and two scheduled for painting in Fiscal Years 2010-2014 (the "Bridge Rehabilitation Program").

Funding for the Bridge Rehabilitation Program is provided through the Capital Improvement Program, the Renewal and Replacement Program and in some cases federal funding.

Renewal and Replacement Costs

The Turnpike System did not expend the full amount of its Fiscal Year 2009 appropriation for Renewal and Replacement Costs due to fluctuations in contract award timing and payment timing. In addition, the appropriation for Fiscal Year 2009 was increased by $1 million to compensate for the effect of higher than expected pavement resurfacing costs. Because that appropriation occurred late in Fiscal Year 2009, it was carried forward to Fiscal Year 2010. Unspent appropriations are carried forward to be spent in future years.

The Department of Transportation projects that appropriations for Renewal and Replacement Costs will be sufficient to meet the needs of the Turnpike System and intends to continue funding in ensuing years to adequately maintain the infrastructure of the Turnpike System.

Historical and Projected Operating Expenses

The Bureau of Turnpikes has projected Operating Expenses that are consistent with the historical expenses, and reflect a continuing commitment to cost effective management and operation. In the judgment of the Department of Transportation, the projected Operating Expenses provide a reasonable estimate of future costs.

Turnpike System Revenue and Traffic Trends

Prior to June 30, 2005, toll revenue comprised five components: cash toll receipts, charge account payments, charge account interest, token sales revenue and miscellaneous income. With the implementation of the E-ZPass electronic toll collection program, cash and E-ZPass are the main components of toll revenue.

Rates of growth in toll revenues may differ from growth in toll transactions due primarily to (i) changes in toll rates, (ii) changes in amounts and utilization of the Turnpike System discount token and commercial charge programs and E-ZPass and (iii) a changing mix of vehicle classes. The last system-wide toll increase was instituted in October 2007. Tolls were increased only at the Hampton main line plaza effective July 1, 2009.

Passenger vehicles traveling the Turnpike System comprised approximately 94% of the total traffic during Fiscal Year 2009, with commercial vehicles at 6%. Up until December 31, 2005, passenger vehicles had been able to use Turnpike System tokens, which provided a 50% toll discount. Up until September 30, 2005, commercial vehicles participating in the Turnpike System commercial charge program had received a 30% discount. See "Toll Collection, Rates and Schedules." The token and commercial charge discount programs were highly popular, with approximately 60% of passenger traffic using tokens and approximately 50% of commercial traffic using the commercial charge discount program during the twelve months ended June 30, 2005. As discussed in "Toll Collection, Rates and Schedules", these discount programs have been terminated and replaced by E-ZPass electronic toll collection program, which offers a 30% discount for passenger vehicles and a 10% discount for commercial vehicles.

The table below shows annual toll transaction and revenue trends for the Turnpike System during the period beginning with Fiscal Year 1995 and ending with Fiscal Year 2009, with toll revenue presented on a cash basis. The figures reported for the quarters-ended Fiscal Years 2009 and 2010 are also cash-based. Fiscal Years 2006 through 2008 differ from the Comprehensive Annual Financial Reports of the Turnpike System, which are reported on a GAAP basis.* Fiscal Year 2009 information is unaudited.

ANNUAL TRAFFIC AND TOLL REVENUE TRENDS
New Hampshire Turnpike System
For the Years Ending June 30, 1995 through 2009

Fiscal Year	Annual Toll Transactions	Percent Change from Prior Year	Annual Toll Revenues	Percent Change from Prior Year
1995	78,485,353	4.8%	$48,030,704	2.6%
1996	81,406,469	3.7	49,237,337	2.5
1997	85,020,788	4.4	52,160,088	5.9
1998	88,987,246	4.7	54,298,452	4.1
1999	94,017,638	5.7	57,080,882	5.1
2000	99,363,028	5.7	60,166,815	5.4
2001	103,583,561	4.3	61,536,675	2.3
2002	107,729,932	4.0	64,371,208	4.6
2003	109,978,691	2.1	64,367,301	(.01)
2004	110,573,506	0.5	65,780,607	2.2
2005	110,040,272	(0.5)	65,956,309	0.3
2006	114,562,787	4.1	76,039,777	15.3
2007	115,457,650	0.8	82,648,923	8.7
2008	113,186,722	(2.0)	100,326,706	21.4
2009	107,653,153	(4.9)	104,429,812	4.1
2009 to September 30	30,457,004		30,488,616	
2010 to September 30	30,696,374	0.7	34,325,277	12.5

*Beginning in Fiscal Year 2006, the figures are derived from the Turnpike System's internal accounting system and do not include property sales or other income. Prior reported figures and figures for the first quarters of Fiscal Years 2009 and 2010 are derived from the Turnpike System's internal, monthly traffic and revenue report, which is prepared from information from the Turnpike System's E-ZPASS and toll collection system vendors, and include other income such as property sales. Fiscal Year 2009 toll revenues are preliminary estimates and are unaudited. The toll revenues for the first quarters of Fiscal Year 2009 and 2010 are also unaudited. All revenue figures exclude charge account interest and miscellaneous income.
SOURCE: New Hampshire Department of Transportation.

Traffic and toll revenue growth began to flatten in Fiscal Year 2003, and the trend continued through Fiscal Year 2005. Many factors contributed to this slowdown in growth, including rising fuel costs, an economic slowdown in the Northeast, harsher winters (but less snow for winter recreation), and fewer travel trips following the terrorist attacks on September 11, 2001.

Revenue growth is higher than traffic growth in Fiscal Years 2004 and 2005, due to one-way toll collection at the Hampton toll plaza during September and October 2003, and July through October 2004. During these periods, tolls at this facility were doubled in the northbound direction, but traffic was only counted northbound and not southbound.

In Fiscal Year 2006, an upgrade to a more sophisticated, more accurate toll collection system likely caused an inflated increase in the transaction count (4.11% increase). Toll transactions decreased from 2007 through 2009 primarily as a result of the economic slowdown and increasing gasoline prices. In addition, traffic diversion resulting from the system-wide toll

rate increase effective October 22, 2007 adversely affected toll transaction counts in Fiscal Years 2008 and 2009.

In Fiscal Year 2006, the discounts on tolls changed with the conversion from token and commercial charge card programs to the E-ZPass program. Beginning July 2005, the discount on tolls was reduced from 50% to 30% for passenger vehicles and from 30% to 10% for commercial vehicles participating in the New Hampshire E-ZPass program. The conversion was completed in August 2005.

The commercial charge card program was effective through September 30, 2005 and tokens were accepted through December 31, 2005, at a discount of 30% and 50%, respectively. This impacted revenue in Fiscal Years 2006 and 2007, as the market share for E-ZPass continued to grow once these programs were discontinued and replaced with the lower discounted E-ZPass program.

The transition to E-ZPass and related upgrades to toll collection systems initially affected the Turnpike System's earnings and cash flows. The capital costs were largely funded using federal funds, thus minimizing impact to Turnpike finances. Operating start-up costs associated with E-ZPass were offset to some extent by the elimination of the token and commercial charge discount programs and efforts by the Turnpike System to reschedule renewal and replacement projects and to control expenses generally. In addition, the Turnpike System planned the transponder distribution program with the assumption that transponder purchases would be capitalized; however, it was determined that the cost of the transponder purchases would be required to be charged to operating expense in the year of purchase. Therefore, due to the initial discount program, additional net expenditures of $1.7 million and $3.3 million were recorded in Fiscal Year 2005 and Fiscal Year 2006, respectively.

In Fiscal Year 2008, toll fares were increased on October 22, 2007 at the Hooksett main line Plaza, Bedford main line plaza, Rochester plaza, Dover plaza, Hampton main line plaza, and Hampton side plaza. This improved earnings and cash flow allowed acceleration of the Capital Improvement Program as well as the Renewal and Replacement Program to the level recommended by the independent engineer, HNTB, in October 2006.

Despite the decline in toll transactions in Fiscal Year 2009, toll revenue continued to increase in that year due to the full effect of the October 2007 toll increase.

On July 1, 2009, fares were increased at Hampton main line toll plaza to fund a portion of the purchase of a 1.6 mile section of I-95 and the current Capital Improvement Program, including the implementation of open road tolling at Hampton (and two other improvements to the Blue Star Turnpike), which is needed to relieve significant congestion issues and environmental concerns. Open Road Tolling (ORT) is the next generation of electronic tolling that allows drivers who have an E-ZPass device to pay their toll electronically without slowing down to pass through a conventional toll lane. ORT is expected to reduce congestion and traffic delays as well as harmful vehicle emissions.

The Hampton main line toll rate increase drove a 12.5% increase in toll revenues on a modest 0.7% increase in toll transactions for the quarter-ended September 30, 2009 over the quarter-ended September 30, 2008.

Major Transportation Projects with Potential Effect on Traffic Volumes (Source: Jacobs Engineering Group Inc., New Hampshire Turnpike System Traffic and Revenue Study, September 24, 2009)

Jacobs Engineering Group ("Jacobs") conducted a traffic and revenue study for the New Hampshire Turnpike System. Jacobs analyzed historical traffic and revenue data for the entire Turnpike System to determine historical trends, and reviewed previous traffic and revenue projections made by others and compared them to actual traffic and revenue data recorded by the Bureau. In addition, Jacobs reviewed the historical and proposed Turnpike System Capital Improvement Program, as well as historical and projected expenditures for the Turnpike System related to operations, maintenance, renewal and replacement, and toll processing. See "Appendix A."

Central (F.E. Everett) Turnpike Region

Major transportation improvement projects programmed for funding that could affect volumes on the Central Turnpike are:

- Manchester Airport Access Road – This new road will connect the Central Turnpike with the Manchester Airport via Londonderry. This project includes a new full interchange between the Central Turnpike and Route 3 in the vicinity of the Bedford main line toll plaza. This interchange is currently planned to be toll-free and would provide a bypass around the Bedford main line toll plaza as well as provide northbound toll-free access to the airport. The project is anticipated to be completed July 1, 2012.

- This project would increase traffic on the Central Turnpike south of the Bedford toll plaza and decrease toll transactions at the Bedford main line toll plaza as well as the three Merrimack ramp toll plazas. Drivers from the south going to the airport would no longer use a toll plaza, and some drivers from the north would avoid paying a toll by exiting the Turnpike, using the new ramp and a section of route 3, and re-entering the Turnpike. Once open and operational, it is estimated that the Airport Access Road free interchange would cause a 32% loss in traffic from the toll plazas in the Bedford-Merrimack corridor. This equates to a $6.6 million (or 25%) decrease in revenue allocable to the Central Turnpike, and represents approximately 5% of projected toll revenue for the Turnpike System in Fiscal Year 2014.

- Interstate 93 Widening – This partially funded project will provide two additional travel lanes in each direction over the 20-mile segment between the Massachusetts state line and Manchester, New Hampshire. When this project is completed (completion date undetermined at this time due to funding questions), it is possible that traffic will increase on sections of the Central Turnpike north of Manchester and possibly decrease south of Manchester, due to congestion relief on I-93.

- Manchester Interstate 293 Exit 4 Bridge Rehabilitation – This project, located in Manchester, includes the reconstruction of I-293 between NH 101 and Granite Street as well as the rehabilitation of five bridges. Bridge work is anticipated to begin in February 2011 and turnpike work to begin in September 2012. All construction is estimated to be completed in November 2014. This work could lead to a slight decrease in traffic during the construction period.

- Merrimack F.E. Everett Turnpike Bridge Rehabilitation over the Souhegan River – Construction began in August 2008 and is anticipated to be substantially completed in September 2010. This project could temporarily decrease traffic on the Central Turnpike during construction as all traffic lanes would be impacted. Based on the experience to date, traffic will not be adversely affected by this improvement project.

- Manchester I-293 Bridge Replacement over Black Brook – This project involves the rehabilitation of the I-293 bridge over Black Brook between Exits 6 and 7. During the construction period from July 2012 to May 2014, traffic will only be affected by the closure of Exit 6 northbound traffic due to the closure of Front Street.

- Open Road Tolling (ORT) Implementation – ORT will be implemented at the Hooksett and Bedford main line toll plazas. Construction is anticipated to begin in November 2010. Hooksett ORT is expected to be completed and open on May 31, 2012 and Bedford on May 31, 2014. It is estimated that during construction traffic will not be adversely affected because the Bureau will maintain the necessary number of toll lanes in each direction. The purposes of ORT are to enhance the convenience of the tolling process, reduce congestion and pollution and generally make the Turnpike a more attractive alternative to motorists.

- Hooksett Rest Area Redevelopment. This project proposes to redevelop the existing northbound and southbound rest areas and State liquor stores, which are located north of the Hooksett Toll Plaza into new service area facilities with new State liquor stores. The redevelopment proposal involves the issuance of a request for proposals (RFP) to procure a developer/operator through a ground lease arrangement. The new service areas are envisioned to offer major branded and/or locally recognized food concepts and will be anchored with the new State liquor stores. Although these facilities will be an attractive option for travelers on the Turnpike, the project is not envisioned to have an effect on traffic. Any potential added revenue to the Turnpike System is deemed to be immaterial, but will be determined through the RFP process. The project is anticipated to be completed in November 2011.

- Nashua Commuter Rail and Park and Ride – This project consists of the development of a 1,000 space Park and Ride facility for van pool, car pool, and commuter rail activities near the turnpike and the purchase of rolling stock. This project is part of the development and start-up of a commuter rail service between Lowell, Massachusetts and Nashua, New Hampshire – commuter rail service currently exists between Lowell, Massachusetts and Boston, Massachusetts. This service could potentially be extended to Manchester, New Hampshire. Commuter rail operations

between these cities could lead to a decrease in traffic on the turnpike. At this time, the start and completion dates for this project are undetermined due to funding issues.

Blue Star Turnpike Region

Future planned transportation improvement projects that could affect traffic volumes on the Blue Star Turnpike include:

- Hampton Falls – Hampton I-95 Bridge Replacement over Taylor River – This project will replace the I-95 Bridge over the Taylor River near Hampton. Construction will begin in April 2011 with anticipated completion in October 2014. This project could temporarily decrease traffic on the Blue Star Turnpike as all traffic lanes would be impacted during construction.

- Open Road Tolling (ORT) Implementation Hampton main line toll plaza – Construction for this project started in August 2009; it is expected to be open on May 31, 2010. It is estimated that during construction traffic will not be adversely affected because the Bureau will maintain six toll lanes in each direction, which will be adequate for traffic volumes during construction. The purposes of ORT are to enhance the convenience of the tolling process, reduce congestion and pollution and generally make the Turnpike a more attractive alternative to motorists.

- Route 1 Bypass – Improvements to the Route 1 Bypass in Portsmouth, including the rehabilitation of the Sara Mildred Long Bridge and Memorial Bridge as well as the replacement of the Scott Avenue Bridge over the Piscataqua River. These projects may divert traffic to the Turnpike during construction. The Department has submitted a Transportation Investment Grant for Economic Recovery (TIGER) application with the State of Maine for the Memorial Bridge and Market Street Marine Terminal. Upon approval of the application, construction is targeted to begin in May 2010 and be completed in November 2014.

- Turnpike Variable Messaging Signs – This project will involve the deployment of Variable Message Signs (VMS) between Seabrook and Portsmouth. This project is intended to improve safety conditions and traffic flow along the Blue Star Turnpike.

- Hampton High Volume Discount Gas Facilities. This project proposes to develop high volume discount gas facilities at the existing Liquor Store locations on I-95. The development proposal involves the issuance of a Request for Proposals (RFP) to procure a gas station developer/operator through a ground lease arrangement. The gas dispensation facilities are envisioned to include a small convenience food store and sell gasoline at a competitively discounted rate. Although these gas facilities will be an attractive option for travelers on the Turnpike, the project is not envisioned to have an effect on traffic. Any potential added revenue to the Turnpike System is expected to be immaterial and will be determined through the RFP process. This project is envisioned to be completed in Fiscal Year 2011.

Spaulding Turnpike Region

Planned transportation improvement projects that could affect traffic volumes on the Spaulding Turnpike include:

- Rochester Turnpike Widening – This project involves the widening of the Spaulding Turnpike between Exit 11 and Exit 16 in Rochester and is expected to include bridge improvements. Construction began in December 2007 and is anticipated to be completed in June 2013. As of November 2009, the project's construction is estimated to be approximately 30% complete. It is estimated that traffic will not be adversely affected by this widening project, as it does not appear that there has been any significant impact on volumes since construction began.

- Newington-Dover Turnpike Widening – This project involves the widening of the Spaulding Turnpike between Exit 3 and Exit 6. Construction is expected to begin in March 2010 and be completed in October 2017. It is anticipated that Turnpike traffic will not be adversely affected during the construction phases.

Toll Collection, Rates and Schedules

Collection of Tolls and Control Procedures

The Turnpike System uses an open barrier system of toll collection consisting of 10 toll plazas (5 main line and 5 ramps).

All plazas include "E-ZPass Only" lanes and attended lanes for all classes of traffic. Plazas remaining with automatic coin machine lanes for passenger cars with exact change are the Dover, Rochester and Merrimack ramp plazas.

The Turnpike System deployed the E-ZPass electronic toll collection system in July, 2005. Electronic toll collection permits a vehicle to pass through a toll plaza without stopping and collects the toll fare by electronic communication. Benefits include convenience for patrons, increased plaza capacity, reduced congestion, reduced vehicle emissions and improved air quality, as well as the potential for other uses, such as enhanced traffic management. E-ZPass participants establish prepaid accounts that are charged for each toll transaction. Participants receive notice to replenish their accounts when account balances reach specified levels or, alternatively, participants can elect to have their accounts replenished automatically from specified credit card accounts. Participants purchase transponders that are mounted either on windshields or license plates. As a vehicle with a transponder passes through an E-ZPass toll lane, an antenna reads information from the transponder and charges the appropriate account. Participants also have the convenience of being able to use E-ZPass lanes at toll facilities in most northeastern states.

All electronic E-ZPass transactions are processed by a Customer Service Center ("CSC"). The CSC is generally a contracted agency that performs many functions and each function has a cost associated with it. The Bureau of Turnpikes has contracted with Affiliated Computer Services (ACS) of Newark, NJ for these services with an original 3-year contract, which

included three 3-year extensions. The contract is now in its first 3-year extension, which expires September 30, 2010. Some of the typical functions are:

- Opening and closing of accounts
- Maintaining the account information database
- Distribution of transponders
- Dispute resolution
- Receiving and posting to accounts prepaid toll revenue via cash, check, or credit card
- Debiting accounts based upon toll revenue charged to account holders (transponders)
- Processing of violations encountered in agency toll lanes including administrative violations
- Processing of speed violations
- Marketing

E-ZPass lanes opened at the Hooksett and Bedford toll plazas on July 11, 2005 and at the Hampton main line plaza on August 3, 2005. E-ZPass was deployed to all ramp and main line plazas by August 15, 2005. The initial deployment of transponders was a major undertaking. In order to encourage participation in the E-ZPass program and to enhance patron acceptance of E-ZPass as a replacement for the popular token and commercial charge discount programs, the Turnpike System initially offered transponders at a deeply discounted price of $5.00 each. This price was below the actual cost of the transponders and resulted in very heavy demand for transponders. The discounted price was available between June 20 and August 2, 2005. Transponder prices were increased to $23.85 for interior units and $30.84 for exterior units effective August 3, 2005. As of September 26, 2005, the prices for interior and exterior transponders were $24.61 and $31.83, respectively. On May 1, 2008, the price was reduced to $20.95 for interior transponders and increased to $33.07 for exterior transponders.

The implementation of E-ZPass represented a major change both for the Turnpike System and its patrons. The use of E-ZPass has grown significantly since it was deployed in Fiscal Year 2006, from 40% of toll transactions in October 2005 to nearly 60% in June 2009. The Turnpike System will deploy E-ZPass lanes and attended lanes in accordance with demand. The toll rate increase in October of 2007 resulted in the elimination of many exact change lanes due to the $1.00 fare. The Turnpike System is currently deploying Open Road Tolling at the Hampton main line toll plaza with implementation planned for May 31, 2010.

In June 2008, Chapter 84 of the Laws of 2008 was passed allowing the Department of Transportation to suspend the registration renewal privileges for New Hampshire registered

vehicles with unpaid E-Zpass violations. The process officially started on July 27, 2009 and is expected to reinforce the current low violation rate of 0.4% for E-Zpass traffic. New Hampshire's violation enforcement system collects approximately 55% of expected toll revenue. The process is revenue neutral when the administrative fees and E-ZPass costs are included.

Pursuant to New Hampshire RSA 237:12, certain motor vehicles and operators, primarily government vehicles for employees and officials, are allowed toll-free passage on the Turnpike System. The State estimates that toll-free passage constitutes less than 0.8% of toll transactions on the Turnpike System.

Cash toll revenues are transported by a security service to a depository bank where they are sorted, processed and deposited to the Turnpike System account. This process of central cash counting only requires that the toll plazas place all toll revenues into secured money bags which are picked up by the security service. This process relieves the Turnpike System from costly equipment replacements, material purchases and personnel labor costs required for processing toll revenue.

The Bureau of Turnpikes uses internal control procedures based on vehicle classifications and axle counts to audit all toll lanes. In addition, the Bureau utilizes an Audit Supervisor and staff to review all toll attendant performance and toll operating procedures, and to conduct all tests and evaluations necessary to ensure the revenue collection system and the central cash operation perform in accordance with policy and procedures.

The internal auditor also reviews E-ZPass activity reported by the Customer Service Center (CSC), checking it against an independent count of traffic. Audits are performed on transponder inventory and sales, prepaid revenue activity, and credit card merchant and cash account reconciliations performed by the CSC. Transactions are also traced from the lane to the customer accounts to verify the validity of the transactions. Similar testing is performed on individual prepaid toll account balances and violations.

An audit committee reviews the results of toll attendant audits on a weekly basis. This committee is comprised of financial and toll management, audit supervisor and staff, and an internal auditor.

An independent auditor, contracted by CSC, performs an annual Statement on Auditing Standards No. 70, Service Organizations (SAS 70) audit of the service provider. SAS 70 is a widely recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). A service auditor's examination performed in accordance with SAS 70 is widely recognized, because it represents that a service organization has been through an in-depth audit of their control objectives and control activities, including controls over information technology and related processes. The Department of Transportation takes an active role in reviewing the audit information and following up on the timely resolution of all audit findings.

In 1994, the Department of Transportation, Bureau of Turnpikes expanded the Hooksett Toll Plaza from 12 to 14 toll lanes. In 1997, the Hampton Ramp plaza was expanded from five to seven lanes and in Fiscal Year 2006, it was expanded to eight lanes. In Fiscal Year 2000, the Dover Toll plaza was expanded from 6 to 8 lanes to accommodate increased traffic volumes. In

January 2004, the Bedford main line plaza was expanded from 10 to 12 lanes. These toll plaza expansions were initiated as a result of the Department's ongoing monitoring of the traffic at all toll facilities to ensure that traffic volumes are processed safely through all toll plazas. The monitoring process includes attention to peak period volumes and those generated by special events.

Chapter 309 of the Laws of 2000 eliminated the three proposed toll plazas originally scheduled for completion in Nashua in July of 2001. These toll facilities had been projected to raise approximately $6 million in gross toll revenues in their first year. Even without these revenues, however, annual revenues continue to remain sufficient to fund operation and maintenance expenses and debt service, as well as a portion of the Capital Improvement Program.

Toll Rates

The Commissioner of the Department of Transportation with the approval of the Governor and Council is authorized to establish toll rates for the Turnpike System. Tolls have been set at levels at least sufficient to meet operating expenses and maintenance costs and debt service on Bonds and general obligation bonds issued for Turnpike System purposes. State law expressly provides that a bond resolution authorizing turnpike revenue bonds may include provisions setting forth the duties of the State in relation to the fixing, revision and collection of tolls and that the State has pledged to perform all such duties as set forth in such bond resolution.

Several toll rate adjustments have been made since the commencement of the Turnpike System's operation to provide necessary revenue for expansion and improvement to, and continued operation and maintenance of the Turnpike System.

On October 16, 1989, toll rate adjustments were implemented on the entire Turnpike System. These adjustments, authorized by the Governor and Council, affected all users of the Turnpike System and provided a substantial increase in toll revenues. The toll rates were adjusted to increase toll revenue to meet increased operating, maintenance and rehabilitation costs, the debt service on Bonds issued and to be issued in conjunction with the Turnpike System Capital Improvement Program and other obligations.

The October 1989 toll adjustments increased the toll rates for passenger vehicles at all toll plazas an additional $0.25 above the previous rate. Further, the adjustments included a reduction in the discount token program from 50% to 40% off the full fare. In addition, toll rates for commercial vehicles were increased, and a discount was implemented for participants in the commercial charge program that provided a discount of between 5% and 30% based on the total number of monthly charge transactions. At the same time, the toll rates were also authorized by the Governor and Council for two new toll plazas (Merrimack Industrial Interchange and Bedford Road) which opened in October and November, 1990, respectively.

In July 1990, the Governor and Council voted to restore the 50% token discount, which had been in effect from the mid-1970's until the October 1989 change to 40%. Prior to implementation, the Department of Transportation had studied the financial impact of the proposed change in discount and concluded that it would not adversely affect the ability to

generate the revenue required to implement the Capital Improvement Program. On November 1, 1995, the Governor and Council voted to change the commercial charge discount from variable discount rates ranging from 5% to 30% to a fixed discount rate of 30%.

To establish a more equitable toll system, the Department of Transportation adopted a new vehicle classification system in October 1989. This classification system consisted of nine classes, four for passenger vehicles and the remainder for commercial vehicles. In July 1990, the classification system was expanded to twelve classes to provide special toll rates for dual wheel motor homes and pick-up trucks.

With the elimination of the token program and the implementation of the electronic toll collection system, the classification system was modified once again, effective January 1, 2006. The special rates for dual wheel motor homes and pick-up trucks was eliminated. This twelve vehicle classification system is still in use today, however, all dual wheel vehicles are now considered commercial vehicles.

In July, 2005, the Turnpike System began deployment of E-ZPass lanes. As a part of the E-ZPass program implementation, the token and commercial charge discount programs were terminated. The commercial charge discount program was terminated effective September 30, 2005. Effective September 1, 2005, sales of discount tokens ceased, and tokens were no longer accepted after December 31, 2005. E-ZPass transactions for New Hampshire accounts provide a 30% discount for passenger vehicles and a 10% discount for commercial vehicles in accordance with State law in RSA 237:11, V.

On October 22, 2007, toll rate adjustments were authorized by the Governor and Executive Council, affecting all users of the Turnpike System. The toll adjustments increased the rates by $0.25 for passenger vehicles and by $.50 for commercial vehicle classes at the Hooksett main line plaza, Bedford main line plaza, and Dover, Rochester, and Hampton ramps. Rates at the Hampton main line plaza were increased by $0.50 for passenger vehicles and by $1.00 for commercial vehicles. These increases were projected to increase annual revenues by approximately $23.5 million, which will allow the replacement of "Red List" bridges on the Turnpike System as well as other capital improvements to address safety, capacity, and condition needs.

Effective July 1, 2009, toll rate adjustments were authorized by the Governor and Executive Council increasing the rates at the Hampton main line plaza by $0.50 for passenger cars and by $1.00 for commercial vehicle classes. The additional annual revenues of approximately $9.1 million projected by the Turnpike Traffic and Revenue consultant will allow for the installation of Open Road Tolling at Hampton (and two other improvements to the Blue Star Turnpike), which is needed to relieve significant congestion issues and environmental concerns. The additional revenues will also help fund a portion of the purchase from the Department of Transportation of the 1.6 mile section of I-95, extending the Blue Star Turnpike completing the connection of the Blue Star Turnpike to the Maine state line. See "THE TURNPIKE SYSTEM – Eastern Turnpike – *I-95 Acquisition* and Turnpike System – Historical Revenues and Expenditures."

The following table sets forth the schedule of current toll rates:

STATE OF NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION
TURNPIKE SYSTEM TOLL RATE SCHEDULE
EFFECTIVE July 1, 2009

		_ axles - single rear tires	3 axles - single rear tires	4 axles - single rear tires	5 axles - single rear tires	2 axles - dual rear tires	3 axles - dual rear tires	4 axles - dual rear tires	5 axles - dual rear tires	6 axles - dual rear tires	7 axles - dual rear tires	8 axles - dual rear tires	9 axles - dual rear tires
Plaza	**Fare Type/Class**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Hooksett Main	Cash Fare	1.00	$ 1.25	$ 1.50	$ 1.75	$ 2.00	$ 2.50	$ 3.00	$ 3.50	$4.00	$ 4.50	$ 5.00	$ 5.50
	E-ZPass Fare	$0.70	$0.88	$1.05	$1.23	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05	$4.50	$4.95
Hooksett Ramp	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	$0.35	$0.53	$0.70	$0.88	$0.90	$1.35	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05
Bedford Main	Cash Fare	1.00	1.25	1.50	1.75	2.00	2.50	3.00	3.50	4.00	4.50	5.00	5.50
	E-ZPass Fare	$0.70	$0.88	$1.05	$1.23	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05	$4.50	$4.95
Bedford Road	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	$0.35	$0.53	$0.70	$0.88	$0.90	$1.35	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05
Exit 11	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	$0.35	$0.53	$0.70	$0.88	$0.90	$1.35	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05
Merrimack Industrial	Cash Fare	0.50	0.75	1.00	1.25	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50
	E-ZPass Fare	$0.35	$0.53	$0.70	$0.88	$0.90	$1.35	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05
Hampton Main	Cash Fare	2.00	2.25	2.50	2.75	4.00	4.50	5.00	5.50	6.00	6.50	7.00	7.50
	E-ZPass Fare	$1.40	$1.58	$1.75	$1.93	$3.60	$4.05	$4.50	$4.95	$5.40	$5.85	$6.30	$6.75
Hampton Side	Cash Fare	0.75	1.00	1.25	1.50	1.50	2.00	2.50	3.00	3.5 0	4.00	4.50	5.00
	E-ZPass Fare	$0.53	$0.70	$0.88	$1.05	$1.35	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05	$4.50
Dover Toll	Cash Fare	0.75	1.00	1.25	1.50	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00
	E-ZPass Fare	$0.53	$0.70	$0.88	$1.05	$1.35	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05	$4.50
Rochester Toll	Cash Fare	0.75	1.00	1.25	1.50	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00
	E-ZPass Fare	$0.53	$0.70	$0.88	$1.05	$1.35	$1.80	$2.25	$2.70	$3.15	$3.60	$4.05	$4.50

Turnpike System-Historical Revenues and Expenditures

The Turnpike System is part of the State primary government and is accounted for as an enterprise fund of the State. For Fiscal Years 2006 through 2008, the financial information below is derived from audited financial statements of the Turnpike System. The financial information in Fiscal Year 2009 is unaudited and should be considered preliminary and subject to change.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
New Hampshire Turnpike System (In Thousands)
For the Fiscal Years ended June 30

	2006	2007	2008	2009 (unaudited)
Operating Revenues:				
Tolls and Other Operating Revenue	$80,757	$85,718	$104,204	$106,757
Operating Expenses:				
Personnel Services	9,151	10,409	10,623	11,135
Payroll Benefits	4,855	4,947	4,706	5,100
Enforcement	4,590	5,016	5,230	5,364
Renewal and Replacement	4,567	8,552	11,842	7,150
Other Administration	5,861	2,823	2,518	3,415
Repairs	2,966	3,071	3,049	3,068
Indirect Costs	1,585	1,756	1,825	2,073
Heat, Light, & Power	1,149	1,311	1,501	1,175
Bank Fees	1,526	1,421	1,689	1,734
Rentals	671	696	873	982
E-ZPass Processing Fees	3,952	3,758	4,287	5,117
Transponder Expense	5,477	950	821	693
Depreciation	13,289	13,719	17,575	15,179
Total Operating Expenses	59,639	58,429	66,539	62,185
Operating Income	21,118	27,289	37,665	44,572
Non-Operating Income (expense)				
Loss on Sale of Land				(3,995)
Investment Income	2,432	3,283	2,546	836
Miscellaneous	206	407	325	140
Interest on Bonds	(15,584)	(13,707)	(13,872)	(12,953)
Amortization of Bond Issuance Costs	(357)	0	0	(279)
Total Non-operating Revenue (Expenses)	(13,303)	(10,017)	(11,001)	(16,251)
Income (Loss) Before Grant Contributions	7,815	17,272	26,664	28,321
Capital Contributions	16,757	10,422	8,816	3,952
Prior Year Adjustment – Implement GASB 49			(3,600)	
Change in Net Assets	24,572	27,694	35,480	32,273
Net Assets – July 1	295,628	320,200	347,894	379,774
Net Assets – June 30	$320,200	$347,894	$379,774	$412,047

Management Discussion of Historical Revenues and Expenditures

Fiscal Year 2010 (unaudited)

The following discussions reflect results through September 30, 2009 and is unaudited and subject to change.

Toll revenues remain strong, bolstered by the July 1, 2009 toll increase at the Hampton main line plaza. The toll rate increase drove a 12.5% increase in toll revenues on a modest 0.7% increase in toll transactions for the quarter-ended September 30, 2009 over the quarter-ended September 30, 2008.

Renewal and Replacement expenses are on pace to meet or exceed the budgeted amount for Fiscal Year 2010 of $9.6 million in addition to the $3.8 million in budget carried forward from unspent budgeted amounts in prior years.

On August 25, 2009, pursuant to Chapter 144 of the Laws of 2009 ("Chapter 144"), the Highway Fund of the State sold a section of Interstate 95 in Portsmouth to the Turnpike System for $120 million, with payment terms as described below. Chapter 144 specifies that the Turnpike System will pay for the purchase from the General Reserve Account established under the Bond Resolution over a period not to exceed twenty years with $30 million being paid in Fiscal Year 2010 and $20 million being paid in Fiscal Year 2011. The Turnpike System paid $15 million to the State in August, 2009 and expects to pay an additional $15 million in December 2009. The amounts paid and payable in Fiscal Year 2010 and 2011 will be made from available funds in the General Reserve Account, the balance of which was $60.4 million at June 30, 2009. The Governor and Council approved a $.50 toll increase on the Hampton main line toll plaza effective July 1, 2009 that will fund open road tolling in Hampton and will provide the Turnpike System with adequate revenues to meet all of its obligations and to make the required payments to the Highway Fund. This transition will result in an extraordinary loss of $115.8 million in Fiscal Year 2010. See "THE TURNPIKE SYSTEM – Eastern Turnpike – Blue Star Turnpike (I-95) – I-95 Acquisition."

The consultant firm of HNTB completed a value assessment of the 1.6-mile section of Interstate 95 identifying an asset value of $120 million in a report dated February 9, 2009. HNTB gathered and reviewed the historical inspection data, performed visual inspections, and assessed the Renewal and Replacement Program work completed on this section of road. HNTB used three methodologies to identify the value: GASB 34, Replacement Value Method less future improvement costs, and a Hybrid Method using GASB 34 for the bridges and replacement value for the roadways.

Fiscal Year 2009 (unaudited)

Gross revenues (toll revenue, investment income, and miscellaneous) available for operating expenses, debt service, reserves and improvement projects totaled $107,731,816, a 0.6% increase from Fiscal Year 2008. Increases in Operating Revenue modestly exceeded the decline in investment income over the Fiscal Year.

Operating revenues in Fiscal Year 2009 were $106,756,427, an increase of 2.4% from Fiscal Year 2008. The increase in operating revenues was driven largely by a 4.1% increase in toll revenue due to the full effect of the October 2007 toll rate increase. Investment income decreased by $1,709,145 due primarily to lower cash and equivalent balances and lower interest rates.

Operating expenses (excluding depreciation and funds for renewal and replacement) in Fiscal Year 2009 were $39,856,074, an increase of 7.4% from the prior year. Increases in personnel expenses and related payroll benefits along with increases in other administrative expenses and E-ZPass processing fees primarily drove the increase.

Renewal and replacement expenses were $7,150,144, a 39.6% decline from the prior year and below the budgeted amount of $10,040,000. The decline is due to fluctuations in contract activity and payment timing. In accordance with New Hampshire Revised Statutes Annotated 237:49-a, unspent budgeted amounts do not lapse and are carried forward into future fiscal years. The Fiscal Year 2009 program expenditures included bridge rehabilitation, pavement resurfacing, signage, median barrier installation, bridge painting and toll plaza maintenance.

The decline in depreciation expense as compared to Fiscal Year 2008 is primarily due to the one-time recognition in Fiscal Year 2008 of $2,287,136 in current and prior year depreciation on one project that had not been depreciated in prior years.

In Fiscal Year 2009, the Turnpike system recorded a non-cash loss-on-sale of $3,994,700 on the former Benson's property in Hudson. The Turnpike System sold the property in December, 2008, but retained the obligation to remediate the contaminated site. Accordingly, the pollution remediation liability was recognized at $3,000,000 at June 30, 2009 in accordance with GASB 49. GASB 49 also required the restatement of the Turnpike System Balance Sheet for the Fiscal Year ending June 30, 2008 to account for any pollution remediation obligation existing, but unrecognized, at that time. Accordingly, a liability of $3,600,000 was established for Fiscal Year 2008 and the Net Assets account was reduced by the same amount.

During Fiscal Year 2009, Capital Improvement Program expenditures totaled $27,202,673, including $3,951,943 from the State and federal highway sources, and the remainder from Turnpike sources.

For Fiscal Year 2009, the State will report the financial results of the Turnpike System as an enterprise fund within the 2009 CAFR. Set forth below is information which updates items that were formerly included in the notes to the separate Turnpike System financial statements.

Restricted assets at estimated fair value are segregated into the following accounts as of June 30:

	2009	2008
Revenue Bond Interest Debt Service Account	$ 3,608,424	$ 1,597,558
Revenue Bond Principal Debt Service Account	5,425,417	7,544,235
Revenue Bond Debt Service Reserve Account	26,455,334	26,455,334
Revenue Bond Insurance Reserve Account	3,000,000	3,000,000
Revenue Bond General Reserve Account	2,000,000	2,000,000
Total restricted assets	$40,489,175	$40,597,127

The amounts shown above are invested in Permitted Investments in accordance with the Bond Resolution.

Certain engineering and safety patrol activities have been performed by the State Highway and Safety Departments on behalf of the Turnpike System. The cost of these activities, amounting to approximately $6.7 million and $6.1 million for Fiscal Years 2009 and 2008, respectively, was reimbursed by the Turnpike System.

The Turnpike System primarily retains the risk for losses, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial for the general public. Insurance claims have not exceeded insurance coverage in any of the last three Fiscal Years. There have not been any significant changes in insurance coverage from the prior year. The Turnpike System provides self-funded health benefits to employees through plans in which claims are administered and paid by carriers. GASB Statement No. 10, Financial Reporting for Risk Financing and Related Insurance Issues, requires the Turnpike System to estimate and record a liability when the risk of loss to the Turnpike System is probable and the amount of loss can be reasonably estimated. Changes in the worker's compensation claims accrual recorded in the balance sheet in Fiscal Years 2009 and 2008 are presented in the following table. This liability is the Turnpike System's best estimate based on available information.

	2009	2008
Liability, beginning of year	$2,318,000	$2,594,000
Provisions for claims	0	0
Payments	(273,000)	(276,000)
Liability, end of year	$2,045,000	$2,318,000

Fiscal Year 2008

The independent auditors' report for Fiscal Year 2008 financial statements of the Turnpike System was issued December 18, 2008. See "TURNPIKE SYSTEM FINANCIAL STATEMENTS".

Gross revenues available for operating expenses, debt service, reserves and improvement projects totaled $107,074,414, a 19.8% increase over Fiscal Year 2007. Operating revenues in this period were $104,204,193, an increase of 21.6% over 2007, primarily due to the toll rate increase that took effect on October 22, 2007. Investment income of $2,546,000 decreased by $737,000 from the prior year.

Operating expenses (excluding depreciation and funds for renewal and replacement) in Fiscal Year 2008 were $37,122,849, an increase of 2.7% over the prior year.

Total operating expenses (including depreciation and funds for renewal and replacement) increased 13.9% to $66,539,741 as Renewal and Replacement expenditures increased by $3,290,000 resulting from the recommendations set forth in the Fiscal Year 2007 independent engineer's (HNTB) report, which called for an increased program going forward. The Fiscal Year 2008 program included bridge rehabilitation, signage, bridge painting, toll plaza maintenance and median barrier installation. The increase in depreciation, primarily due to the one-time recognition of $2,287,136 in current and prior year depreciation on one project that had not been depreciated in prior years, was also a factor in the increase of operating expenses. Also contributing to the increase in operating expenses were an increase in personnel services and related employee benefits, and an increase in E-ZPass processing fees.

GASB 49 required the restatement of the Turnpike System Balance Sheet for the Fiscal Year ending June 30, 2008 in the amount of $3,600,000 to account for any pollution remediation obligation existing, but unrecognized, at that time in connection with the sale of the Benson property in Hudson. For further discussion, see "**Management Discussion of Historical Revenues and Expenditures** – *Fiscal Year 2009 (unaudited)*" above.

During Fiscal Year 2008, Capital Improvement Program expenditures totaled $17,975,477, including $8,816,291 from State and federal highway sources.

Fiscal Year 2007

Gross revenues available for operating expenses, debt service, reserves and improvement projects totaled $89,408,121, a 7.2% increase over Fiscal Year 2006. Operating revenues in this period were $85,718,182, an increase of 6.1% over 2006, primarily due to changes in the discount rates offered under the E-ZPass program versus the previous discounts offered for tokens. Investment income increased by $850,983 due primarily to higher cash and equivalent balances.

Operating expenses (excluding depreciation and funds for renewal and replacement) in Fiscal Year 2007 were $36,157,669, a 13.5% decrease from the prior year. This was largely due to a $4,527,000 decline in transponder expenses in Fiscal Year 2007 over Fiscal Year 2006, when the E-ZPass electronic toll system was implemented and transponders were sold at a significant discount thereby driving sales volume.

During Fiscal Year 2007, Capital Improvement Program expenditures totaled $18,937,390, including $10,422,403 from State and federal highway sources.

Fiscal Year 2006

Gross revenues (operating revenue, interest income, and miscellaneous) available for operating expenses, debt service, reserves and improvement projects totaled $83,396,256, a 22.9% increase over Fiscal Year 2005. Operating revenues in this period were $80,757,374, an increase of 21.2% over Fiscal Year 2005, primarily due to the implementation of the E-Zpass electronic toll collection system and related changes in the discount rates offered under the E-

ZPass program versus the previous discounts offered for tokens. Investment income increased by $1,270,000 primarily due to higher cash and equivalent balances.

Operating expenses (excluding depreciation and funds for renewal and replacement) in Fiscal Year 2006 were $41,783,690, an increase of 49.0% over the prior year. This increase is primarily due to the E-ZPass program and its associated processing fees and related transponder expenses.

During Fiscal Year 2006, Capital Improvement Program expenditures totaled $29,933,670, including $16,757,101 from the State and federal highway sources.

Debt Service Coverage

The following table shows debt service coverage for Fiscal Years 2006 through 2009. The information for Fiscal Years 2006 through 2008 is derived from audited financial statements of the Turnpike System. Fiscal Year 2009 information is unaudited and should be considered preliminary and subject to change.

DEBT SERVICE COVERAGE
(in thousands)

	2006	2007	2008	2009 (unaudited)
Operating Revenues	$80,758	$85,718	$104,204	$106,757
Investment/Miscellaneous Income[1]	2,296	3,336	2,610	903
Total Revenues	83,054	89,054	106,814	107,660
Operating Expenses [2]	41,784	36,158	37,122	39,856
Net Revenues	$41,270	$52,896	$69,692	$67,804
Revenue Bond Debt Service	$26,439	$26,316	$25,914	$25,919
G.O. Bond Debt Service	4,219	2,985	1,713	1,597
Renewal and Replacement Requirement	5,871	6,047	8,300	10,040
Total All Obligations	$36,529	$35,348	$35,927	$37,556
Coverage Ratios				
Revenue Bond Debt Service [3]	1.56	2.01	2.69	2.62
All Obligations [4]	1.13	1.50	1.94	1.81

(1) Excludes gains/losses on disposal of assets.
(2) Excludes depreciation and Renewal and Replacement Requirement funding.
(3) Net Revenues divided by Revenue Bond Debt Service.
(4) Net Revenues divided by the sum of Revenue Bond Debt Service, Renewal and Replacement Costs and general obligation bond debt service payable from Revenues.

TURNPIKE SYSTEM INDEBTEDNESS

As of June 30, 2009, the Turnpike System had $246,765,000 of Turnpike System Revenue Bonds Outstanding and $1,208,000 of State of New Hampshire general obligation bonds to be paid from Turnpike System Revenues. The following table presents Outstanding Turnpike System Revenue Bond Debt Service in each Fiscal Year on an accrual basis as well as

for the 2009 Series Bonds. Outstanding debt service on State of New Hampshire general obligation debt paid from Turnpike System Revenues is shown on a cash basis. Outstanding general obligation bonds issued for Turnpike System purposes are payable from Revenues subject to the prior payment of amounts due and owing in respect of Outstanding Bonds. In addition to the amounts listed below, beginning in State Fiscal Year 2012 through Fiscal Year 2030, the Turnpike System is obligated to pay to the Department of Transportation for credit to the State's Highway Fund approximately $5.9 million per year as a result of the acquisition of a portion of I-95. This amount is in addition to $50 million to be paid for this acquisition in Fiscal Year 2010 and 2011 from available amounts in the General Reserve Account of the Turnpike System. See "THE TURNPIKE SYSTEM – Management Discussion of Historical Revenues and Expenditures." This obligation will be payable from Revenues subject to the prior payment of amounts due and owning in respect of Outstanding Bonds. The table does not include debt service on Bonds that have been refunded. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

Turnpike System Debt Service*[(1)]

Fiscal Year Ending June 30,	Outstanding Revenue Bond Debt Service[(2)]	2009 Series Bonds Debt Service[(3)]	General Obligation Debt Service Payable by Turnpike	Total Debt Service Payable by Turnpike[(4)]
2010	$ 22,791,233	$ 8,604,826	$ 668,851	$ 32,064,910
2011	20,233,683	13,291,253	598,969	34,123,905
2012	20,244,518	13,291,253	0	33,535,771
2013	20,275,402	13,288,216	0	33,563,618
2014	20,277,901	13,287,516	0	33,565,417
2015	20,244,751	13,291,266	0	33,536,017
2016	20,770,299	13,292,059	0	34,062,358
2017	20,774,297	13,602,341	0	34,376,638
2018	13,870,795	13,240,016	0	27,110,811
2019	13,886,061	13,225,853	0	27,111,914
2020	11,785,370	13,225,728	0	25,011,098
2021	6,111,643	14,301,687	0	20,413,330
2022	6,491,047	14,120,907	0	20,611,954
2023	6,306,615	14,128,234	0	20,434,849
2024	6,242,673	14,132,249	0	20,374,922
2025	0	14,138,852	0	14,138,852
2026	0	14,153,693	0	14,153,693
2027	0	14,168,239	0	14,168,239
2028	0	14,184,573	0	14,184,573
2029	0	14,203,617	0	14,203,617
2030	0	8,654,556	0	8,654,556
2031	0	8,663,313	0	8,663,313
2032	0	8,668,611	0	8,668,611
2033	0	8,676,136	0	8,676,136
2034	0	8,680,433	0	8,680,433
2035	0	8,689,575	0	8,689,575
2036	0	8,697,976	0	8,697,976
2037	0	8,703,578	0	8,703,578
2038	0	8,714,390	0	8,714,390
2039	0	8,721,427	0	8,721,427
2040	0	2,909,364	0	2,909,364
Total	$230,306,288	$358,951,737	$1,267,820	$590,525,845

* Numbers may not add due to rounding.

(1) Net of Direct Payments expected to be received with respect to the 2009 Series A Bonds.

(2) Excludes debt service attributable to the 1999 Series A Bonds being refunded with the proceeds of the 2009 Refunding Series B Bonds issue

(3) Does not include obligations payable from General Revenue Account with respect to acquisition of a portion of Interstate 95. See "THE TURNPIKE SYSTEM – Management Discussion of Historical Revenues and Expenditures."

(4) The actual, final structure of the 2009 Series Bonds results in total Debt Service payable in Fiscal Year 2010 of approximately $32.1 million, as compared to the estimated amount of $29.8 million set forth in Table 9 of the Traffic and Revenue Study attached hereto as Appendix A. Assuming all other results for Fiscal Year 2010 are equal to the assumptions set forth in the Traffic and Revenue Study, this difference will cause the projected coverage ratios to be 2.23 and 1.68, respectively, as compared to the ratios shown on Table 26 of the Traffic and Revenue Study. Total Debt Service shown above for fiscal years after 2010 are less than the amounts estimated in the Traffic and Revenue Study for those years.

CAPITAL IMPROVEMENT PROGRAM

In 1986, the State Legislature adopted the State's first Ten-Year Capital Improvement Program for transportation in New Hampshire, including specific components relating to the Turnpike System. Every two years, this long term capital program is updated and revised. The Turnpike System component of the Ten-Year Plan, as from time to time modified by the Legislature, is referred as the "Capital Improvement Program." The current total estimated cost of the Capital Improvement Program, including expenditures to date, is approximately $1.015 billion through Fiscal Year 2018, which the State has funded and intends to fund through Bond proceeds, investment earnings, available toll revenues and federal funds. As of June 30, 2009, over $509 million had been expended on the Capital Improvement Program, of which amount, approximately $395 million had been funded with proceeds of Bonds.

The Capital Improvement Program is intended to improve the safety, condition, and capacity of the Turnpike System. A summary of the major projects currently underway and future projects is as follows:

Projects underway that are expected to be financed with Turnpike funds and anticipated Bond proceeds:[*]

Central Turnpike

- Engineering and construction of an F.E. Everett Turnpike bridge over the Souhegan River in Merrimack (A18).
- Engineering, right-of-way acquisition, and construction of US Rte 3 bridge over the F.E. Everett Turnpike in Bedford (A20).
- Engineering and rehabilitation of an F.E. Everett Turnpike/I-93 bridges in Bow and Concord (A21).
- Engineering and construction, specifically on five bridges, of the F.E. Everett Turnpike through the Millyard area of Manchester (A22).
- Engineering and construction of an F.E. Everett Turnpike bridge over Black Brook in Manchester (A23).

Spaulding Turnpike

- Engineering, right-of-way acquisition and construction in Rochester on the Spaulding Turnpike between Exits 11 through 16 with two additional lanes of travel added from Exit 12 to 16 (totaling approximately 7 new lane miles) (B10).
- Engineering and right-of-way acquisition in Newington and Dover on the Spaulding Turnpike including widening Little Bay Bridges and reconstructing Spaulding Turnpike in Newington (B12).
- Construction of the Dover portion of the Spaulding Turnpike and rehabilitation of the General Sullivan Bridge in Dover (B13).

[*] Letter and number at the end of each project denotes project reference under heading "Project Descriptions" hereafter.

Blue Star Turnpike

- Engineering and construction of the bridge on the Blue Star Turnpike carrying I-95 over the Taylor River in North Hampton and Hampton (C4).
- Repair and improve bridge on Route 107 over I-95 in Seabrook (C6).
- Construction of a soundwall on I-95 in Portsmouth (C7).

System-wide

- Implementation of Open Road Tolling at Hampton, Hooksett and Bedford (D5).

The planning and scheduling of projects for the Capital Improvement Program is a dynamic process with changing priorities, based in part on traffic growth, right-of-way acquisition needs, environmental constraints, and financial constraints. Such factors can also result in modification in cost as schedules of particular projects in the Capital Improvement Plan.

The State modifies the Capital Improvement Program from time to time in order to address particular needs of the Turnpike System, and prepares a monthly report to track the progress, expenditures, and estimated cost of the projects (for Fiscal Years 2008 through 2018) in the Program. The timing of particular projects listed above is subject to change as a result of various factors, including permitting and environmental issues that may arise, as well as other unforeseen factors.

The following is a brief description of the projects that comprise the Capital Improvement Program for the Turnpike System, including current costs estimates (which includes monies already spent) and projected completion dates. Projected construction costs for the Capital Improvement Program were based on estimated construction costs in the year of project advertising applying an annual inflation rate of 3%. The Department considers these construction estimates reasonable.

Project Descriptions

Central Turnpike	Description	Estimated Cost (Millions)	Completion Date
Project A1	Preliminary engineering and right-of-way acquisition for Exits 8 and 11, including ramp toll facilities (Merrimack/Nashua).	$1.330	December 1989[(1)]
Project A2	Construction of new interchange at Exit 8 to relieve traffic congestion at Interchange 7 (Nashua).	$10.054	June 1988[(1)]
Project. A3	Preliminary engineering and right-of-way acquisition for Exits 1 and 2 (Nashua).	$26.181	June 2001[(1)]
Project A4	Reconstruction of Exit 11 and construction of northbound "off" and southbound "on" ramp toll facilities (Merrimack).	$11.000	July 1993[(1)]
Project A5	Engineering, right-of-way acquisition, and construction of new mainline toll plaza (Bedford).	$5.363	January 1989[(1)]
Project A6	Engineering, right-of-way acquisition, and construction of a new interchange two miles south of Exit 11 (formerly Exit 8). Merrimack Industrial Park Interchange includes "off" and southbound "on" toll facilities (Merrimack).	$21.637	October 1990[(1)]
Project A7	Engineering, right-of-way acquisition and construction of Camp Sargent Road bypass. Project will interconnect Amherst Street in Nashua with the new interchange Project A6 (Merrimack).	$8.182	December 1994[(1)]
Project A8	Preliminary engineering and right-of-way acquisition for widening the Central Turnpike between Exits 3 and 7 (Nashua).	$22.818	April 2002 [(1)]
Project A10	Engineering, right-of-way acquisition, and construction of a portion of the southern segment of the circumferential highway in Nashua.	$42.301	July 2001[(2)]
Project A11	Engineering and right-of-way acquisition of the northern segment of the circumferential highway (Nashua/Hudson/Litchfield).	$32.057	June 2005[(1)]
Project A12	Reconstruction of Exits 1 and 2 and construction of connector to the circumferential highway (Nashua).	$59.418	August 2002 [(1)]
Project A13	Widening and reconstruction of Central Turnpike between Exits 3 and 7 (Nashua).	$84.720	May 2002[(1)]
Project A14	Engineering, right-of-way acquisition, and construction of Bedford Road Interchange including toll facilities (Merrimack).	$6.856	November 1990[(1)]
Project A15	Reconstruction of the Exit 5 Granite St Bridge with two new ramps (Manchester).	$22.835	June 2006[(1)]
Project A16	Study of feasibility of widening Central Turnpike between I-89 Interchange and Interchange I-393 (Bow/Concord).	$0.149	August 1992[(1)]
Project A17	Construction of southbound only toll facilities of Central Turnpike and southbound on-ramp at Exit 1 (Nashua).	$0.364	[(3)]

Project A18	Engineering, right-of-way, and construction of F.E. Everett bridge over the Souhegan River in Merrimack.	$15.49	June 2011
Project A19	Engineering and construction of the roadway approaches including expansion of the Bedford toll plaza (Merrimack-Bedford).	$7.358	December 2004[1]
Project A20	Engineering, right-of-way acquisition, and construction of US Rte 3 bridge over the F. E. Everett Turnpike in Bedford including widening from Merrimack to Bedford.	$13.92	November 2013
Project A21	I-93 bridge re-decking for 4 bridges in Bow and Concord.	$14.23	June 2012
Project A22	Rehabilitation of 5 bridges in the Manchester millyard.	$39.80	November 2014
Project A23	I-293 bridge rehabilitation over Black Brook between exit 6 and exit 7.	$4.07	May 2014
Spaulding Turnpike			
Project B1	Engineering, right-of-way acquisition and reconstruction of the Gosling Rd Interchange (Newington/Portsmouth).	$13.404	November 1993[1]
Project B2	Safety improvements on the Spaulding Turnpike to include median guardrail and safety improvements (Dover/Rochester).	$6.595	June 2002[1]
Project B3	Expansion of Dover Toll Plaza (Dover).	$1.502	July 2000[4]
Project B4	Right-of-way acquisition in median of Spaulding Turnpike (Newington).	$2.657	March 1993[1]
Project B5	Engineering of by-pass around North Conway.	$0.124	December 1990[1]
Project B6	Dover/Somersworth Weeks traffic circle.	$1.000	December 1994[1]
Project B7	Engineering for design of Exit 10 on the Spaulding Turnpike (Dover).	$4.078	June 2006[1]
Project B8	Construction of Exit 10 on the Spaulding Turnpike (Dover).	--	Future Project[5]
Project B9	Reconstruction and right-of-way acquisition for Exit 6W/US Rte 4 (Scammell Bridge) (Dover).	$1.000	November 1997[1]
Project B10	Engineering, right-of-way acquisition, and construction of Exits 11 through 16 (Rochester).	$138.81	June 2013
Project B11	Engineering, right-of-way acquisition, and construction of the Turnpike ramps at Exit 4 associated with NH 16/US (Newington/Dover).	$13.396	June 2006[1]
Project B12	Engineering, right-of-way acquisition, and construction of Newington-Dover; Little Bay Bridge widening and Newington construction	$147.2	October 2017
Project B13	Dover, General Sullivan Bridge Construction	$83.6	October 2017
Blue Star (Route I-95) Turnpike			
Project C1	Expansion of Hampton Toll Plaza (Hampton/North Hampton).	$2.379	July 1991[1]
Project C2	Engineering and Construction of roadway widening of the approaches to the Hampton main line toll plaza (Hampton).	$2.544	June 2003[1]

Project C3	Engineering and construction for the widening of the Hampton ramp toll plaza and approaches (Hampton).	$7.105	June 2006[1]
Project C4	I-95, Replacement of the Taylor River Bridge on the Blue Star Highway and replacement or removal of the Taylor River Dam in Hampton at mile 3.6501	$10.68	June 2013
Project C6	Repair and Improve bridge on Route 107 over I-95 in Seabrook	$2.150	(6)
Project C7	Construction of soundwall in Portsmouth	$2.100	May 2011
Project D1	Administrative	$37.144	on-going
Project D2	Consultant Studies.	$0.831	on-going
Project D3	Electronic Toll Collection equipment including signs.	$25.253	December 2005[1]
Project D4	Intelligent Transportation deployment on the Blue Star and Spaulding Turnpikes.	$2.25	September 2010
Project D5	Construction of Open Road Tolling at the following locations:		
a)	Hampton	$18.140	May 2010
b)	Hooksett	$20.500	May 2012
c)	Bedford	$20.500	May 2013
Total		$1,015.075[7]	

[1] Actual completion date.
[2] The segment between Route 3A and the Central Turnpike is complete; the portion from Route 3A to Route 111 has been deferred.
[3] The Legislative authority to build the Nashua toll facilities was repealed in Fiscal Year 2001.
[4] Removed from the State's 10-year Highway Improvement Plan.
[5] The project has been placed "on hold" until further notice.
[6] State contribution to development / Town project. Date pending matching Town funds.
[7] Numbers may not add due to rounding.

Set forth below is a table of Capital Improvement Program expenditures on an unaudited cash basis for Fiscal Years 1986 through 2009 and on a forecasted basis for Fiscal Years 2010 through 2012. The timing and amounts of capital expenditures are subject to change.

CAPITAL IMPROVEMENT PROGRAM EXPENDITURES
FISCAL YEARS 1986 THROUGH 2012

Fiscal Year Ending June 30,	Capital Expenditures
1986	$ 3,703,014
1987	12,846,330
1988	15,092,609
1989	34,183,782
1990	31,457,483
1991	25,308,194
1992	29,988,101
1993	33,941,502
1994	30,665,402
1995	40,452,057
1996	29,198,433
1997	24,917,835
1998	26,260,770
1999	30,544,034
2000	19,719,168
2001	10,148,747
2002	6,469,689
2003	10,242,505
2004	19,437,590
2005	20,503,930
2006	13,176,569
2007	8,514,987
2008	9,159,186
2009	23,250,730
2010	83,030,000*
2011	75,410,000*
2012	78,580,000*
Total	$ 746,202,648

* Estimated, from Turnpike System Priority Capital Improvement Program (Status Report – September 2009). Fiscal 2009 amounts are unaudited and subject to change.

Contingencies

Delays in obtaining the many necessary permits, licenses and approvals to commence construction are not unusual occurrences with major highway projects. It has been and continues to be the policy of the Department of Transportation that it will not award contracts for construction projects unless the requisite permits, licenses and approvals have been obtained.

Certain delays and cost increases have been experienced with some of the projects in the Capital Improvement Program. It is possible that ongoing and future projects in the Capital Improvement Program may experience similar delays or cost increases or that other unforeseen circumstances may arise. As a result, the estimated cost of completing projects within the Capital Improvement Program could increase, requiring the State to modify the Capital Improvement Program or take other action to address such increased cost. Changes in the Capital Improvement Program or other actions may also be required in the event that revenues are below projections.

In addition, completion of the Capital Improvement Program may require additional appropriations by the State Legislature, and possibly increases in toll rates, which are required to be approved by Governor and Council. In particular, the current Capital Improvement Program assumes a toll increase as of July 1, 2011. (See "Appendix A.") The Capital Improvement Program may be expanded, contracted or otherwise changed by legislation in the future.

Increases in toll rates at existing facilities and the location and configuration of new toll facilities are matters that can be the subject of controversy. The State intends to pursue resolution of any such issues in a timely manner so that the assumed toll revenue sources will be in place. There is no new toll facility on the horizon needed. If any of the assumed additional revenue sources are not available as needed, alternatives would need to be pursued. Available alternatives would include, among other things, (i) implementing alternative revenue increases at existing toll facilities, (ii) funding Capital Improvement Program projects through other sources or (iii) curtailing expenditures within the Capital Improvement Program.

There are various bills pending before the State Legislature from time to time which relate to the Turnpike System covering subjects including changes in Turnpike System construction projects and the Turnpike System toll structure. Pursuant to RSA 237-A the State is obligated to perform the covenants made by it in the Bond Resolution, including, without limitation, the obligations regarding the establishment and collection of tolls as described under "SECURITY FOR THE BONDS - Toll Rate Covenant". In the opinion of Bond Counsel, any legislation would be subject to the provisions of Article 1, Section 10 of the United States Constitution prohibiting any law impairing the obligation of contracts and therefore could not unconstitutionally impair the obligations of the State under the Bonds and the Bond Resolution, including its obligation under those covenants. The State does not believe that any legislation having this effect is likely to be enacted.

OTHER PLANNED CONSTRUCTION PROJECTS

The Department of Transportation may construct new feeder roads to portions of the Turnpike System, and it maintains an ongoing program of maintenance and improvement for existing feeder roads.

The Manchester Airport Access Road project currently underway by the Department of Transportation will provide direct access to the airport and other proximity destinations for travelers heading north on the Central Turnpike without passing through the Bedford Tolls. This project is scheduled to be complete in Fiscal Year 2013 and is projected to result in a 32% decrease in traffic from the toll plazas in the Bedford-Merrimack corridor. As discussed above in "**THE TURNPIKE SYSTEM – Turnpike System Revenue and Traffic Trends** – *Central (F.E. Everett Turnpike Region"*, this equates to a $6.6 million (or 25%) decrease in revenue allocable to the Central Turnpike, and represents approximately 5% of projected toll revenue for the Turnpike System in Fiscal Year 2014. However, the State's Ten-Year Transportation Improvement Plan does not include additional plans to construct competing roads that would (a) provide an alternative to travel on the Turnpike System or (b) have a material adverse impact on traffic on or revenue from the Turnpike System.

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. Certain provisions of the Resolution are described under the caption "SECURITY FOR THE BONDS." This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the State Treasurer and the Trustee. This summary uses various terms defined in the Bond Resolution. Summaries of certain capitalized terms used herein are defined in the Glossary of Terms, attached hereto as Appendix F.

Bonds Authorized

Under the Bond Resolution the State may issue Bonds which bear a fixed rate of interest ("Fixed Rate Bonds"), Bonds which provide for a variable interest rate ("Variable Rate Bonds"), Bonds which provide for mandatory redemption at the option of the registered owner ("Option Bonds"), or deep discount Bonds ("Original Issue Discount Bonds"). Following the issuance of the 2009 Series Bonds, the only other Bonds then Outstanding will be $2,170,000 of the 1999 Series A Bonds, $59,905,000 of the 2002 Refunding Series Bonds, $83,315,000 of the 2003 Refunding Series Bonds and $26,915,000 of the 2006 Refunding Series Bonds. As used herein, the term "Bonds" refers to all Bonds then Outstanding under the Bond Resolution. The term "Outstanding" excludes Bonds which have been refunded through the issuance of Refunding Bonds as described under "Refunding Bonds" below.

Bond Resolution to Constitute Contract

The Bond Resolution constitutes a contract between the State and the Bondholders. The pledge made in the Bond Resolution with respect to the Bonds and the covenants and agreements therein are for the equal benefit and security of the holders of all Bonds, all of which, regardless

of their time of issue or maturity, rank equally without preference, priority or distinction of any Bond over any other, except as expressly provided in the Bond Resolution.

Pledge of Bond Resolution

The Bond Resolution pledges for the payment of the principal of, redemption premium, if any, and interest on the Bonds, the proceeds of the sale of such Bonds, the Revenues and all moneys and securities in all accounts and subaccounts established by or pursuant to the Bond Resolution, other than the Rebate Account, subject only to the application of Revenues for the payment of Operating Expenses in accordance with the terms of the Bond Resolution.

The Bonds are limited obligations of the State. Neither the full faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the Bonds. See "SECURITY FOR THE BONDS-Pledge of Revenues".

Additional Bonds

The Bond Resolution authorizes the issuance of Bonds in one or more series without limitation as to amount except as limited by law (current statutory limit of $766,050,000 excluding refunding Bonds) and the terms of the Bond Resolution. The Bond Resolution permits the issuance of Additional Bonds on a parity with all other then Outstanding Bonds for the purposes of paying Project Costs and refunding (directly or indirectly) Bonds or other obligations issued for the purpose of paying Project Costs. Additional Bonds may be issued by the State only upon the filing with the Trustee of the certificates, opinions and documents described under the caption "SECURITY FOR THE BONDS-Additional Indebtedness-Additional Parity Bonds".

Refunding Bonds

The Bond Resolution permits the issue of one or more series of Bonds ("Refunding Bonds") for the purpose of refunding Bonds. The 2009 Refunding Series B Bonds are being issued pursuant to the Bond Resolution provisions relating to Refunding Bonds. Refunding Bonds may be issued by the State only upon certifying that the Debt Service for each Fiscal Year in which Bonds are or will be Outstanding will not be increased as a result of the issuance of Refunding Bonds; provided that, in lieu of such certification, the State may file with the Trustee the certificates described in paragraphs (1)(A) through (1)(E) under the caption "SECURITY FOR THE BONDS-Additional Indebtedness-Additional Parity Bonds."

The above-described certificates shall be required in the case of Bonds issued to refund other obligations issued for the purpose of paying Project Costs as if the Bonds were being issued for the Projects financed by such other obligations.

Additional Security

The Bond Resolution provides that in connection with the initial issuance of any Series of Bonds, the State may obtain letters of credit, lines of credit, insurance or similar obligations, agreements or instruments ("Additional Security") securing or providing for the purchase of such Series of Bonds by the issuer of such Additional Security. The State may enter into agreements

with the issuer of such Additional Security with respect to the adjustments of the interest rates or other provisions of the Series of Bonds secured thereby. The State may also agree to directly reimburse the issuers of Additional Security for amounts paid thereunder ("Reimbursement Obligations") and such Reimbursement Obligations may be deemed to be Additional Bonds under the Bond Resolution and entitled to the same security as the Bonds upon payments of amounts thereunder.

Establishment of Accounts and Subaccounts

The Bond Resolution establishes the following accounts and subaccounts all of which shall be held by the Treasurer, except as noted below:

(1) Construction Account

(2) Revenue Account

(3) Debt Service Account, containing an Interest Subaccount and a Principal Subaccount (to be held by the Trustee)

(4) Rebate Account (to be held by the Trustee)

(5) Special Redemption Account (to be held by the Trustee)

(6) Debt Service Reserve Account (to be held by the Trustee)

(7) Insurance Reserve Account

(8) General Reserve Account

Application of Bond Proceeds

The application of the proceeds of each Series of Bonds is governed by the provisions of the applicable Supplemental Resolution providing for their issue. For a description of the application of proceeds of the 2009 Series Bonds and other funds, see "SOURCES AND USES OF FUNDS". Each supplemental resolution shall designate the Bonds to be issued thereunder by an appropriate series designation and shall also specify: (a) the authorized principal amount of the Series of Bonds; (b) the purpose or purposes for which the Series of Bonds is being issued, and if the Bonds are being issued to pay Project Costs, the Project or Projects for which the Bonds are being issued; (c) the date of the Bonds; (d) the provisions for the sale of the Bonds; and (e) any other provisions required to be inserted by other provisions of the Bond Resolution.

Subordinate Lien Obligations

Notwithstanding anything to the contrary in the Bond Resolution, the State may issue bonds, notes or other evidences of indebtedness for the purposes of the Turnpike System payable from the General Reserve Account and the Revenues, subordinate to the deposits and credits required to be made under the Bond Resolution and to the payments required for Operating Expenses, and may secure the bonds, notes or evidences of indebtedness by a pledge of the Revenues inferior to the pledge of the Revenues created by the Bond Resolution. The proceeds of the inferior obligations may be pledged as security for the inferior obligations free and clear of the lien of the Bond Resolution.

Revenue Account

The State shall deposit all of the Revenues into the Revenue Account as promptly as practicable after receipt (other than the Revenues expressly required or permitted by the Bond Resolution to be credited to or deposited in any other account). Moneys in the Revenue Account shall be applied first to the payment of Operating Expenses and then, not later than the twentieth day of each month, except as described below, to the following purposes and in the following order:

(1) for deposit in the Interest Subaccount of the Debt Service Account, an amount equal to one-sixth of the installment of interest next coming due plus, at any time, any amount required to pay interest on overdue principal;

(2) for deposit in the Principal Subaccount of the Debt Service Account, an amount equal to one-twelfth of the installment of principal or sinking fund installment next coming due plus, at any time, any amount required to pay principal of Bonds which has been accelerated;

(3) for deposit in the Rebate Account, such amounts and at such times as are required by supplemental resolution;

(4) for deposit in the Debt Service Reserve Account, an amount, which together with other amounts on deposit in such Account, will equal the Debt Service Reserve Account Requirement;

(5) for deposit in the Insurance Reserve Account from time to time, an amount, which together with other amounts on deposit in such Account, will equal the Insurance Reserve Requirement;

(6) for deposit in the Special Redemption Account from time to time, such amounts as are required to pay accrued interest on the purchase or redemption of Bonds or to reimburse such Account for accrued interest already paid; and

(7) for deposit in the General Reserve Account, the balance, if any, remaining after making the deposits required by paragraphs (1) through (6) above.

Application of Funds and Accounts

The Bond Resolution provides that the proceeds of Bonds, Revenues and other moneys deposited in the various accounts and subaccounts under the Bond Resolution shall be applied as follows:

Construction Account. Amounts on deposit in the Construction Account shall be applied to the payment of the Project Costs of the respective Projects for which the Bonds are issued. Any balance in the Construction Account not required to pay Project Costs of a Project shall be deposited in the Debt Service Reserve Account to the extent necessary to cause the amount in such Account to equal the Debt Service Reserve Account Requirement and, as the State shall determine, the balance shall be transferred to the

Special Redemption Account or be retained in the Construction Account for the purpose of paying Project Costs of other Projects.

Debt Service Account. Amounts on deposit in the Debt Service Account will be applied to the payment of principal (including sinking fund installments) of and interest on the Bonds.

The State may purchase Bonds from available funds and credit them against an installment of principal or sinking fund installment applicable to them at the applicable principal amount or sinking fund redemption price by delivering them to the Trustee for cancellation at least sixty (60) days before the principal due date or sinking fund installment date.

Special Redemption Account. The State may deposit in the Special Redemption Account any moneys not otherwise required by the Bond Resolution to be deposited or applied, including excess proceeds after the completion of a Project and proceeds of insurance or condemnation or other disposition of Turnpike System assets. Amounts in the Special Redemption Account may be applied by the Trustee at the direction of the Treasurer to the redemption of Bonds or to the purchase of Bonds at prices not exceeding the earliest available redemption price (excluding accrued interest).

Debt Service Reserve Account. If at any time the amount on deposit and available therefor in the Debt Service Account is insufficient to pay an installment of interest or principal or a sinking fund installment when due, amounts in the Debt Service Reserve Account will be applied to the deficiency. If on the twentieth day of any month the amount on deposit in the Debt Service Reserve Account is in excess of the Debt Service Reserve Account Requirement, the excess shall be deposited in the Revenue Account unless the excess accrued prior to the Completion Date of a Project from the investment of proceeds of Bonds issued to finance or refinance the Project, in which case the excess shall be deposited in the Construction Account unless otherwise provided by a Supplemental Resolution. In lieu of any or all of the required deposits into the Debt Service Reserve Account, the State may cause to be deposited therein a surety bond, an insurance policy or a letter of credit in an amount equal to the difference between the Debt Service Reserve Account Requirement and the sums then on deposit in such Account, if any.

General Reserve Account. Amounts on deposit in the General Reserve Account shall be applied in the following order of priority: (1) to make up any deficiencies in payments from the Revenue Account required by the Bond Resolution; (2) to provide funds to pay Renewal and Replacement Costs to the extent necessary to meet the Renewal and Replacement Requirement for the then current Fiscal Year; (3) to pay general obligation bonds issued by the State for purposes of the Turnpike System; and (4) subject to the terms of any pledge securing any subordinate lien obligations issued in accordance with the Bond Resolution, for any other lawful purpose of the Turnpike System.

Insurance Reserve Account. The State has deposited the sum of [$3,000,000] into the Insurance Reserve Account, which amount will be available to insure against risks that would otherwise be covered by policies of insurance. The State will maintain the Insurance Reserve Account at the Insurance Reserve Requirement, which Requirement shall at all times be no less than $3,000,000. If there is a deficiency in the amounts available in the Debt Service Account to pay an installment of interest or principal or a sinking fund installment when due, after first taking account of any transfers from the Debt Service Reserve Account and the General Reserve Account, the State shall make up the deficiency by transfer from the Insurance Reserve Account and the State shall reimburse the Insurance Reserve Account from the next available moneys in the Revenue Account after payment of Operating Expenses and after any required payments into the Debt Service Account, Rebate Account and Debt Service Reserve Account.

Rebate Account. There is to be established within the Rebate Account a subaccount to be known as the 2009 Series Bonds Rebate Subaccount into which the sum of (i) any excess of (A) the aggregate amount earned on all Nonpurpose Investments (as defined in Section 148 of the Code), acquired with any Gross Proceeds (as defined in the Code), over (B) the amount which would have been earned if all Nonpurpose Investments in such accounts were invested at a rate equal to the yield on the 2009 Series Bonds, plus (ii) any income attributable to the investment of any excess described in clause (i) above or this clause (ii) to be deposited. Within 45 days after the close of each bond year, the Treasurer shall compute and certify the amount of such excess, if any, for such bond year, and the Treasurer shall deposit such amount into the 2009 Series Bonds Rebate Subaccount from the Revenue Fund.

If at the close of any bond year the amount in the 2009 Series Bonds Rebate Subaccount exceeds the amount that would be required to be paid to the United States if the 2009 Series Bonds were no longer Outstanding, upon certification thereof by the Treasurer, such excess shall promptly be paid to the Treasurer for deposit in the Revenue Account.

Within 60 days after the close of the fifth twelve-month period from the date of issuance of the 2009 Series Bonds and at least once in each five-year period thereafter, the Treasurer shall cause to be paid to the United States the full amount then required to be paid under the rebate provisions of the Code. Within 60 days after the 2009 Series Bonds are no longer Outstanding, the Treasurer shall cause to be paid to the United States the full amount then required to be paid under the rebate provisions of the Code as calculated by the Treasurer. If the amount in the 2009 Series Bonds Rebate Subaccount is insufficient to pay the amount required to be paid, the Treasurer shall be liable to make up that deficiency from the Revenue Account no later than 15 days prior to each date on which a rebate payment is due.

The provisions described above shall be complied with by the State in order to meet the requirements of the Code such that interest on the 2009 Series Bonds shall be and remain excludable from the gross income of the recipients thereof for federal income tax purposes; provided, however, that the State shall not be required to comply with any such provision with respect to the 2009 Series Bonds in the event the State receives an opinion of nationally recognized bond counsel that compliance with such provision is no longer required to satisfy the requirements of the Code or that compliance with some other provision in lieu of a provision

described above will satisfy said requirements in which case compliance with such other provision specified in such opinion shall constitute compliance with provisions described above.

Investment of Accounts

Moneys in the Revenue Account and the General Reserve Account not needed for immediate disbursement may be invested by the Treasurer as permitted by law. Other moneys held by the Treasurer or by the Trustee under the Bond Resolution which are not needed for immediate disbursement shall, to the extent practicable and reasonable, be invested in Permitted Investments (as defined below) by the Treasurer in the case of accounts held by the Treasurer, or by the Trustee as directed by the Treasurer (or in the discretion of the Trustee if no direction is received from the Treasurer) in the case of other accounts, subject to the following:

(1) The Permitted Investments must mature or be redeemable at the option of the holder at or before the time when the moneys are expected to be needed;

(2) In the case of the Debt Service Reserve Account, the only Permitted Investments are direct and general obligations of, or obligations unconditionally guaranteed by the United States of America;

(3) Moneys in several accounts may be invested in undivided interests in the same Permitted Investments if they are otherwise eligible for each of the several funds. Permitted Investments may be transferred in kind at fair market value from one account to another when transfers are required if they are eligible for the transferee account; and

(4) In the event that invested moneys in an account are required for expenditure or transfer, the investments shall be sold or redeemed to the extent necessary, subject to the notice provisions of the Uniform Commercial Code to the extent applicable. Permitted Investments may be sold by one account to another if eligible for investment by the latter.

The term "**Permitted Investments**" means the following, to the extent permitted by New Hampshire Revised Statutes Annotated 6:7 and 6:8 as amended from time to time:

(a) Defeasance Obligations;

(b) bonds, notes or other evidences of indebtedness issued or guaranteed by the Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Federal Land Banks, Farmers Home Administration, Student Loan Marketing Association, Federal National Mortgage Association or Government National Mortgage Association;

(c) direct and general obligations of any state of the United States for the payment of the principal of and interest on which the full faith and credit of the state is pledged, provided that at the time of their purchase, such obligations are rated in either of the two highest rating categories by Moody's Investors Service, Inc. and Standard & Poor's Corporation;

(d) interest-bearing deposit accounts, certificates of deposit or similar banking arrangements maturing within one year, which are either (i) fully insured by the Federal Deposit Insurance Corporation, or (ii) fully secured at all times by Defeasance Obligations, or (iii) with a bank or trust company that is rated in either of the two highest rating categories by Moody's Investors Service, Inc. and Standard & Poor's Corporation;

(e) repurchase agreements, with a term of not more than one year or due on demand, relating to and fully secured by Defeasance Obligations with a bank or trust company, or with a government bond dealer reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York; provided that the market value of such securities is marked-to-market weekly and maintained at one hundred four percent (104%) of the repurchase price plus accrued interest specified in the agreement and that such securities are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that the agreement shall expressly authorize the Trustee to liquidate the purchased securities in the event of the insolvency of the party required to repurchase such securities or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking possession by a trustee or custodian in a case against such party under the Bankruptcy Code; and

(f) investment agreements with a bank or bank holding company which is rated at their time of purchase in either of the two highest rating categories by Moody's Investors Service, Inc. and Standard & Poor's Corporation, which agreements have been approved for sale by a national securities exchange and all regulatory authorities having jurisdiction.

Permitted Investments may be purchased from or through the Trustee.

Except as set forth below or as otherwise provided in the supplemental resolution providing for the issuance of a Series of Bonds, all income from investments in any account established under the Bond Resolution (including net profit from the sale of any investment) shall accrue to and be held in the account. Income from investment of the Special Redemption Account shall be transferred to the Debt Service Account and credited against the amounts otherwise required to be deposited in the Debt Service Account. For the period until the Completion Date of a Project financed by Bonds (or until the Project is discontinued pursuant to the Bond Resolution) income accruing from investment of the proceeds of Bonds issued to finance or refinance the Project which have been deposited in the Debt Service Account, the Construction Account, and the Debt Service Reserve Account, shall be deposited in the Construction Account, or as otherwise provided by the supplemental resolution under which the Bonds are issued for the Project. The 1990 Series Supplemental Resolution provides that all such income accruing from investments in the Debt Service Account and the Debt Service Reserve Account shall be deposited in the Revenue Account. Any loss from investment of a fund or account shall be charged to the account but, unless otherwise made up, shall be set off against income from investment of the account which would otherwise be deposited in another account.

Except as otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds, investments shall be valued at cost (plus amortized discount or minus amortized premium but excluding accrued interest to the date of purchase) plus accrued interest to the date as of which they are valued unless the Treasurer or the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment or anticipated loss on sale prior to maturity.

Covenants

Tolls and Charges. See "SECURITY FOR THE BONDS-Toll Rate Covenant."

Annual Budget. For each Fiscal Year the State shall file with the Treasurer an annual budget relating to the Turnpike System, which annual budget shall be consistent with the then current biennial budget enacted by the State Legislature. The State may at any time adopt and file with the Treasurer an amended or supplemental annual budget for the Fiscal Year then in progress. The annual budget shall show projected Operating Expenses, Debt Service, Renewal and Replacement Costs and other payments from the Revenue Account and the General Reserve Account and the Revenues to be available to pay the same.

Independent Engineer. The State shall retain one or more independent consulting engineers or engineering firms, having a national reputation for knowledge and experience in analyzing the operations of this type of system, to perform the duties of the Independent Engineer under the Bond Resolution.

Operation, Maintenance and Improvement of the System. The State shall operate and maintain the Turnpike System and make improvements to the same in accordance with prudent practice for this type of system.

Insurance. The State shall at all times maintain such insurance with respect to the Turnpike System, either through insurance reserves or through insurance policies, as it determines is prudent or necessary to protect the interests of the State and the bondholders. In the event of loss or damage to property covered by the insurance, the State shall repair and reconstruct or replace the damaged or lost property as soon as practicable and to the extent necessary for the proper conduct of its operations and shall apply the proceeds of the insurance for that purpose to the extent needed. Any excess proceeds from property insurance shall be paid to the Trustee for deposit in the Debt Service Reserve Account to the extent necessary to cause the amount in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement and the balance shall be deposited, as the State shall determine, in the Construction Account (for the purpose of paying Project Costs of Projects designated by the State) or the Special Redemption Account.

The State, acting through its Department of Insurance, shall annually review the kinds and amounts of insurance policies and self-insurance maintained by the State with respect to the Turnpike System and no later than sixty days after the end of each Fiscal Year shall deliver to the Treasurer a report describing the insurance then in effect and a certificate from the Commissioner of Insurance of the State setting forth the Insurance Reserve Requirement for the next Fiscal Year or any portion thereof. If at any time the Insurance Reserve Requirement shall

be increased as described above or if as of the last business day of a Fiscal Year the balance in the Insurance Reserve Account shall be less than the Insurance Reserve Requirement for that Fiscal Year, the certificate required by the foregoing sentence shall also specify the dates and amounts of deposits to the Insurance Reserve Account during the next succeeding Fiscal Year so that no later than the last day of such next succeeding Fiscal Year the balance in the Insurance Reserve Account shall equal the Insurance Reserve Requirement as of that date.

No Encumbrance or Disposition of the Revenues or Properties of the Turnpike System. The State shall not sell, mortgage, lease or otherwise dispose of or encumber the Revenues or any properties of the Turnpike System, except that:

(1) the State may sell, lease, or otherwise dispose of for fair market value any portion of the properties of the Turnpike System which in the reasonable judgment of the State has become obsolete or worn out, or no longer used or useful, or which is to be or has been replaced by other property; and

(2) except as provided in paragraph (1), the State may also sell, lease, or otherwise dispose of for fair market value any portion of the properties of the Turnpike System upon filing with the Trustee a certificate (a) of the Independent Engineer stating that the sale, lease or other disposition is in accordance with prudent practice for this type of system and containing the statements required by paragraph (1)(D) under the caption "SECURITY FOR THE BONDS-Additional Indebtedness-Additional Parity Bonds", and (b) of an Authorized Officer containing the statements required by paragraph (1)(E) thereunder, as if the date of the sale, lease or other disposition were a date of issuance of Bonds.

If any portion of the properties of the Turnpike System is taken by eminent domain, any moneys received by the State as a result shall be paid to the Trustee for deposit in the Debt Service Reserve Account to the extent necessary to cause the amount in the Debt Service Reserve Account to equal the Debt Service Reserve Account Requirement, and any balance shall be paid into the Revenue Account if the balance is not in excess of one percent (1%) of the principal amount of the Outstanding Bonds. If the balance exceeds that sum, it shall be deposited, as the State shall determine, in the Construction Account (for the purpose of paying Project Costs of Projects designated by the State) or the Special Redemption Account.

Books of Account; Annual Audit. The State shall keep proper books and accounts relating to the Turnpike System. Within one hundred eighty days after the end of each Fiscal Year, the State shall file with the Trustee an annual financial statement, certified by an independent certified or registered public accountant or an independent firm of certified or registered public accountants. The report of the auditor shall state whether there has come to the attention of the auditor in the course of its examination any Default under the Bond Resolution and, if so, the nature of the Default.

Carrying Out Projects. The State shall proceed with due diligence to carry out and complete the Projects financed by the issuance of Bonds. The State may, however, discontinue a Project prior to its completion by written notice to the Treasurer and the Trustee, with a certificate of an Authorized Officer stating that, by reason of change of circumstance not

reasonably expected at the time of issuance of the Bonds, completion of the Project is no longer consistent with prudent practice for this type of system.

Federal Income Tax. Except as otherwise provided as to a Series of Bonds in the Supplemental Resolution providing for their issuance, the State shall not make any use of Bond proceeds or take any other action that would cause the interest on a Series of Bonds to become included in gross income for federal income tax purposes, and shall not fail to take any other lawful action necessary for interest on a Series of Bonds to be or continue to be excluded from gross income for federal income tax purposes.

Events of Default; Acceleration of Maturities

An "**Event of Default**" under the Bond Resolution means any one of the following events:

(1) The State fails to make any payment of principal or redemption price of any of the Bonds when due, whether at maturity or by proceedings for redemption or otherwise.

(2) The State fails to make any payment of interest on any of the Bonds when due and the failure continues for thirty (30) days.

(3) The State fails to make any payment required to be made into any account held by the Trustee under the Bond Resolution and the failure continues for thirty (30) days.

(4) The State sells, mortgages, leases or otherwise disposes of or encumbers the Revenues or any properties of the Turnpike System in violation of the Bond Resolution, or makes an agreement to do so.

(5) Any part of the Turnpike System shall be damaged or destroyed to the extent of impairing its efficient operation and having a material adverse effect on Revenues and shall not be promptly repaired, replaced or reconstructed.

(6) The State fails to perform any other covenant or agreement contained in the Bond Resolution and the failure continues for sixty (60) days after written notice to the State by the Trustee or to the State and the Trustee by the owners of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds.

Upon the occurrence of an Event of Default and so long as the default is not cured, either the Trustee or the holders of 25% in principal amount of the Outstanding Bonds, in addition to their other remedies under the Bond Resolution, may (by written notice to the State and the Trustee) declare the principal of all Outstanding Bonds, and the interest accrued thereon, to be due and payable immediately.

Payment of Funds to the Trustee; Application of Funds

If an Event of Default occurs and has not been cured, the Treasurer, upon demand of the Trustee, will pay over to the Trustee the funds and investments in the Construction Account, and the Treasurer, upon demand of the Trustee, will pay over to the Trustee all Revenues on hand and all moneys and investments then held by the Treasurer in any funds and accounts held by it under this Bond Resolution and shall transfer to the Trustee, as received and in the form received, all subsequent Revenues. After a transfer of the moneys and investments in an account pursuant to the preceding sentence, the Trustee shall administer the account until all Events of Default have been cured.

If at any time the available funds are insufficient for the payment of the principal or redemption price and interest then due on the Bonds, the following accounts (other than funds held in trust for the payment or redemption of particular Bonds) shall be used in the following order:

Debt Service Account

Debt Service Reserve Account

General Reserve Account

Insurance Reserve Account

Construction Account

Special Redemption Account

and the State shall promptly restore from the Revenue Account any amount taken for this purpose from any account other than the Debt Service Account. The moneys shall be applied in the following order of priority:

First, to the payment of all unpaid interest then due on Bonds (including any interest on overdue principal and, to the extent permitted by law, interest on overdue interest at the same rate) in the order in which the same becomes due, and, if the amount available is sufficient to pay the unpaid interest which became due on any date in part but not in full, then to the payment of that interest ratably; and

Second, to the payment of the unpaid principal or redemption price of Bonds then due ratably without regard to when the same became due.

Other Remedies

The Trustee may pursue any available remedy at law or in equity to collect the payment of principal or redemption price of and interest on the Bonds or to enforce the performance of any provisions of the Bonds or the Bond Resolution. The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce them in the proceeding.

The owners of a majority in principal amount of Outstanding Bonds may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, but the

Trustee may refuse to follow any direction that conflicts with law or the Bond Resolution, is unduly prejudicial to the rights of any bondholder, or would involve the Trustee in liability from its own funds.

Limitation on Suits

A bondholder may bring an action at law to recover the principal or redemption price or interest due or overdue on its Bond or Bonds. A bondholder may pursue any other remedy at law or in equity with respect to the Bond Resolution or the Bonds only if:

(a) the bondholder gives the Trustee written notice of a continuing Event of Default;

(b) the owners of at least twenty-five percent (25%) in principal amount of Outstanding Bonds make a written request to the Trustee to pursue the remedy;

(c) the bondholders making the request offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within sixty (60) days after receipt of the request and the offer of indemnity; and

(e) during the sixty (60) day period the owners of a majority in principal amount of Outstanding Bonds do not give the Trustee a direction inconsistent with the request.

Defeasance

The obligations, pledge, covenants and agreements of the State under the Bond Resolution (other than the covenant with respect to federal Income Tax and its obligations with respect to defeasance) shall be discharged and satisfied as to any Bond for which there have been irrevocably set aside with the Trustee sufficient funds, or Defeasance Obligations certified by an independent public accounting firm of national reputation to be in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal or redemption price and interest when due on the Bond, and when all proper fees and expenses of the Trustee pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee. An escrow account held by the Trustee as contemplated by this paragraph may be restructured to provide substitute Defeasance Obligations meeting the criteria set forth in the Bond Resolution, to the extent and as provided in the agreement establishing such escrow account.

Notwithstanding the foregoing, in the case of Bonds which are to be redeemed prior to their stated maturities, no deposit in accordance with the preceding paragraph shall operate as a discharge and satisfaction until the Bonds have been irrevocably called or designated for redemption and proper notice of the redemption has been given or provision satisfactory to the Trustee has been irrevocably made for doing so.

Amending the Bond Resolution

Without Consent of Bondholders. The State, acting through the Governor and Council, may from time to time, with the written concurrence of the Trustee but without the consent of any bondholder, adopt Supplemental Resolutions (a) to provide for the issuance of Additional Bonds; (b) to make changes in the Bond Resolution which may be required to permit the Bond Resolution to be qualified under the Trust Indenture Act of 1939, as amended; and (c) for any one or more of the following purposes:

(1) to cure or correct any ambiguity, defect or inconsistency in the Bond Resolution;

(2) to add additional covenants and agreements of the State for the purpose of further securing the payment of the Bonds;

(3) to limit or surrender any right, power or privilege reserved to or conferred upon the State by the Bond Resolution;

(4) to confirm any lien or pledge created or intended to be created by the Bond Resolution;

(5) to confer upon the bondholders additional rights or remedies or to confer upon the Trustee for the benefit of the bondholders additional rights, duties, remedies or powers; and

(6) to modify the Bond Resolution in any other respect, provided that the modification shall not be effective until after the Outstanding Bonds affected by the modification cease to be Outstanding.

With Consent of Bondholders. With the written concurrence of the Trustee and the consent of the owners of not less than sixty-six and two thirds percent (66 2/3%) in principal amount of the Outstanding Bonds, the State may from time to time adopt Supplemental Resolutions for the purpose of making other changes in the Bond Resolution; provided, however, that without the consent of the owner of each Bond affected, no Supplemental Resolution shall:

(1) change the maturity date for the payment of the principal of any Bond or the dates for the payment of interest on any Bond or the terms of the redemption of any Bond, or reduce the principal amount of any Bond or the rate of interest on any Bond or the redemption price of any Bond;

(2) reduce the requirement of consents under this proviso for a Supplemental Resolution; or

(3) give to any Bond preference over any other Bond.

It shall not be necessary that the consents of the bondholders approve the particular wording of the proposed Supplemental Resolution if the consents approve the substance. After the owners of the required percentage of Bonds have filed their consents with the Trustee, the

Trustee shall mail notice to the bondholders. No action or proceeding to invalidate the Supplemental Resolution shall be instituted or maintained unless it is commenced within sixty (60) days after the Trustee has notified the State that it has mailed the notice to the bondholders.

UNDERWRITING

The 2009 Series A Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from the State the 2009 Series A Bonds at a purchase price of $149,161,156.00 (reflecting an Underwriters' discount of $838,844.00), and to reoffer the 2009 Series A Bonds at no greater than or yields no lower than the initial public offering prices or yields set forth on the inside cover page hereof.

The 2009 Refunding Series B Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from the State the 2009 Refunding Series B Bonds at a purchase price of $71,390,730.20 (reflecting net original issue premium of $4,566,094.60 and an Underwriters' discount of $390,364.40), and to reoffer the 2009 Refunding Series B Bonds at no greater than or yields no lower than the initial public offering prices or yields set forth on the inside cover page hereof.

The 2009 Series Bonds may be offered and sold to certain dealers and others (including the Underwriters and other dealers depositing the 2009 Series Bonds into investment trusts or mutual funds) at prices lower or yields higher than such public offering prices or yields, and such prices or yields may be changed from time to time, by the Underwriters. The 2009 Series A Underwriters will be obligated to purchase all 2009 Series A Bonds if any such 2009 Series A Bonds are purchased and the 2009 Refunding Series B Underwriters will be obligated to purchase all 2009 Refunding Series B Bonds if any such 2009 Refunding Series B Bonds are purchased.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wachovia Bank, National Association.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each an underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Bonds.

J.P. Morgan Securities Inc., one of the Underwriters of the 2009 Series A Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its

underwriting compensation with respect to the 2009 Series A Bonds with UBS Financial Services Inc.

Piper Jaffray & Co., ("Piper") has entered into an agreement (the "Piper Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings allocated to Piper at the original offering prices. Under the Piper Distribution Agreement, if applicable to the 2009 Series Bonds, Piper will share with AAM a portion of the fee or commission, exclusive of management fees, paid to Piper.

TAX MATTERS

Federal Tax-Exemption

The information contained under this caption, "Federal Tax-Exemption" shall be applicable to the 2009 Refunding Series B Bonds.

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the State ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2009 Refunding Series B Bonds is excluded from gross income for federal income tax purposes under the Code.

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") into law. Although the Recovery Act includes changes which modify the treatment under the alternative minimum tax of interest on certain bonds of state and local government entities, such changes are not applicable to the 2009 Refunding Series B Bonds. Interest on the 2009 Refunding Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although interest on the 2009 Refunding Series B Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

Other than as expressly stated herein, Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Refunding Series B Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2009 Refunding Series B Bonds. Failure to comply with these requirements may result in interest on the 2009 Refunding Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2009 Refunding Series B Bonds. The State has covenanted to comply with such requirements to ensure that interest on the 2009 Refunding Series B Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the 2009 Refunding Series B Bonds is exempt from the New Hampshire personal income tax on interest and dividends. Bond Counsel has not opined as to the taxability of the 2009 Refunding Series B Bonds or the income therefrom under the laws of any state other than New Hampshire. A

complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the 2009 Refunding Series B Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the 2009 Refunding Series B Bonds which is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends. For this purpose, the issue price of a particular maturity of the 2009 Refunding Series B Bonds is the first price at which a substantial amount of such maturity of the 2009 Refunding Series B Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2009 Refunding Series B Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of 2009 Refunding Series B Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

2009 Refunding Series B Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and for purposes of the New Hampshire personal income tax on interest and dividends. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Bond Resolution and the 2009 Series Supplemental Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2009 Refunding Series B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2009 Refunding Series B Bonds may adversely affect the value of, or the tax status of interest on, the 2009 Refunding Series B Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or

development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the 2009 Refunding Series B Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the 2009 Refunding Series B Bonds is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Refunding Series B Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Federally Taxable Build America Bonds

The information contained under this caption, "Federally Taxable Build America Bonds" is applicable only to the 2009 Series A Bonds.

Under existing law, interest on the 2009 Series A Bonds is exempt from the State of New Hampshire personal income tax on interest and dividends but is included in gross income for federal income tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the 2009 Series A Bonds.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to beneficial owners of the 2009 Series A Bonds that acquire their 2009 Series A Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors who hold their 2009 Series A Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, the following discussion does not address (i) alternative minimum tax consequences or (ii) the indirect effects on persons who hold equity interests in a beneficial owner of 2009 Series A Bonds. In addition, this summary generally is limited to investors who become beneficial owners of 2009 Series A Bonds pursuant to the initial offering for the issue price that is applicable to such 2009 Series A Bonds (i.e., the price at which a substantial amount of such 2009 Series A Bonds is first sold to the public) and who will hold their 2009 Series A Bonds as "capital assets" within the meaning of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a 2009 Series A Bond who for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust with respect to which a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a 2009 Series A Bond (other than a partnership) who is not a U.S. Holder. If an entity classified as a partnership for U.S. federal income tax purposes is a beneficial owner of 2009 Series A Bonds, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the tax consequences of an investment in the 2009 Series A Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. Stated interest on the 2009 Series A Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

"Original issue discount" will arise for U.S. federal income tax purposes in respect of any 2009 Series A Bond if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for tax purposes). For any 2009 Series A Bonds issued with original issue discount, the excess of the stated redemption price at maturity of that 2009 Series A Bond over its issue price will constitute original issue discount for U.S. federal income tax purposes. The stated redemption price at maturity of a 2009 Series A Bond is the sum of all scheduled amounts payable on such 2009 Series A Bond other than qualified stated interest. U.S. Holders of 2009 Series A Bonds generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of 2009 Series A Bonds issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

"Premium" generally will arise for U.S. federal income tax purposes in respect of any 2009 Series A Bonds to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a 2009 Series A Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such 2009 Series A Bond.

Disposition of the 2009 Series A Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State), reissuance or other disposition of a 2009 Series A Bond will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder of a 2009 Series A Bond generally will

recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the 2009 Series A Bond which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the 2009 Series A Bond (generally, the purchase price paid by the U.S. Holder for the 2009 Series A Bond, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such 2009 Series A Bond and decreased by any payments previously made on such 2009 Series A Bond, other than payments of qualified stated interest, or decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. Defeasance or material modification of the terms of any 2009 Series A Bond may result in a deemed reissuance thereof, in which event a beneficial owner of the defeased 2009 Series A Bonds generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the 2009 Series A Bond.

In the case of a non-corporate U.S. Holder of the 2009 Series A Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain may be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the 2009 Series A Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

The following discussion applies only to non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a non-U.S. Holder that is a "controlled foreign corporation" or a "passive foreign investment company," and, accordingly, non-U.S. Holders should consult their own tax advisors to determine the United States federal, state, local and other tax consequences of holding the 2009 Series A Bonds that may be relevant to them.

Interest. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," payments of principal of, and interest on, any 2009 Series A Bond to a Non-U.S. Holder, other than a bank which acquires such 2009 Series A Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, generally will not be subject to any U.S. withholding tax provided that the beneficial owner of the 2009 Series A Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Bonds. Subject to the discussion below under the heading "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition of a 2009 Series A Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-

U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A 2009 Series A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to such 2009 Series A Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding—U.S. Holders and non-U.S. Holders

Interest on, and proceeds received from the sale of, a 2009 Series A Bond generally will be reported to U.S. Holders, other than certain exempt recipients, such as corporations, on IRS Form 1099. In addition, a backup withholding tax may apply to payments with respect to the 2009 Series A Bonds if the U.S. Holder fails to furnish the payor with a correct taxpayer identification number or other required certification or fails to report interest or dividends required to be shown on the U.S. Holder's federal income tax returns.

In general, a non-U.S. Holder will not be subject to backup withholding with respect to interest payments on the 2009 Series A Bonds if such non-U.S. Holder has certified to the payor under penalties of perjury (i) the name and address of such non-U.S. Holder and (ii) that such non-U.S. Holder is not a United States person, or, in the case of an individual, that such non-U.S. Holder is neither a citizen nor a resident of the United States, and the payor does not know or have reason to know that such certifications are false. However, information reporting on IRS Form 1042-S may still apply to interest payments on the 2009 Series A Bonds made to non-U.S. Holders not subject to backup withholding. In addition, a non-U.S. Holder will not be subject to backup withholding with respect to the proceeds of the sale of a 2009 Series A Bond made within the United States or conducted through certain U.S. financial intermediaries if the payor receives the certifications described above and the payor does not know or have reason to know that such certifications are false, or if the non-U.S. Holder otherwise establishes an exemption. Non-U.S. Holders should consult their own tax advisors regarding the application of information reporting and backup withholding in their particular circumstances, the availability of exemptions and the procedure for obtaining such exemptions, if available.

Backup withholding is not an additional tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder's federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder of 2009 Series A Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of 2009 Series A Bonds, including the application and effect of state, local, foreign and other tax laws.

Circular 230 Disclaimer

The preceding tax matters discussion related to the 2009 Series A Bonds is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under federal tax law in connection with the 2009 Series A Bonds. Such discussion was written to support the promotion or marketing of the 2009 Series A Bonds. Each purchaser of the 2009 Series A Bonds should seek advice based on such purchaser's particular circumstances from an independent tax advisor.

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 Series Bonds, or in any way contesting or affecting the validity of the 2009 Series Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2009 Series Bonds, or the existence or powers of the State with respect to the Turnpike System.

The State is not a party to any litigation or other proceeding pending or, to the knowledge of the State, threatened in any court, agency or other administrative body (either state or federal) which, if decided adversely to the State, would have a material effect on the financial condition of the Turnpike System.

RATINGS

Fitch Ratings, Inc., Moody's Investors Services, Inc. and Standard & Poor's Ratings Services has assigned their municipal bonds ratings of "A", "A1" and "A", respectively, to the 2009 Series Bonds.

Each such rating reflects only the views of the respective rating agency, and an explanation of the significance of such rating should be obtained from such rating agency, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich St., New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The above ratings are not recommendations to buy, sell or hold the 2009 Series Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2009 Series Bonds.

FINANCIAL ADVISOR

Public Resources Advisory Group, New York, New York, is serving as Financial Advisor in connection with the issuance of the 2009 Series Bonds. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities. The Financial Advisor is not obligated

to undertake to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

LEGALITY FOR INVESTMENT

Under the laws of the State, the 2009 Series Bonds are authorized investments for fiduciaries and may be legally deposited as security for public funds in the State.

CONTINUING DISCLOSURE

The State has covenanted with the Trustee for the benefit of the holders of the 2009 Series Bonds to provide certain financial information and operating data relating to the Turnpike System by not later than 240 days following the end of each Fiscal Year during which the 2009 Series Bonds are outstanding (the "Annual Report"), and to provide notices of certain enumerated events, if deemed by the State to be material. The Annual Report and notices of material events will be filed on behalf of the State with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in Appendix D - "Form of Continuing Disclosure Certificate."

The State has never failed to comply in all material respects with any previous undertakings relating to its Turnpike System Revenue Bonds to provide annual reports or notices of material events in accordance with the Rule, as defined in the Continuing Disclosure Certificate attached hereto as Appendix D.

It should be noted that the State had undertaken pursuant to the Rule with respect to its general obligation bonds to provide its financial statements for fiscal year 2006 to each repository established in accordance with the Rule by March 27, 2007, and on March 29, 2007, the State filed a notice of its failure to file such statements by the required date. The State's audited financial statements for fiscal year 2006 were filed on April 20, 2007.

LEGAL MATTERS

Legal matters incident to the authorization and sale of the 2009 Series Bonds are subject to the approval of Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, whose opinions will be dated the date of the issuance of the Bonds and will speak only as of that date. The proposed forms of the approving opinions of Edwards Angell Palmer & Dodge LLP are set forth in Appendix E hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Devine Millimet & Branch, Professional Association, Manchester, New Hampshire.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by Public Resources Advisory Group and Wells Fargo Securities on behalf of the State relating to the computation of the funds necessary to be deposited into the Refunding Trust Fund in order to pay, when due, interest on and upon redemption, the outstanding principal of and redemption premium on the Refunded Bonds will be verified by Causey Demgen & Moore Inc. Such

computations will be based solely upon assumptions and information supplied by Public Resources Advisory Group and Wells Fargo Securities on behalf of the State. Causey Demgen & Moore Inc. will restrict its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

TURNPIKE SYSTEM FINANCIAL STATEMENTS

The Turnpike System's financial statements for the Fiscal Year ended June 30, 2008, presented in accordance with generally accepted accounting principles, and the report of the State's independent auditors with respect thereto ("2008 Financial Statements"), were filed on February 25, 2009 with each Nationally Recognized Municipal Securities Information Repository, then recognized by the Securities Exchange Commission. This filing was made pursuant to the State's continuing disclosure obligations with respect to its Turnpike System Revenue Bonds and constituted the State of New Hampshire Department of Transportation's Annual Report with Respect to Turnpike System Revenue Bonds dated February 25, 2009. The 2008 Financial Statements are also available on the State of New Hampshire Department of Transportation website at: http://www.nh.gov/dot/org/operations/turnpikes/documents/TPK2008AnnualReport.pdf. KPMG LLP, the State's independent auditor, has not been engaged to perform and has not performed, since the date of its report referenced above, any procedures on the financial statements addressed in that report. KPMG LLP has also not performed any procedures relating to this Official Statement.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the State's records and other sources which are believed to be reliable. However, no assurance can be given that any of the assumptions or estimates contained herein will be realized.

Neither this Official Statement nor any advertisement of the 2009 Series Bonds is to be construed as a contract with the holders of the 2009 Series Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact.

Additional information concerning the State or the Turnpike System may be obtained upon written request to the Office of the State Treasurer, State House Annex, Concord, New Hampshire 03301, or by calling (603) 271-2621.

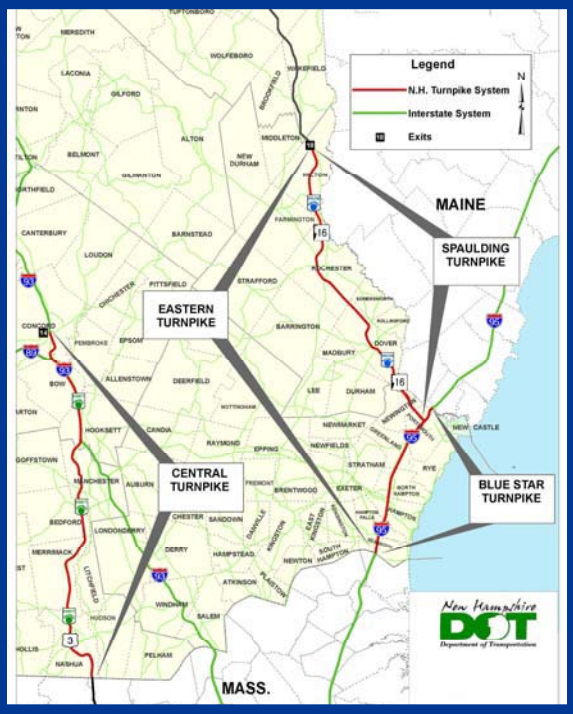
State of New Hampshire

By:
State Treasurer

APPENDIX A

Traffic and Revenue Study

JACOBS™



Submitted to:
New Hampshire Department of Transportation

New Hampshire Turnpike System Traffic and Revenue Study

In Reference to:
Statewide On-Call Toll System Services 15355

November 6, 2009

Submitted by:

Jacobs Engineering Group Inc.
5 Penn Plaza, 18th Floor
New York, NY 10001

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1 EXECUTIVE SUMMARY

Jacobs Engineering conducted a traffic and revenue study for the New Hampshire Turnpike System (the "Turnpike System") upon the request of the New Hampshire Department of Transportation (NHDOT). Jacobs analyzed historical traffic and revenue data for the entire Turnpike System to determine historical trends, and reviewed previous traffic and revenue projections made by others and compared them to actual traffic and revenue data recorded by NHDOT. In addition, Jacobs reviewed the historical and proposed Turnpike Capital Improvement Program as well as historical and projected expenditures for the Turnpike System related to operations, maintenance, renewal and replacement, and toll processing.

All of this information and analyses were then used to develop a traffic and revenue model to estimate annual traffic and toll revenue for Fiscal Year 2010 (i.e., July 2009 – June 2010) through Fiscal Year 2019. Projected annual toll revenue is summarized in Table ES-1. These forecasts take into account two toll increases: the recent increase at the Hampton Mainline Barrier, which occurred on July 1, 2009 (FY 2010), and a systemwide toll increase on July 1, 2011 (FY 2012). The forecasts account for the estimated loss in Central Turnpike toll traffic due to the free Manchester Airport Access Road interchange, which is expected to open in FY 2013.

Table ES-1: Projected Annual Toll Revenue[1], FY 2010-2019 (in millions)

Fiscal Year	Central Turnpike	Blue Star Turnpike	Spaulding Turnpike	Total
2010[2]	$ 42.7	$ 54.4	$ 14.6	$ 111.7
2011	$ 43.1	$ 54.4	$ 14.7	$ 112.2
2012[3]	$ 59.5	$ 54.9	$ 18.7	$ 133.1
2013[4]	$ 55.8	$ 55.5	$ 18.8	$ 130.0
2014[5]	$ 54.4	$ 56.0	$ 18.9	$ 129.3
2015	$ 55.0	$ 56.5	$ 19.0	$ 130.6
2016	$ 55.9	$ 57.1	$ 19.2	$ 132.1
2017	$ 57.0	$ 57.7	$ 19.3	$ 134.0
2018	$ 58.1	$ 58.3	$ 19.5	$ 135.9
2019	$ 59.2	$ 58.9	$ 19.7	$ 137.8

[1]Does not include administrative fees or violation revenue

[2]Toll increase at Hampton Barrier 7/1/09; open-road tolling begins at Hampton Barrier 5/31/10

[3]Systemwide toll increase 7/1/11; open-road tolling begins at Hooksett Barrier 5/31/12

[4]Planned opening year for the Manchester Airport Access Road

[5]Open-road tolling begins at Bedford Mainline Barrier 5/31/14

Note: Data will not necessarily add to totals because of rounding

The study also included the use of a financial model to estimate net revenues, operating costs, debt service requirements, and bond coverage ratios and cash reserves for the Turnpike System. The analysis of the financial plan showed that sufficient revenues will be generated to fund the proposed capital plan and to meet both the external bond resolution's minimum debt service coverage requirements as well as the Turnpike's internal minimum requirements for the ten-year forecast period, FY 2010-2019.

2 INTRODUCTION

Jacobs Engineering is one of the world's largest and most diverse providers of professional technical consulting services with a network of 57,000 employees in more than 20 countries. Our Transportation Consultancy Group includes former employees from Vollmer/Stantec and URS who specialized in a full range of toll services ranging from toll feasibility and traffic and revenue studies to toll collection system upgrades. Additionally, our Consultancy Group has been at the forefront in helping clients implement toll initiatives including congestion pricing, HOT lanes and open road tolling.

Jacobs was retained by the New Hampshire Department of Transportation (NHDOT) to conduct a traffic and revenue study for the New Hampshire Turnpike System. In conducting this study, historical traffic and revenue data for the entire Turnpike System were collected and analyzed to determine historical trends and travel characteristics. Previous traffic and revenue projections made by others were reviewed and compared to actual traffic and revenue data recorded by NHDOT.

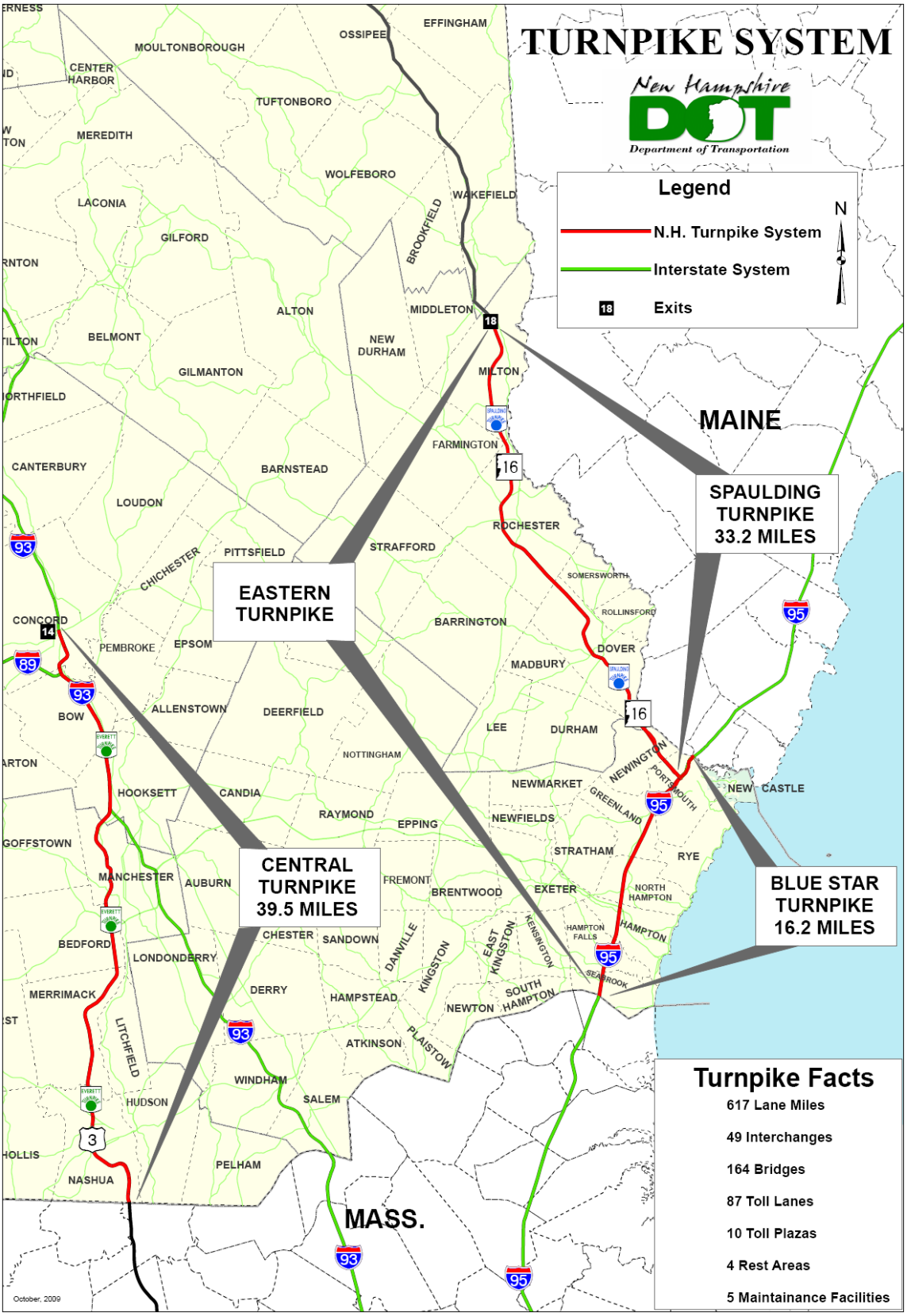
This study also included a review of the historical and proposed Turnpike Capital Improvement Program, as well as historical and projected expenditures for the Turnpike System related to operations, maintenance, renewal and replacement, and toll processing. An additional review was conducted for regional and national economic factors such as gross domestic product, fuel cost impacts, housing and employment. The study also examined feeder and competitive roads and their impact on traffic on the Turnpike System.

All of this information and analyses were then used to develop a traffic and revenue model to estimate annual traffic and toll revenue for Fiscal Years 2010 through 2019. The study also included the development of a financial model to estimate net revenues, operating costs, debt service requirements and bond coverage ratios. An assessment was made to determine whether the toll revenues would be sufficient to meet the Turnpike bond requirements.

3 DESCRIPTION OF NEW HAMPSHIRE TURNPIKE SYSTEM

The current New Hampshire Turnpike System is an open barrier toll system comprised of 48 interchanges, 10 toll plazas, 87 toll lanes, and approximately 89 linear miles. The system is composed of three independent turnpike systems; the Central (F.E. Everett) Turnpike, the Blue Star Turnpike and the Spaulding Turnpike, as shown in Figure 1.

Figure 1: New Hampshire Turnpike System



The Central Turnpike, also known as the F.E. Everett Turnpike (or "FEET") is the longest at 39.5 miles, extending from the Massachusetts State Line in Nashua, New Hampshire to Exit 14 in Concord, New Hampshire. It comprises, in part, a portion of the US Interstate Highways 93 and 293 and connects the three largest cities in New Hampshire (Nashua, Manchester and Concord). The Central Turnpike also connects with major east-west highways such as NH 101, US 4 as well as Interstate 89. Currently there are two mainline toll plazas at Hooksett and Bedford, and 4 ramp plazas at Hooksett (I-93 Exit 11), Bedford Road (FEET Exit 12), Continental Boulevard (FEET Exit 11), and Merrimack Industrial Drive (FEET Exit 10).

The Blue Star Turnpike extends from the Massachusetts state line in Seabrook, New Hampshire to Portsmouth Circle near the Maine state line in Portsmouth, New Hampshire. It is 16.2 miles in length and constitutes a portion of Interstate 95. The 16.2 mile length includes a 1.6-mile piece of I-95 just recently acquired by the NHDOT Bureau of Turnpikes, which extends from the Spaulding Turnpike to the Maine state line. The Blue Star Turnpike also connects with major highways that include NH 101 and US 4. There is a mainline toll plaza and an entry/exit ("side") toll plaza on the Blue Star Turnpike, both located in the Town of Hampton.

The Spaulding Turnpike is 33.2 linear miles, extending from Portsmouth, New Hampshire, to Exit 18 in Milton, New Hampshire. It is the major north-south road in the eastern portion of the state, and connects the Blue Star Turnpike to NH 16, which is the major roadway to northern New Hampshire along the eastern border of New Hampshire. It also connects the three major cities in eastern New Hampshire (Portsmouth, Dover and Rochester) and connects to several major highways that include US 4, NH 16, NH 125 and Interstate 95. There are two mainline toll locations at Dover and Rochester. The Spaulding Turnpike and Blue Star Turnpike are also collectively known as the Eastern Turnpike.

The major events that occurred in the development of the NH Turnpike System are summarized in Table 1, as follows:

Table 1: Major Events on the NH Turnpike System

Date	Activity
1950 (Jun. 24)	First toll plaza opens - Hampton (toll was 20¢ for a passenger car).
1955	Completion of the Nashua to Manchester segment of the Central Turnpike.
1955 (Aug. 21)	Merrimack Toll Plaza opens. Toll was 25¢ for a passenger car.
1955	Tokens authorized providing a 1/3 discount. Two types of tokens were authorized. An "A" token had a trip fare value of 10¢ and a "B" token had a trip fare value of 15¢. Tokens could be used by any class of vehicle.
1956	The Portsmouth to Dover segment of the Spaulding Turnpike was completed.
1956 (Oct. 3)	Dover Toll Plaza opens. Toll was 10¢ for a passenger car.
1957	Increase in toll rate at Dover Toll to 15¢ for a passenger car.
1957	The Manchester to Concord segment of the Central Turnpike was completed.
1957	The Dover to Rochester segment of the Spaulding Turnpike was completed.
1957 (Aug. 29)	The Rochester Toll Plaza opens. Toll was 15¢ for a passenger car.

Table 1: Major Events on the NH Turnpike System

Date	Activity
1957 (Aug. 30)	The Hooksett Toll Plaza opens. Toll was 25¢ for a passenger car.
1961	The rate decreased at Dover Toll to 10¢ for a passenger car.
1961 (Jun. 21)	Toll rate increased at Hampton Toll to 25¢ for a passenger car.
1972	Initiated charge program for commercial accounts. A 1/3 discount was provided in the program.
1975 (Jul. 1)	Toll rate increase at Hampton Toll to 40¢ for a passenger car.
1977	Eastern Turnpike (I-95) widened from 4 to 8 lanes.
1977 (Feb. 1)	Reconstruction and relocation of Hampton Toll completed with new ramp and mainline plazas opened to traffic.
1977 (Apr. 1)	Toll rates at Hooksett and Merrimack Tolls increased to 40¢ for a passenger car. Discontinued the sale of "A" tokens. Tokens restricted to two axle or four tire vehicles. Eliminated the 1/3 discount for commercial charge accounts.
1979 (Aug. 23)	Tolls eliminated at the Hampton Ramp Toll Plaza.
1979	Central Turnpike widened from 4 to 6 lanes from the junction of I-93/I-293 in Hooksett to I-93/I-89 in Bow.
1979 (Dec. 3)	Reconstruction completed on new Hooksett Toll Plaza ramp and mainline barrier.
1979 (Dec. 3)	Toll rates increased as follows. Merrimack, Hooksett & Hampton (main) 50¢ for a passenger car. Dover 15¢ for a passenger car. Rochester 20¢ for a passenger car.
1979 (Dec. 3)	Discount for commuter tokens increased to 50%.
1981 (Jul. 1)	Toll reinstated on the Hampton Ramp Toll Plaza.
1981 (Aug. 20)	Spaulding Turnpike Extension opened from Rochester to Milton.
1986 (Dec. 1)	Automated truck charge system initiated.
1987 (Apr. 15)	Toll rates increased at Dover & Rochester Toll to 25¢ for a passenger car.
1987 (Jul. 1)	Toll increased at Hampton Toll (mainline to 75¢ and ramp to 40¢ for a passenger car).
1987 (Oct. 28)	Toll reduced at Hampton Toll (mainline to 50¢ and ramp to 25¢ for a passenger car).
1987	Exit 8 Interchange, Nashua, New Hampshire. The first project to be completed in the Ten Year Plan to expand and improve the New Hampshire Turnpike System (Chapter 203, Laws of 1986) was the Exit 8 Interchange in Nashua, New Hampshire that opened to traffic in June 1987.
1988 (Jan. 1)	Toll increased at Hampton Main Toll to 75¢ for passenger cars, Hampton Ramp remains @ 25¢.
1989 (Jan. 4)	Merrimack Toll Plaza (Mainline and Ramps) Closed. On this date, the Merrimack Toll Plaza discontinued collection of tolls and was dismantled.
1989 (Jan. 4)	Bedford Toll Plaza Opened to Traffic.

Table 1: Major Events on the NH Turnpike System

Date	Activity
1989 (Jan. 4)	Exit 11 Ramp (Temporary) Toll Plaza Opened to Traffic. On this date, the Exit 11 Toll Plaza opened to traffic replacing the dismantled Merrimack Toll (Ramps).
1989 (Oct 16)	General toll rate increase for entire turnpike system. Increase of 25 cents at each plaza for passenger cars. Substantial increase for commercial vehicles (to recognize weight on turnpike infrastructure). Discount for commercial charge program 5% to 30% graduated. Discount for commuters decreased from 50% to 40%.
1990 (Jul 11)	Commuter discount (Tokens) revised from 40% to 50%. Change in commercial charge discount (5-30%) will apply to total transactions monthly.
1990 (Oct. 2)	Merrimack Industrial Interchange Toll Plaza Opened to Traffic.
1990 (Nov. 29)	Bedford Road Interchange Toll Plaza Opened to Traffic.
1991 (Feb. 4)	"Honor System" Toll Collection Began at Exit 11 Toll Plaza. Initiated unattended toll collection at Exit 11 Toll Plaza between the hours of 9 PM and 5 AM daily.
1991 (May 15)	Hampton Main Toll Plaza Expansion Completed.
1991 (Aug. 30)	Cheshire Toll Bridge Began Operation by the Bureau of Turnpikes.
1991 (Oct. 1)	Bedford Toll Plaza Toll Collection System Conversion.
1991 (Nov. 18)	Exit 11 Interchange Toll Plaza Opens to Traffic.
1991 (Dec. 1)	Hampton Main Toll Plaza Toll Collection System Conversion.
1992 (Feb.)	Hampton Ramp Toll Plaza Toll Collection System Conversion.
1992 (Apr. 1)	Dover Toll Plaza Toll Collection System Conversion.
1992 (Jun. 1)	Rochester Toll Plaza Toll Collection System Conversion.
1992 (Aug 3)	Cheshire Bridge closed for rehabilitation.
1992 (Nov. 14)	Exit 11 Toll Plaza Toll Collection System Conversion.
1993 (Aug. 9)	"Honor System" Toll Collection Begins at Cheshire Toll Bridge.
1993 (Jul 30)	Exit 11 Interchange (Merrimack) completed as part of the Capital Improvement Program.
1993 (Nov. 18)	Gosling Road Interchange on the Spaulding Turnpike Opened.
1993 (Dec. 20)	"Honor System" Toll Collection Begins at Exit 10 and Exit 12.
1994 (Jun.)	Add Two Seasonal Toll Lanes to Hooksett Main Toll Plaza.
1994 (Jun.)	Hampton Main Toll Plaza Changed to All Attended Operation.
1994 (Nov. 1)	Increase Discount in Commercial Charge Program to 50%.
1995 (Jul 30)	Changes at Hampton Main Toll Plaza adding one reversible lane (replacing standard ACM lane) allowing 10 operational lanes in one direction of travel for the first time.
1995 (Aug. 4)	Initiated Tandem Toll Collection at Hampton Main Toll Plaza.
1995 (Aug. 14)	"Honor System" Toll Collection Began at Hooksett Ramp Toll Plaza.

Table 1: Major Events on the NH Turnpike System

Date	Activity
1995 (Aug. 14)	"Bi-directional" Toll Collection Began at Rochester Toll Plaza.
1995 (Aug. 14)	"HOV" (High Occupancy Vehicle) Test began at Bedford Toll.
1995 (Oct.)	Reactivated Automatic Toll Lanes at Hampton Main Toll.
1995 (Nov 1)	Truck charge card discount set at a flat 30% rate.
1996 (May)	Hampton Main Toll Plaza converted to entirely attended operation with all automatic lane equipment taken out of service.
1997 (Jun.)	Expanded Hampton Ramp Toll Plaza from 5 to 7 toll lanes.
1997 (Nov.)	Ended a two-year HOV Test at Bedford Toll Plaza.
2000 (Jul 19)	Expansion of Dover Toll Plaza complete.
2001 (Jul 1)	Toll collection ceased at Cheshire Toll Bridge - per legislation.
2002 (Apr 5)	Rochester Toll Plaza staffing changed back to conventional staffing.
2002	Completed the 5th lane project at the Hampton Toll Plaza on I-95.
2003 (Jul 23)	Opened an additional lane for the first time at the Hooksett Ramp toll facility.
2003 (Aug 21)	One-way toll collection test initiated at the Hampton Toll Plaza.
2003 (Nov 1)	Two-way tolling returns to Hampton Main Toll Plaza for the winter months.
2004 (Jan 9)	Hampton Ramp Toll Plaza converted to all attended capability.
2004 (Jan 29)	Two new toll lanes, one north and one south, at Bedford Toll Plaza, were opened to revenue collection today.
2004 (June 30)	One-way toll collection reinstated at the Hampton Toll Plaza.
2004 (Oct 21)	Two way tolling returns to Hampton Main Toll Plaza.
2005 (March)	Hampton Ramp converted to an all attended plaza just like Hampton Main.
2005 (April 12)	Hooksett Ramp converted back to a 24/7/365 plaza.
2005 (July 11)	The first NH toll facilities to be converted to E-ZPass – Hooksett Main, Hooksett Ramp and Bedford Toll. Cars with NH E-ZPass tags receive a 30% discount from cash (compared to a 50% discount for tokens) and trucks with NH E-ZPass receive a 10% discount from cash (compared to a 30% discount with the Commercial Charge program). Non-New Hampshire E-ZPass tagholders pay the cash rates.
2005 (July 18)	Phase Two of E-ZPass conversion takes place: Merrimack Ramp Toll Plazas (Exits 10, 11 and 12).
2005 (Aug 2)	Phase Three of E-ZPass deployed at Hampton Main and Hampton Ramp.
2005 (August 3)	The price of transponders increase from $5.00 to $23.85 each.
2005 (Aug 15)	Phase Four of E-ZPass deployed at Dover and Rochester Toll Plazas.
2005 (Sept 1)	NH Turnpike Token Sales cease per HB 2 of the FY 2006/FY 2007 biennial budget.

Table 1: Major Events on the NH Turnpike System

Date	Activity
2005 (Sept 26)	Price of transponders increases – from $23.84 to $24.61 for flat packs
2005 (Sept 30)	Commercial Charge Program ends at 11:59:59. Magnetically encoded card system replaced by E-ZPass.
2006 (Jan 1)	NH Turnpike Tokens (B) are no longer accepted as valid toll fare payment per state law. Staffed ACM lanes from 1-1 through 1-9-2006 to ensure that motorists were aware that tokens are no longer accepted.
2007 (Oct 22)	New toll rate implemented at Dover $0.50-$0.75; Rochester $0.50-$0.75, Hampton Ramp $0.50-$0.75; Bedford and Hooksett $0.75-$1.00; and Hampton main line $1.00-$1.50
2008 (May 1)	New terms, conditions, application and transponder price change goes into effect. Price drop for interior tag $24.61 to $20.95, exterior $31.83 to $33.04
2008 (Jun 9 & 16)	Granite Street ramps open to traffic at Exit 5 in Manchester
2009 (June 30)	HB 391 passes, authorizing the Turnpike Bureau to purchase the 1.6 miles of I-95 from the Portsmouth Traffic Circle to the Maine Border, and authorizing the following projects: Hampton ORT, Bedford ORT, Hooksett ORT, Portsmouth I-95 Soundwall, Seabrook NH 107 Bridge over I-95 and the Dover segment of the Newington –Dover Projects.
2009 (July 1)	New toll rate implemented at Hampton $1.50 – $2.00

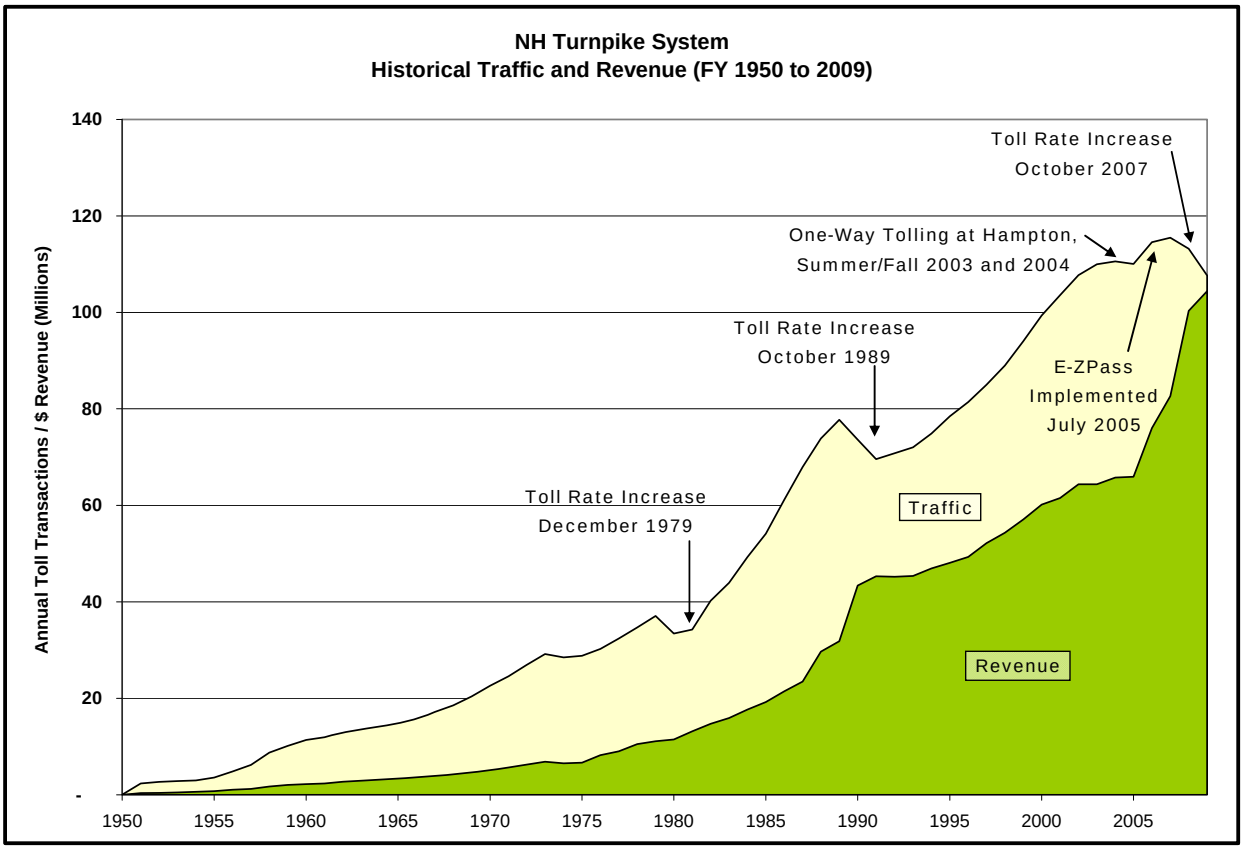
4 HISTORICAL TRAFFIC AND REVENUE

This section discusses historical traffic and toll revenue trends of the New Hampshire Turnpike System.

4.1 HISTORICAL TOLL TRANSACTIONS AND TOLL REVENUE TRENDS

Figure 2 illustrates toll transactions and revenue for the entire Turnpike System for FY 1950 through FY 2009. Both toll transaction and revenue graphs are generally upward sloping, indicating that toll transactions and revenues have generally increased consistently across the Turnpike System. The graph shows that there were some short periods where toll transactions decreased but later recovered, and these appear to coincide with toll rate increases. Revenues generally increased across the Turnpike System, although the growth was relatively flat for some short time periods. Tolls were last increased in October 2007; the toll increases prior to that were in October 1989 and December 1979. After the 1989 toll increase, both traffic and revenue increased steadily until 2005. In July 2005, ***E-ZPass*** was implemented on the Turnpike System, and the toll discount was lowered from 50 percent to 30 percent for passenger cars and from 30 percent to 10 percent for commercial vehicles. NHDOT stopped accepting tokens (which provided a 50 percent discount for passenger cars) in January 2006. The October 2007 toll increase – 25 cents for cars and 50 cents for trucks at most locations – brought about a small decline in traffic but a significant increase in toll revenue. In FY 2009, traffic continued to decrease and revenue increased over the previous year due to the October 2007 toll increase, though some of the traffic decrease could also be attributed to economic conditions.

Figure 2: NH Turnpike System Historical Toll Transactions and Toll Revenue Trends, FY 1950-2009



4.2 TOLL TRANSACTION TRENDS

Table 2 summarizes the annual toll transactions between FY 1991 and FY 2009 for each of the three Turnpikes as well as the entire NH Turnpike System. Annual toll transactions have generally increased every year across the System. However, Blue Star Turnpike transactions decreased in both FY 2004 and FY 2005 due to the inability to count southbound traffic data at the Hampton Toll Plaza during the one-way tolling experiments conducted by NHDOT in the summer/fall of 2003 and 2004. More recently, overall Turnpike traffic declined both in FY 2008 and 2009 from the previous year, similar to the nationwide trend of total vehicle-miles traveled (VMT), which also declined during that timeframe. The diversion caused by the October 2007 toll increase contributed to both the FY 2008 and 2009 decrease in Turnpike traffic.

Table 2: NH Turnpike System Annual Toll Transactions, FY 1991-2009 and First Quarter of 2010 (in millions)

Fiscal Year	Central Turnpike	Blue Star Turnpike	Spaulding Turnpike	Total System
1991	32.5	23.4	13.7	69.6
1992	33.2	23.6	14.0	70.8
1993	33.5	24.0	14.5	72.0
1994	34.7	24.8	15.4	74.9
1995	35.9	26.1	16.5	78.5
1996	37.2	27.0	17.2	81.4
1997	38.9	28.1	18.0	85.0
1998	40.6	29.4	19.0	89.0
1999	42.6	31.4	20.0	94.0
2000	45.3	33.2	20.9	99.4
2001	47.6	34.0	22.0	103.6
2002	49.3	35.8	22.6	107.7
2003	50.5	36.4	23.1	110.0
2004[1]	52.2	34.6	23.8	110.6
2005[1,2]	53.9	32.2	23.9	110.0
2006[2]	54.6	36.6	23.3	114.6
2007	54.7	37.4	23.4	115.5
2008[3]	53.8	36.6	22.8	113.2
2009	51.5	34.7	21.4	107.7
1st Quarter FY 2009	14.0	10.6	5.9	30.5
1st Quarter FY 2010	14.0	10.9	5.8	30.7

[1] One-way tolling at Hampton Mainline Toll Plaza

[2] Conversion to new toll system and implementation of E-ZPass

[3] Toll Increase October 22, 2007

Notes:

Non-paying transactions (valid and violations) are included in these numbers.

Data will not necessarily add to totals because of rounding.

Between FY 1991 and FY 2003, total toll transactions across the entire Turnpike System increased annually by an average of 3.9 percent per year. After that time there was a period of

flattened traffic for several years, some growth in 2006 and 2007, and a 2.0 percent decrease in FY 2008. Traffic continued to decline another 4.9 percent in FY 2009 both as a result of the mid-FY 2008 toll increase and the economic downturn. Toll transactions on the individual Turnpikes increased at an average annual rate of 2.6 percent on the Central Turnpike, 2.2 percent on the Blue Star Turnpike and 2.5 percent on the Spaulding Turnpike during the FY 1991 to FY 2009 time period; however, from FY 1991 to FY 2006, these average annual growth rates had been 3.5, 3.0, and 3.6 percent, respectively.

From FY 2010 first quarter traffic data, it appears that traffic loss has subsided as compared to the same quarter in FY 2009, however, this first quarter data is not likely indicative of a full year, when one considers the following:

- This summer's gas prices were significantly lower than last summer's, when they peaked at more than $4.00 nationwide (see Section 7.2.2 for more information)
- Labor Day this year was almost a week later than last year, adding to vacation traffic

These factors would likely affect the Blue Star Turnpike (I-95) to a larger degree than the other two turnpikes because it is used more as a long-haul and vacation route than the other routes.

Historical toll transaction trends between FY 1950 and FY 2009 are illustrated in Figure 3 with volumes indexed to FY 1991 values. From this graphic, we can observe that the three general toll rate increases occurred close to periods of economic recessions, and in all cases, toll traffic transactions decreased. Transaction growth also slowed down during the other economic recession periods.

Figure 3: NH Turnpike System Historical Toll Transactions Trends, FY 1950 to 2009

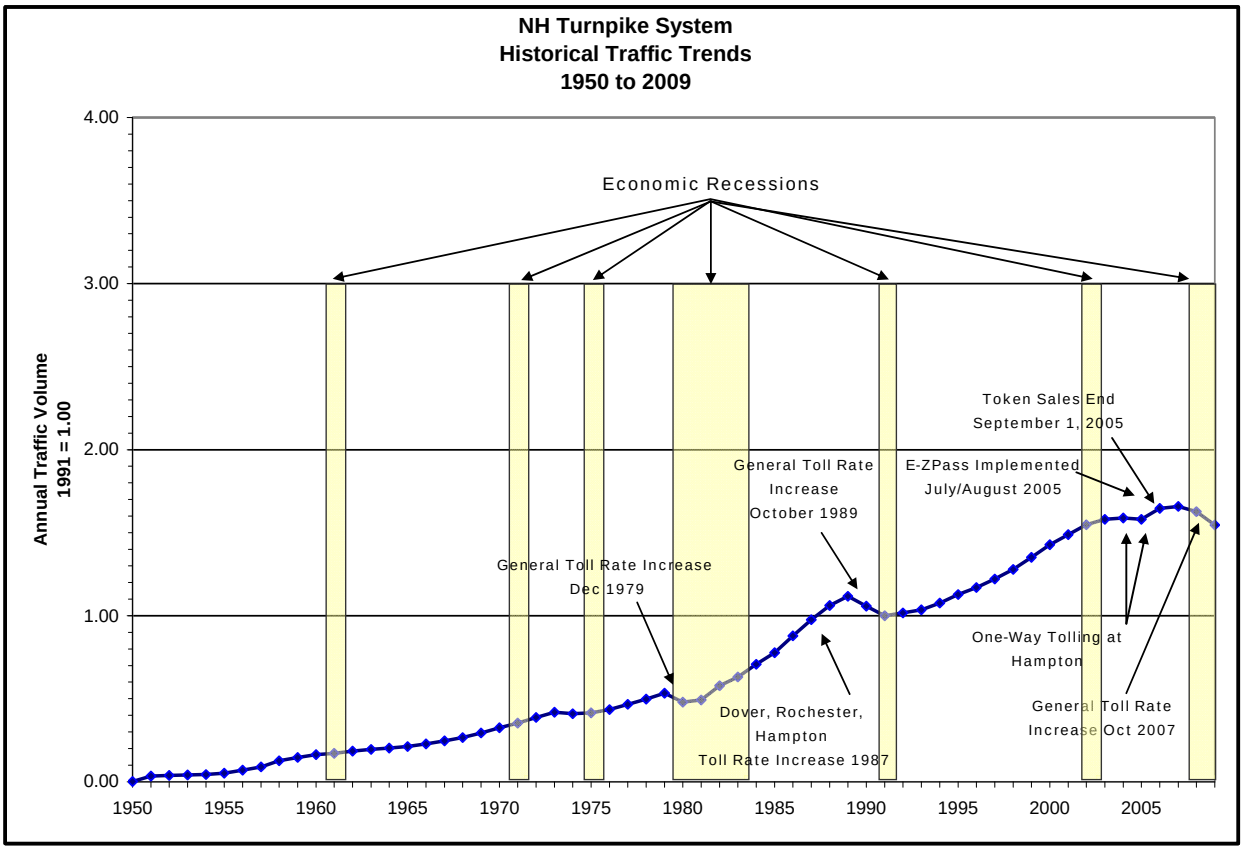
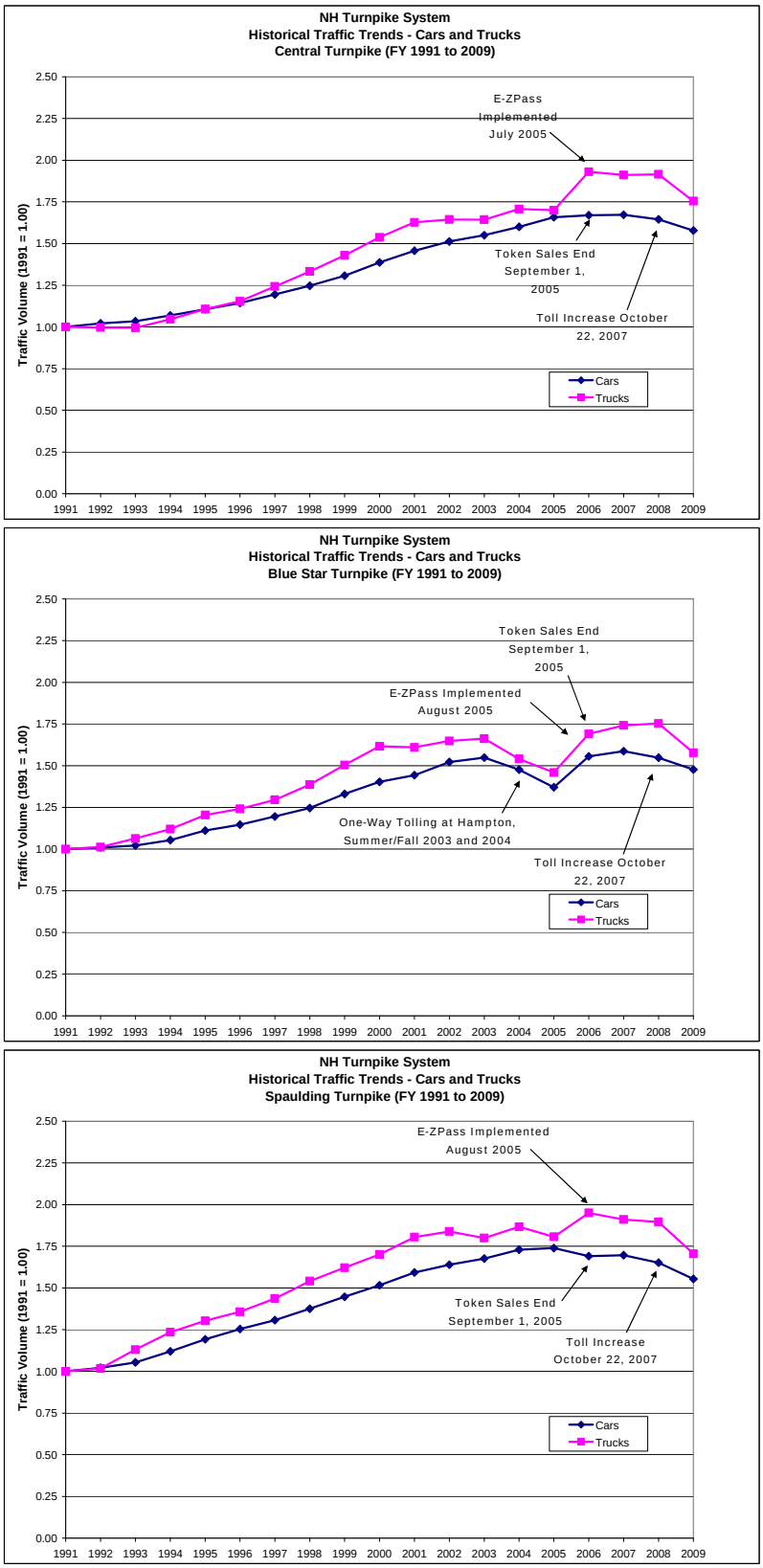


Figure 4 shows the historical toll transaction trends for cars and trucks on each of the three Turnpikes for the FY 1991-2009 period. The three turnpikes exhibited similar patterns in car traffic, with flat growth in FY 2006 and 2007, and declines in FY 2008 and 2009. The Central and Spaulding Turnpikes, both serving more local than long-distance traffic, had flat to declining truck growth in 2006 through 2008, while the Blue Star Turnpike – more of a long-haul route – had increasing truck traffic from FY 2006 through 2008. All three facilities had a sharp decline in trucks in FY 2009 due to the downturn in the economy.

Figure 4: Historical Toll Transaction Trends for the Central, Blue Star and Spaulding Turnpikes, FY 1991-2009



4.3 TOLL REVENUE TRENDS

Annual toll revenues for each of the three Turnpikes as well as the entire system are summarized in Table 3 for the period FY 1991 to FY 2009.

Table 3: NHDOT Annual Toll Revenues, FY 1991-2009 (in millions)

Fiscal Year	Central Turnpike	Blue Star Turnpike	Spaulding Turnpike	Total System
1991	$18.9	$20.8	$5.5	$45.3
1992	$18.9	$20.7	$5.5	$45.2
1993	$18.8	$20.8	$5.7	$45.4
1994	$19.5	$21.4	$6.0	$46.9
1995	$19.8	$22.2	$6.2	$48.1
1996	$20.4	$22.5	$6.4	$49.3
1997	$21.6	$23.8	$6.7	$52.2
1998	$22.5	$24.8	$7.1	$54.3
1999	$23.6	$26.1	$7.4	$57.1
2000	$25.0	$27.5	$7.7	$60.2
2001	$26.0	$27.5	$8.0	$61.5
2002	$27.5	$28.6	$8.2	$64.4
2003	$27.3	$28.7	$8.4	$64.4
2004	$28.1	$29.1	$8.6	$65.8
2005	$28.7	$28.4	$8.8	$65.9
2006	$33.6	$32.3	$10.1	$76.0
2007	$36.7	$34.8	$11.1	$82.6
2008	$42.9	$43.4	$14.1	$100.3
2009	$43.5	$46.3	$14.7	$104.4

Notes: Beginning in Fiscal Year 2006, the figures are derived from the Turnpike System's internal accounting system and do not include property sales or other income. Prior reported figures and figures for the first quarters of Fiscal Years 2009 and 2010 are derived from the Turnpike System's internal, monthly traffic and revenue report, which is prepared from information from the Turnpike System's E-ZPASS and toll collection system vendors, and include other income such as property sales. Fiscal Year 2009 toll revenues are preliminary estimates and are unaudited. The toll revenues for the first quarters of Fiscal Year 2009 and 2010 are also unaudited. All revenue figures exclude charge account interest and miscellaneous income. Source: NHDOT.

Data will not necessarily add to totals because of rounding.

The table shows that, in general, annual toll revenues have increased each year across the Turnpike System. However, annual toll revenues decreased slightly in FY 1992 and there was no increase between FY 2002 and FY 2003. Annual toll revenues also remained nearly flat from FY 2004 to FY 2005; there was little revenue growth due to the decrease in the toll discount rate and the discontinuing of token usage. In FY 2008, there was a significant increase in revenues - $17.7 million or 21.4 percent over FY 2007– due to the October 2007 toll increase.

Between FY 1991 and FY 2009, toll revenues increased annually by an average of 4.8 percent across the entire Turnpike System. The individual turnpikes experienced annual revenue growth rates of 4.7 percent on the Central Turnpike, 4.6 percent on the Blue Star Turnpike and 5.6 percent increase on the Spaulding Turnpike.

Figure 5 shows historical annual toll revenues between FY 1950 and FY 2009. This graphic shows that total systemwide toll revenues generally showed little to no growth during all periods of economic recession. The exceptions were the economic recession in the early 1980s when revenue actually increased, and FY 2008-2009, due to the toll increase in October 2007. Annual revenues were flat in FY 2002 through FY 2005, partially a result of the one-way tolling experiment conducted at the Hampton Mainline toll plaza during the summer/fall of 2003 and 2004.

Figure 5: NH Turnpike System Historical Toll Revenues, FY 1950 to 2009

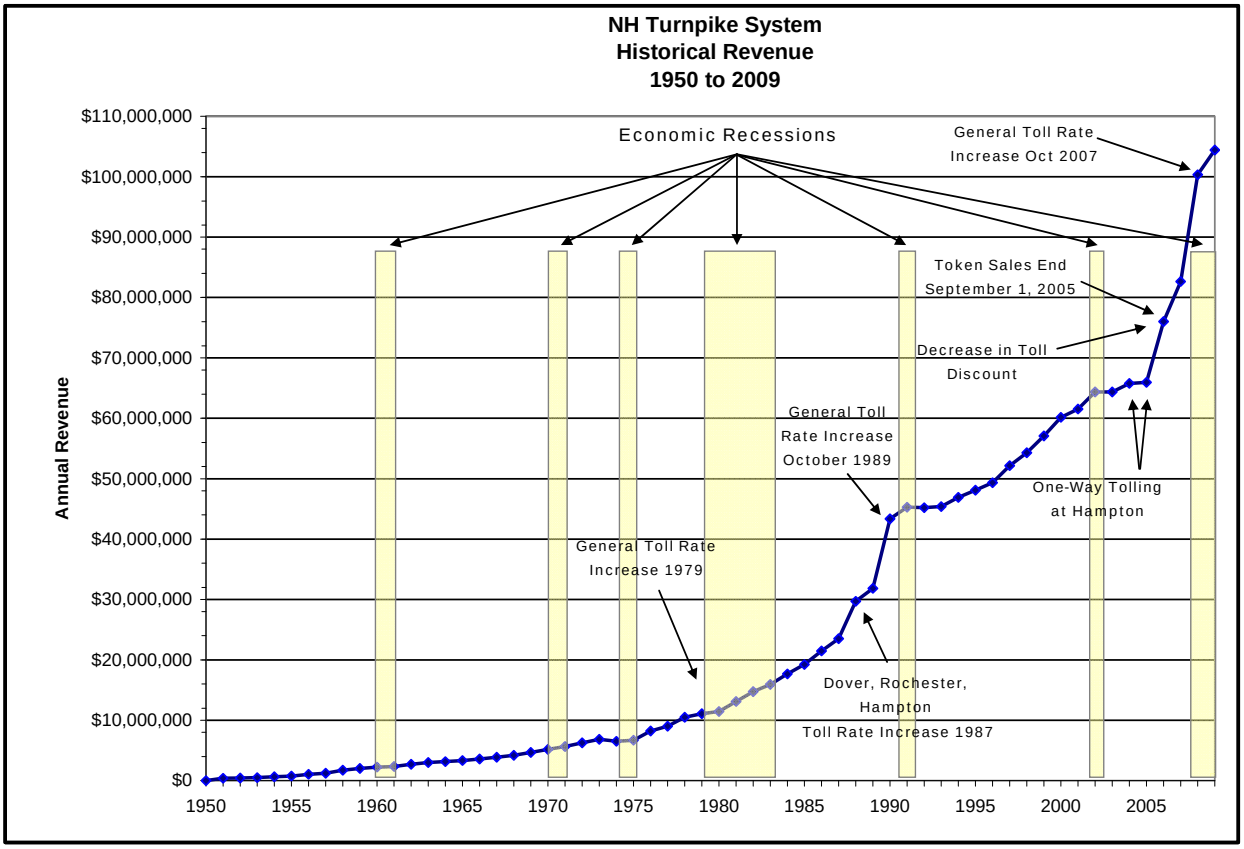


Figure 6 shows historical toll transaction and revenue trends for each of the three Turnpikes for the FY 1991 to FY 2009 period. The figure shows that total toll revenue generally increased consistently on each turnpike, with a small decrease on the Blue Star Turnpike in FY 2005. Also, toll revenues on the Blue Star Turnpike experienced very little growth between FY 2002 and FY 2005, due in part to the one-way tolling experiment. Recently, all three Turnpikes experienced a flattening (FY 2005 or 2006 through 2007) and decline (FY 2008-2009) in traffic. Toll revenues grew at a greater rate than usual in the past several years due to ***E-ZPass*** implementation and the end of token sales in FY 2006 (increasing the tolls for discounted trips), and the October 2007 toll increase.

Figure 6: Historical Toll Transaction and Revenue Trends for the Central, Blue Star and Spaulding Turnpikes, FY 1991-2009

4.4 COMPARISON OF ACTUAL TOLL REVENUES TO RECENT PROJECTIONS

Vollmer Associates (now Stantec) projected traffic and revenue for the NH Turnpike System in February 2007, and tested various toll increase scenarios through September 2007. Table 4 compares Vollmer's projections against the actual toll revenues collected by the NH Turnpike System for the fiscal years 2007 and 2008.

Table 4: Actual Toll Revenues vs. 2007 Projections, FY 2007-2008 (in millions)

Fiscal Year	Projected Revenue	Actual Revenue
2007	$82.6	$82.6
2008[1]	$100.2	$100.3

[1] *Vollmer's FY 08 projections have been prorated to estimate the effect of an October 22, 2007 increase*

In FY 2007, revenue matched the Vollmer Associates projections. For FY 2008, Vollmer had estimated revenue both with and without toll increases, however, since the toll increase occurred several months into the fiscal year, it was necessary to prorate these numbers. This was accomplished by determining the actual proportion of FY 08 revenues before and after October 22, 2007, the date of the toll increase; roughly 30 percent of FY 08 revenues were collected before that date. In FY 2008, actual toll revenues were $0.1 million, or 0.1 percent, above Vollmer's revenue forecasts.

5 REVIEW OF PROPOSED CAPITAL IMPROVEMENT PROGRAM

This section presents a review of the NH Turnpike's historical and proposed capital improvement program for the 20-year period FY 2000-2019 as shown in Table 5 below.

Table 5: Historical and Proposed NHDOT Capital Expenditures, FY 2000-2019 (in millions)

Fiscal Year	Central Turnpike	Blue Star Turnpike	Spaulding Turnpike	Other Projects[1]	Total Turnpike	Spaulding Tpke. Federal Earmark Funds[2]
2000	$16.3		$1.7	$1.7	$19.7	
2001	$7.3		$1.0	$1.8	$10.1	
2002	$2.8	$1.2	$1.5	$1.0	$6.5	
2003	$5.5	$1.2	$2.5	$1.0	$10.2	
2004	$12.0	$0.4	$4.0	$3.0	$19.4	
2005	$1.2		$0.2	$19.0	$20.5	
2006	$2.5		$1.9	$8.8	$13.2	
2007	$2.0			$6.5	$8.5	
2008	$0.4	$0.2	$7.4	$1.3	$9.2	
2009	$4.0	$0.2	$18.5	$0.6	$23.3	
Total ('00-'09)	$54.0	$3.2	$38.7	$44.8	$140.6	$0.0
2010	$12.6	$14.7	$51.4	$4.3	$83.0	$1.1
2011	$23.7	$6.3	$44.9	$0.5	$75.4	$12.9
2012	$26.6	$4.8	$46.7	$0.5	$78.6	$12.9
2013	$27.4	$4.8	$46.6	$0.5	$79.3	$6.7
2014	$21.2		$47.2	$0.5	$68.9	
2015	$10.2		$52.2	$0.5	$62.9	
2016			$42.5	$0.5	$43.0	
2017			$14.2	$0.5	$14.7	
2018				$0.5	$0.5	
2019				$0.5	$0.5	
Total ('10-'19)	$121.6	$30.6	$345.8	$8.8	$506.8	$33.6

[1] Miscellaneous Turnpike Projects funded with Federal Aid, i.e., FY 05 and 06 CMAQ funding for E-ZPass implementation, FY 07 and 08 Manchester I-293 Exit 5 – Granite Street construction, and Turnpike P.E. & ROW Costs

[2] Federal earmark funding designated for the Newington-Dover Little Bay Bridges. This is not included in the Capital Program total.

Notes:

Central Turnpike Projects include: Souhegan River Bridge, Manchester Reconstruction Exit 4 Millyard Bridges, Manchester Black Brook Bridges, Bow Concord I-93 Re-decking Red List Bridges, Bedford US 3 Bridge over FEET, Hooksett ORT, and Bedford ORT

Blue Star Turnpike Projects include: I-95 Taylor River, Hampton ORT

Spaulding Turnpike Projects include: Rochester Exits 11-16 and Newington-Dover Little Bay Bridges

Data will not necessarily add to totals because of rounding.

Over the ten-year period FY 2000-2009, turnpike-funded capital expenditures totaled $140.6 million. The largest share of this - $54.0 million - was spent on Central Turnpike projects. Funding sources for these projects include toll revenues, other Turnpike revenues and Turnpike bond proceeds. Turnpike-funded capital expenditures are programmed at a total of $506.8

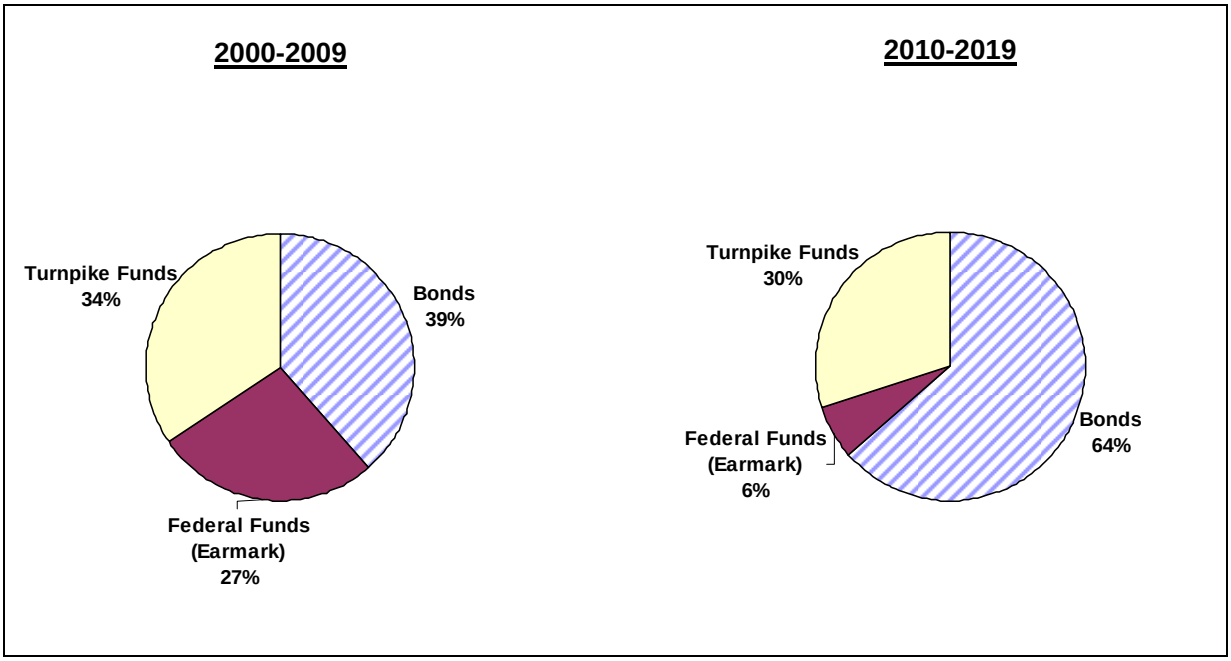
million over the FY 2010-2019 period, 3.6 times the expenditures of previous ten-year capital program. Not included in this number are $33.6 million in federal earmark funds designated for the Newington-Dover Little Bay Bridges project.

After the completion of the turnpike expansion in Nashua in the late 1990s, the ten-year capital improvement program had few major projects with the exception of the implementation of E-ZPass and the construction of the Granite Street interchange in Manchester. The toll rate increase in 2007, the first since 1989, has allowed the capital improvement program to move forward with the expansion of the Spaulding Turnpike in Rochester along with several other major turnpike projects. These are improvement projects that are considered to priorities to address fourteen (14) red listed bridges and improve safety and congestion on the Turnpike System.

The majority of the New Hampshire Turnpike capital expenditures over the next ten years – 68 percent - will be for projects on the Spaulding Turnpike, including widening and improvements from Exits 11 to 16, and Newington-Dover Little Bay Bridges (this is in addition to the federal funding). Programmed capital improvements on the Central Turnpike include the Souhegan River Bridge, Concord and Manchester Bridges, and Hooksett and Bedford open-road tolling (ORT). Capital improvements on the Blue Star Turnpike include the I-95 Taylor River Bridge project and Hampton ORT.

Figure 7 shows how the capital plan was funded in the past ten years versus how it will be funded over the next ten years. The shares of funding by bonds and Turnpike funds are both expected to grow, while the share funded by federal earmarks will be less in future years.

Figure 7: Funding Sources for Capital Improvement Program



6 REVIEW OF HISTORICAL AND PROJECTED OPERATION, MAINTENANCE, RENEWAL AND REPLACEMENT, AND DEBT SERVICE EXPENDITURES

This section presents a review of historical and projected NH Turnpike operational expenditures that consist of administrative costs, toll operations costs, maintenance costs, state police enforcement costs, welcome centers and rest areas, renewal and replacement (R&R) costs, toll processing costs, and payment for the new section of the Blue StarTurnpike (I-95). It also includes a review of the Turnpikes' historical and projected debt service expenditures.

Administrative costs include administrative salaries, benefits, expenses, equipment, indirect costs, cleaning, utilities, travel costs and audit expenses.

Toll operations costs include toll operations salaries, benefits, expenses, utilities, toll system warranty, equipment and travel costs.

Maintenance costs include maintenance salaries, benefits, expenses, rents and lease costs, utilities, equipment and travel costs.

Renewal and replacement costs are construction projects to preserve, maintain and upgrade our existing infrastructure i.e. paving, signing, guardrail, bridge rehabilitation, building and toll plaza repairs, bridge painting etc.

Toll processing costs include banking and credit card fees, ***E-ZPass***-related costs (customer service center expenses, walk-in center expenses, Interagency Group (IAG) organizational dues, violation processing expenses, and vehicle registration look-up fees), toll system maintenance expenses through a vendor, and transponder purchases and replacement.

6.1 TOLL PROCESSING COSTS

Table 6 summarizes historical and projected NHDOT toll processing expenses for the period FY 2000 through 2019.

Table 6: Toll Processing Costs, FY 2000-2019 (in millions)

Fiscal Year	Banking/ Credit Card Fees	E-ZPass CSC Costs	Toll Maintenance Costs	E-Zpass Transponder Expenses	Total Toll Processing Costs
2000	$0.7		$0.4		$1.1
2001	$0.7		$0.4		$1.1
2002	$0.8		$0.4		$1.2
2003	$0.8		$0.5		$1.3
2004	$0.8		$0.5		$1.3
2005	$0.9	$0.7	$0.5	$1.6	$3.7
2006	$1.5	$3.7	$0.1	$5.5	$10.8
2007	$1.4	$3.8	$1.2	$1.0	$7.4
2008	$1.7	$4.3	$1.0	$0.8	$7.8
2009	$1.8	$5.5	$1.3	$0.7	$9.3
Total ('00-'09)	$11.1	$18.0	$6.3	$9.6	$45.0
2010	$2.1	$5.5	$1.8	$0.7	$10.1
2011	$2.2	$5.8	$1.8	$0.6	$10.4
2012	$2.3	$6.0	$1.9	$7.7 [1]	$17.8
2013	$2.3	$6.2	$1.9	$0.6	$11.0
2014	$2.4	$6.3	$2.0	$2.0 [1]	$12.7
2015	$2.5	$6.5	$2.0	$1.5 [1]	$12.5
2016	$2.6	$6.7	$2.1	$1.3 [1]	$12.7
2017	$2.6	$6.9	$2.1	$1.4 [1]	$13.1
2018	$2.7	$7.1	$2.2	$0.6	$12.7
2019	$2.8	$7.3	$2.3	$0.6	$13.0
Total ('10-'19)	$24.5	$64.4	$20.1	$17.0	$126.0

[1] *Includes future tag swap*

Note: Data will not necessarily add to totals because of rounding

NH Turnpike toll processing costs increased relatively slowly from $1.1 million in FY 2000 to $1.3 million in FY 2004. However, during FY 2005, toll processing costs increased to $3.7 million primarily due to $1.6 million in ***E-ZPass*** transponder purchases. In FY 2006, toll processing costs further increased to $10.8 million mainly due to $5.5 million in ***E-ZPass*** transponder purchases and $3.7 million in ***E-ZPass*** customer service center costs. Transponder purchase costs dropped to $1.0 million in FY 2007 and $0.7 million in FY 2009 as the market became more saturated. NHDOT estimates that approximately $126.0 million will be spent on toll processing between FY 2010-2019, with ***E-ZPass*** customer service center costs accounting for $64.4 million or 51 percent. Approximately $17.0 million in transponder purchases is estimated over ten-year period FY 2010-2019; this includes transponder replacement costs. NHDOT recovers the transponder costs from selling the transponder at a purchase price, which is currently $20.95 for an interior and $33.04 for an exterior ***E-ZPass*** tag. This “tag swap” begins in FY 2012 to replace transponders that will have reached the end of their useful life span.

6.2 OPERATING EXPENDITURES

Table 7 summarizes historical and projected NHDOT expenses for the 20-year period FY 2000 through 2019.

Table 7: Historical and Projected NHDOT Operating Expenditures, FY 2000-2019 (in millions)

Fiscal Year	Admin.	Toll Ops.	Maint-enance	State Police Enforce-ment	Toll Process-ing	Welcome Centers & Rest Areas[1]	Turnpike Funding to HWY	Total O & M	R&R[2]	Add'l Bridge Maint. I-95	I-95 Payments[3]	Total Operating Expenses
2000	$3.4	$6.8	$4.9	$3.6	$1.1			$19.8	$4.5			$24.3
2001	$3.6	$7.3	$6.2	$3.7	$1.1			$21.9	$6.1			$28.0
2002	$4.4	$8.1	$6.3	$3.8	$1.2			$23.8	$6.2			$30.0
2003	$4.4	$8.5	$7.2	$3.8	$1.3			$25.2	$7.3			$32.5
2004	$4.7	$8.7	$6.5	$3.9	$1.3			$25.1	$5.1			$30.2
2005	$4.4	$9.3	$7.5	$4.1	$3.7			$29.0	$3.3			$32.3
2006	$4.8	$9.6	$8.8	$4.5	$10.8			$38.5	$4.3			$42.8
2007	$5.0	$9.8	$8.0	$5.0	$7.4		$0.9	$36.1	$8.6			$44.7
2008	$4.1	$10.3	$8.8	$5.2	$7.8		$0.9	$37.1	$11.8			$48.9
2009	$5.4	$10.5	$9.8	$5.4	$9.3		$1.2	$41.6	$8.5			$50.1
Total ('00-'09)	$44.2	$88.9	$74.0	$43.0	$45.0	$0.0	$3.0	$298.1	$65.7	$0.0	$0.0	$363.8
2010	$6.9	$12.1	$11.4	$5.4	$10.1	$1.3	$1.2	$48.5	$9.6			$58.1
2011	$6.9	$12.6	$11.4	$5.6	$10.4	$1.4	$1.2	$49.6	$9.8			$59.4
2012	$7.1	$13.0	$11.8	$5.8	$17.8	$1.5	$1.3	$58.2	$9.2	$0.8	$5.9	$74.1
2013	$7.3	$13.3	$12.1	$6.0	$11.0	$1.5	$1.3	$52.6	$9.8	$0.8	$5.9	$69.1
2014	$7.5	$13.7	$12.5	$6.1	$12.7	$1.6	$1.4	$55.5	$10.5	$0.8	$5.9	$72.7
2015	$7.7	$14.2	$12.9	$6.3	$12.5	$1.6	$1.4	$56.6	$10.8	$0.8	$5.9	$74.1
2016	$7.9	$14.6	$13.2	$6.5	$12.7	$1.6	$1.4	$58.0	$11.6	$0.8	$5.9	$76.3
2017	$8.2	$15.0	$13.6	$6.7	$13.1	$1.7	$1.5	$59.9	$11.5	$0.9	$5.9	$78.2
2018	$8.4	$15.5	$14.1	$6.9	$12.7	$1.7	$1.5	$60.8	$11.8	$0.9	$5.9	$79.4
2019	$8.7	$15.9	$14.5	$7.1	$13.0	$1.8	$1.6	$62.6	$12.2	$0.9	$5.9	$81.6
Total ('10-'19)	$76.6	$139.9	$127.5	$62.6	$126.0	$15.8	$13.8	$562.1	$106.8	$6.7	$47.2	$722.8

[1]Included in Maintenance through 2009

[2]Does not include $3.8M carry-forward of additional R&R available for expenditure

[3]$30M in FY 2010 and $20M in FY 2011 paid out of the general reserve account which had an unaudited balance of $60.4M at the end of FY 2009

Notes:

The dollar values shown from 2000 to 2008, provided by Finance & Contracts, are on the GAAP basis (General accepted accounting principles), and the dollar values from 2009 to 2019, from the Turnpikes O&M model, are on a cash basis.

All numbers are tied to the Operating and Maintenance Report (Turnpikes), except for certain financial categories for FY07 and FY08 which tie to the Comprehensive Annual Financial Reports.

Data will not necessarily add to totals because of rounding.

NH Turnpike annual operating expenditures increased from $24.3 million in FY 2000 to $50.1 million in FY 2009. Total operating expenditures amounted to $363.8 million over the ten-year period of from FY 2000-2009, and about 24 percent or $88.9 million was spent on toll operations. The large increase in operating expenses in FY 2006 was largely due to implementation of E-ZPass. The total annual operating expenditures increased by $10.5 million or about 33 percent from FY 2005 to 2006, with $5.5 million due to the purchase of new ***E-ZPass*** transponders. Turnpike renewal and replacement expenditures also increased in recent years, from $4.3 million in 2006 to $11.8 million in 2008.

Total operating expenditures for the period FY 2010-2019 are projected to total $722.8 million, twice the expenditures of the previous ten year period. Factors that contribute to this projected increase include the recent acquisition of an additional part of I-95, more lane miles to maintain, the purchase of new and replacement ***E-ZPass*** transponders, a more robust renewal and replacement program, and higher fuel, maintenance, and operation costs.

Operation and maintenance expenditures are budgeted to provide for unforeseen costs; the amount not spent - the lapse - is shown in Table 8 over the ten-year period from FY 2000 through 2009. The net lapse has ranged from $0.3 million in 2001 to $4.7 million in 2009. Over the last three years, the Bureau of Turnpikes averaged a net lapse of $3.2 million. Of these funds, Turnpike renewal and replacement funds are carried forward to the following year; all other lapses for operating expenses return to retained earnings or the Turnpikes Reserve Account.

Table 8: Historical Lapse, FY 2000-2009 (in millions)

Fiscal Year	Lapse	Transfer from Retained Earnings	Net
2000	$592,815	$148,600	$444,215
2001	$367,429	$65,975	$301,455
2002	$1,806,622		$1,806,622
2003	$3,000,124		$3,000,124
2004	$3,085,133	$1,044,000	$2,041,133
2005	$2,317,726	$1,518,500	$799,226
2006	$2,648,078	$2,015,000	$633,078
2007	$3,068,083	$2,058,500	$1,009,583
2008	$4,719,937	$1,008,950	$3,710,987
2009	$4,735,298		$4,735,298
Total ('00-'09)	$26,341,246	$7,859,525	$18,481,721

6.3 DEBT SERVICE REQUIREMENTS

Table 9 presents historical and scheduled debt service requirements for the period FY 2000-2019.

Table 9: Historical and Scheduled Debt Service Expenditures, FY 2000-2019 (in millions)

Fiscal Year	General Obligation Bonds	Existing Revenue Bonds	Proposed Revenue Bonds[1]	Total Debt Service
2000	$6.0	$26.4		$32.4
2001	$5.7	$25.3		$31.0
2002	$5.4	$26.5		$31.9
2003	$5.2	$24.7		$29.9
2004	$4.8	$23.9		$28.7
2005	$4.3	$27.0		$31.3
2006	$4.2	$25.8		$30.0
2007	$3.0	$28.1		$31.1
2008	$1.7	$25.7		$27.4
2009	$1.6	$25.9		$27.5
Total ('00-'09)	$41.9	$259.3	$0.0	$301.2
2010	$0.7	$25.9	$3.2	$29.8
2011	$0.6	$25.9	$9.0	$35.5
2012		$25.9	$12.2	$38.1
2013		$26.0	$17.9	$43.9
2014		$26.0	$19.4	$45.4
2015		$25.9	$22.2	$48.1
2016		$26.5	$22.2	$48.6
2017		$26.5	$22.2	$48.6
2018		$19.6	$22.2	$41.7
2019		$19.6	$22.2	$41.8
Total ('10-'19)	$1.3	$247.7	$172.5	$421.5

[1] *Includes FY 2010, FY 2012 and FY 2014 bond issuances*

Note: Data will not necessarily add to totals because of rounding.

Historical total debt service payments ranged from $32.4 million in FY 2000 to $27.5 million in FY 2009. Over the ten-year period FY 2000-2009, the cumulative total debt service was $301.2 million, 86 percent of which were for revenue bond payments.

Scheduled total debt service expenditures are projected to increase over the period FY 2010-2019 from $29.8 million in FY 2010 to $41.8 million in FY 2019. The cumulative debt service payment over this period, including the proposed revenue bonds, is estimated to be $421.5 million or about 40 percent more than the previous ten-year period. The majority of this amount will be for existing revenue bond payments. The proposed revenue bond terms are: 30-year bond, 4.31% interest and a semi-annual fixed payment amortization schedule.

7 REVIEW OF REGIONAL AND NATIONAL SOCIOECONOMIC FACTORS

During the course of this study, Jacobs analyzed key socioeconomic factors related to the growth in traffic and toll revenues for the New Hampshire Turnpike. Factors that are relevant to the long term background growth of traffic on the facilities were studied, as was the relationship of traffic to specific economic indices for passenger car and truck traffic. Jacobs also researched the possible causes of why people in the U.S. are driving less, and what this means for the future of road travel. In addition, Jacobs conducted extensive background research into the specific dynamics of past economic recessions in order to better understand the current phenomenon and to aid in giving context to the most recent economic downturn when compared with past recessions. The analyses are summarized in the following sections.

7.1 GENERAL NATIONAL AND REGIONAL ECONOMIC CONDITIONS

At the national level, the U.S. has experienced a downturn in general economic conditions since late 2007. It is anticipated that the current recession may be one of the longest and deepest recessions since the World War II period.

Table 10 summarizes the historical and consensus forecast of the top economic analysts for year-over-year growth in Real Gross Domestic Product (GDP) and Industrial Production in the United States since the year 2000. Except for 2001-02, Real GDP and industrial production grew steadily each year between 2000 and 2007. In 2008, GDP increased at a relatively sluggish 1.1 percent while industrial production decreased by 1.8 percent.

For 2009, it is expected that GDP will decrease by 2.6 percent and industrial production will decrease by an additional 10.5 percent. However, it is expected that output and industrial production will both recover in 2010. GDP and industrial production are forecasted to increase by 2.0 percent and 1.8 percent, respectively. GDP is anticipated to increase by 3.4 percent in 2011-12, 3.0 percent in 2013, tapering down to 2.6 percent by 2020. Industrial production is expected to grow by more than 4 percent in 2011-2, tapering to 2.8 percent by 2016-20.

Table 10: Historical and Consensus Forecast of Growth in Real Gross Domestic Product and Industrial Production in the U.S., 2000-2020

Year	Real GDP Growth in 2000$[1] (Year/Year)	Industrial Production (Year/Year)[2]
2000	3.7%	5.2%
2001	0.8%	0.4%
2002	1.6%	-3.3%
2003	2.5%	1.1%
2004	3.6%	2.5%
2005	2.9%	3.3%
2006	2.8%	2.2%
2007	2.0%	1.7%
2008	1.1%	-1.8%
2009[3]	-2.6%	-10.5%
2010[3]	2.0%	1.8%
2011	3.4%	4.2%
2012	3.4%	4.1%

Table 10: Historical and Consensus Forecast of Growth in Real Gross Domestic Product and Industrial Production in the U.S., 2000-2020

Year	Real GDP Growth in 2000$[1] (Year/Year)	Industrial Production (Year/Year)[2]
2013	3.0%	3.5%
2014	2.9%	3.2%
2015	2.7%	2.9%
2016-20	2.6%	2.8%

[1] Bureau of Economic Analysis (BEA), US Department of Commerce

[2] Blue Chip Economic Indicators, Consensus Forecast, March 10, 2009 and March 10, 2008

[3] Blue Chip Economic Indicators, Consensus Forecast, July 10, 2009

Based on data from the Bureau of Economic Analysis (BEA), the current recession took hold in New Hampshire in 2007 with real Gross State Product (GSP) contracting mildly by 0.1 percent. For New England, Gross Regional Product (GRP) increased by 2.1 percent. Preliminary economic output data drawn from the Federal Reserve Bank of Philadelphia indicates that GSP in New Hampshire decreased by 0.8%, which is less than the 2.3 percent decrease in output for the region. Table 11 summarizes the annual percentage change in output for New Hampshire and for the New England region from 2000 to 2008.

Table 11: Historical Growth in Real Gross Domestic Product in New Hampshire and in New England, 2000-08

Year	New Hampshire Real GSP Growth in 2000$ (Year/Year)	New England Real GRP Growth in 2000$ (Year/Year)
2000	7.2%	6.4%
2001	0.2%	0.8%
2002	2.3%	-0.3%
2003	2.9%	1.9%
2004	4.0%	3.0%
2005	1.3%	1.5%
2006	1.8%	2.8%
2007	-0.1%	2.1%
2008*	-0.8%	-2.3%

** Preliminary*

Sources: Bureau of Economic Analysis, US Department of Commerce, Federal Reserve Bank of Boston, and Federal Reserve Bank of Philadelphia

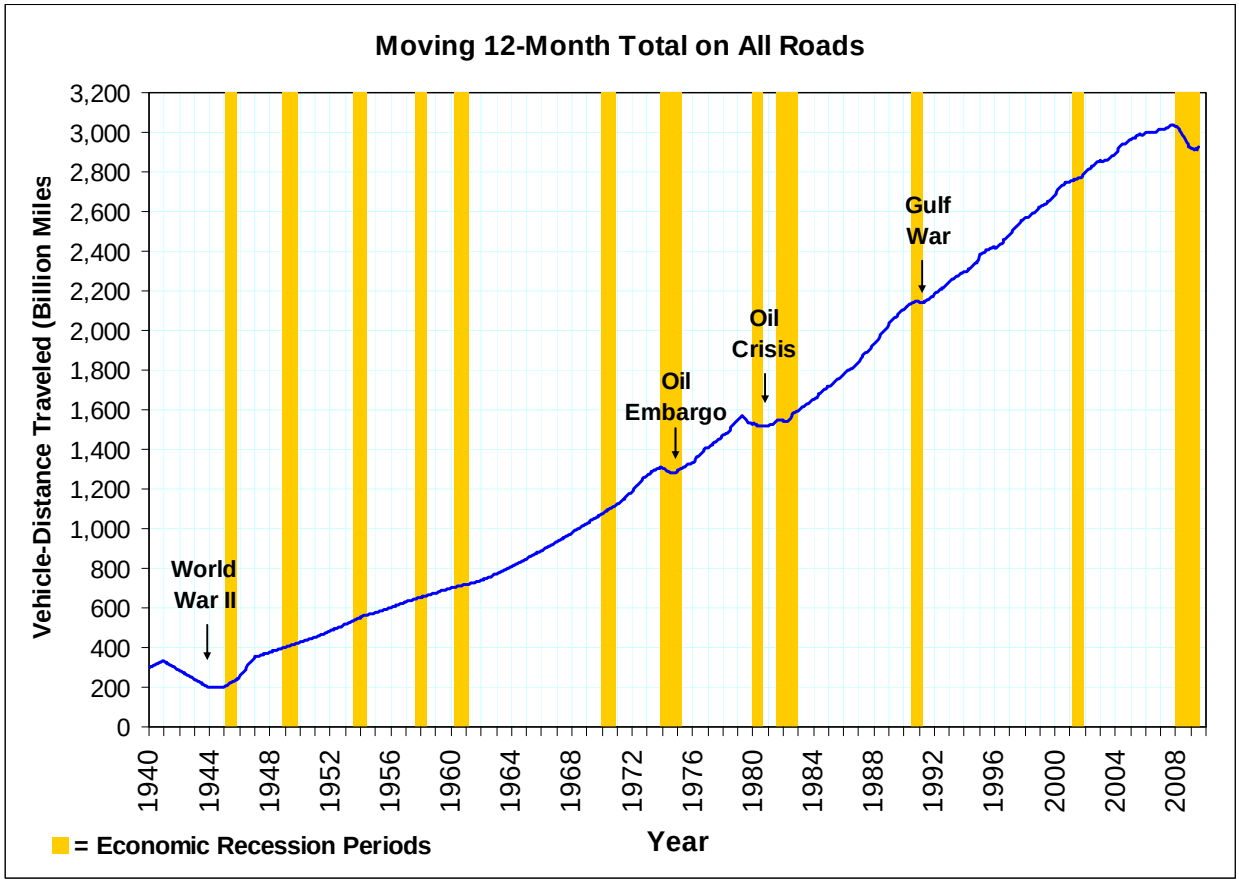
The future success of New Hampshire's economy is highly dependent on that of the New England Region, particularly Massachusetts where many New Hampshire residents work, as well as the greater U.S. economy. Key economic indicators of the New Hampshire Economy and their potential impacts on transportation activity in the state are discussed later in this chapter.

7.2 NATIONAL TRENDS IN VEHICLE MILES TRAVELED

The United States has experienced a never before seen flattening, then drop, in vehicle-miles traveled (VMT) on its highways over the past several years. A reduction in VMT means less revenue – in the form of gas tax or tolls - for funding transportation projects. Jacobs reviewed and compiled available reports and data to investigate the possible factors contributing to this phenomenon.

Figure 8 depicts the 12-month moving total of national travel mileage from 1940 through July 2009 on all U.S. highways. As seen in this figure, there were temporary reductions in VMT during World War II, oil crises and economic recessions. Despite these temporary "dips", the VMT continued to grow rapidly over the years. It shows that, in recent years, with the exception of short, flat periods during the 1991 and 2001 recessions (each less than one year), VMT grew at a steady pace through about 2005. VMT then grew at a much slower pace through 2008. The increase in gas prices and the downturn in economic activity that took hold in late 2008 resulted in a significant reduction in total national travel mileage after December 2007 peak. While VMT declined throughout 2008, it has remained flat in 2009 until the summer months, when there was a slight increase over the previous year. This perceived growth is due in part to the large reduction in summer gas prices from 2008 to 2009. Comparing July 2009 to July 2008, there has been an increase in VMT of 1.4% in the Northeastern U.S.

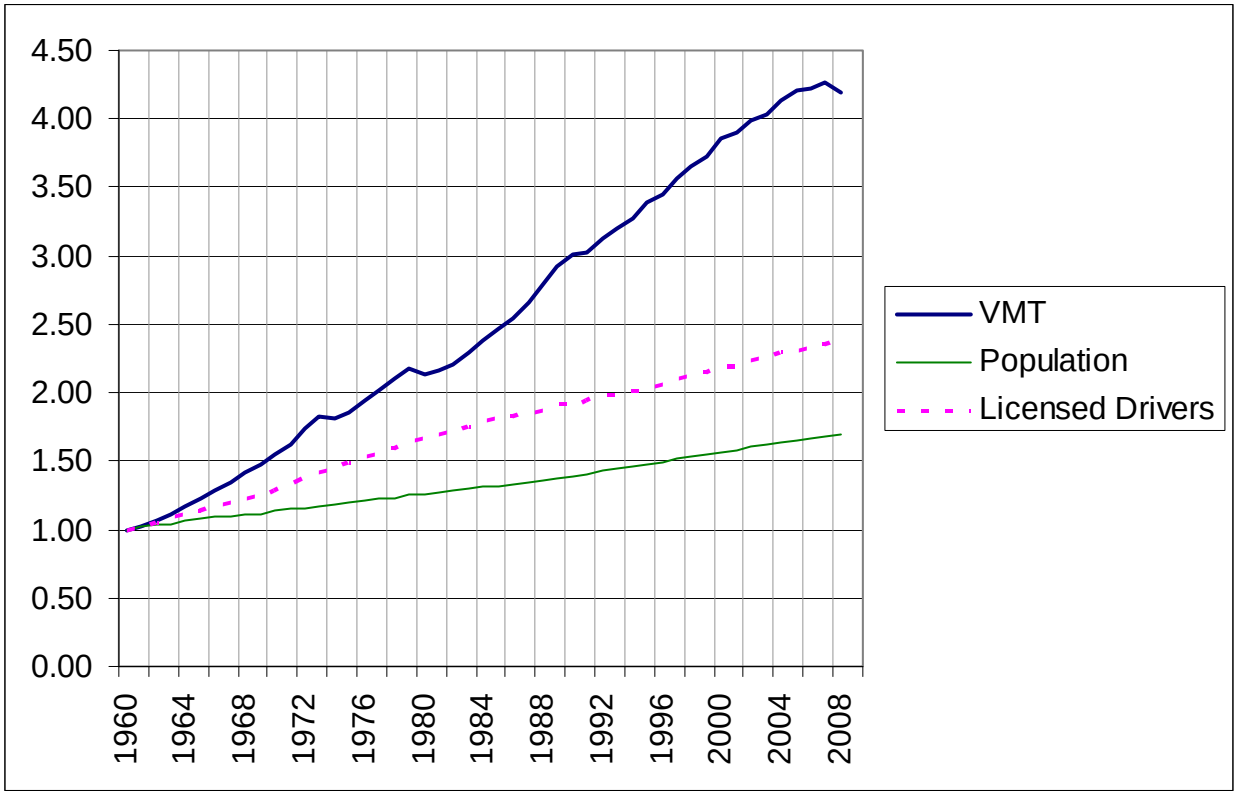
Figure 8: US Annual Vehicle Miles Traveled (VMT)



Source: FHWA

For the sake of comparison, Figure 9 relates the VMT to the U.S. population as well as to the number of licensed drivers. As indicated, the VMT has been growing at a much faster rate than both.

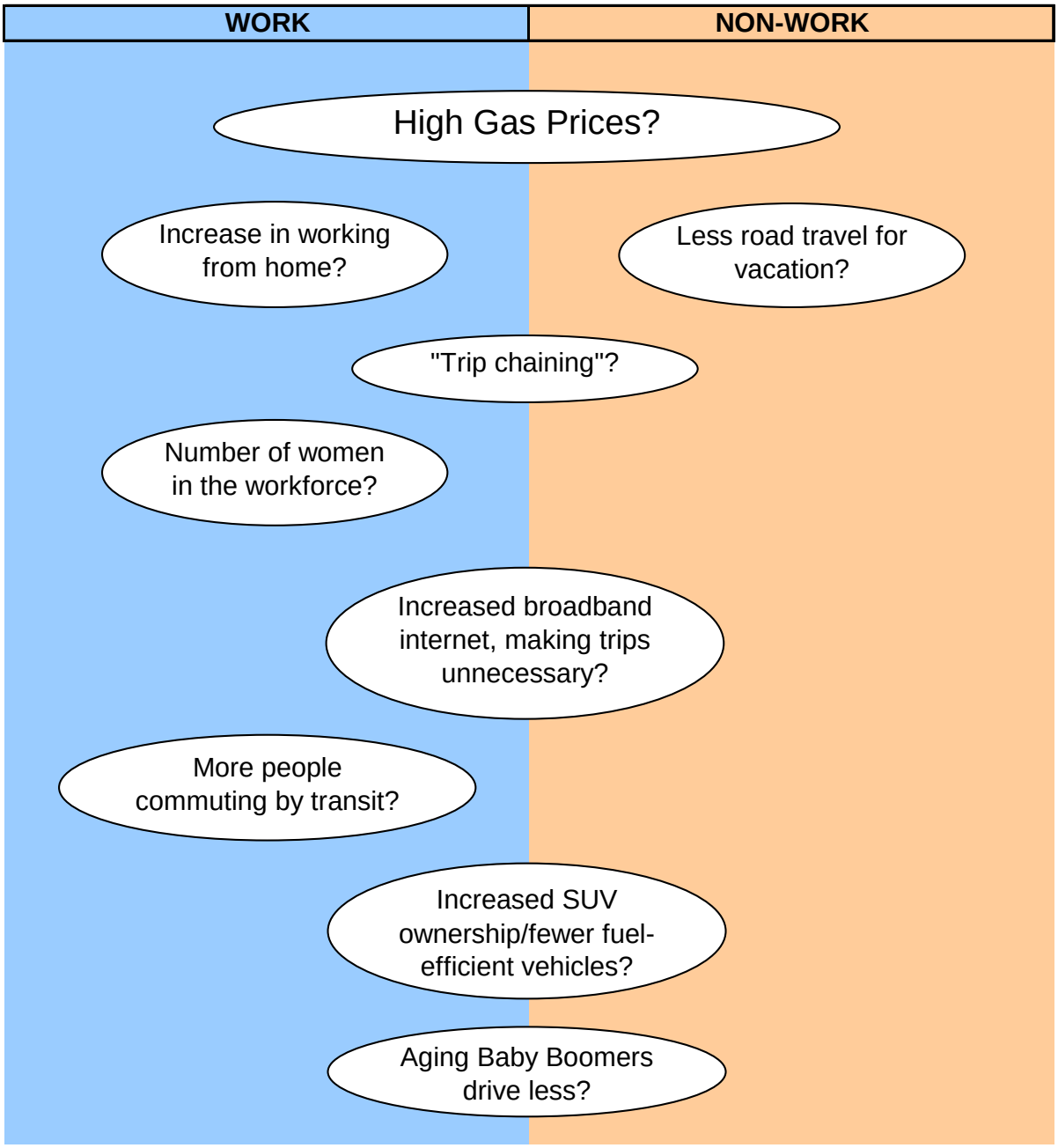
Figure 9: US Population and Licensed Drivers vs. VMT (Indexed to 1960=1)



Sources: FHWA; U.S. Census

Figure 10 lists a number of factors that may have caused the recent VMT and New Hampshire Turnpike transaction leveling and decrease in traffic. These have been separated into factors that could affect work and non-work trips, with some affecting both trip types. The jump in gas prices in recent years is often seen as the logical culprit in the reduction of VMT, and gas prices are at least partially responsible for a change in some other factors listed, such as higher transit usage, working from home, and trip chaining (i.e., combining several purposes into one trip), however, there have been other changes in recent years that have affected travel and will continue to affect it in the long term. Historic statistics for some of these factors are compared to VMT throughout this section to provide context to the current experience.

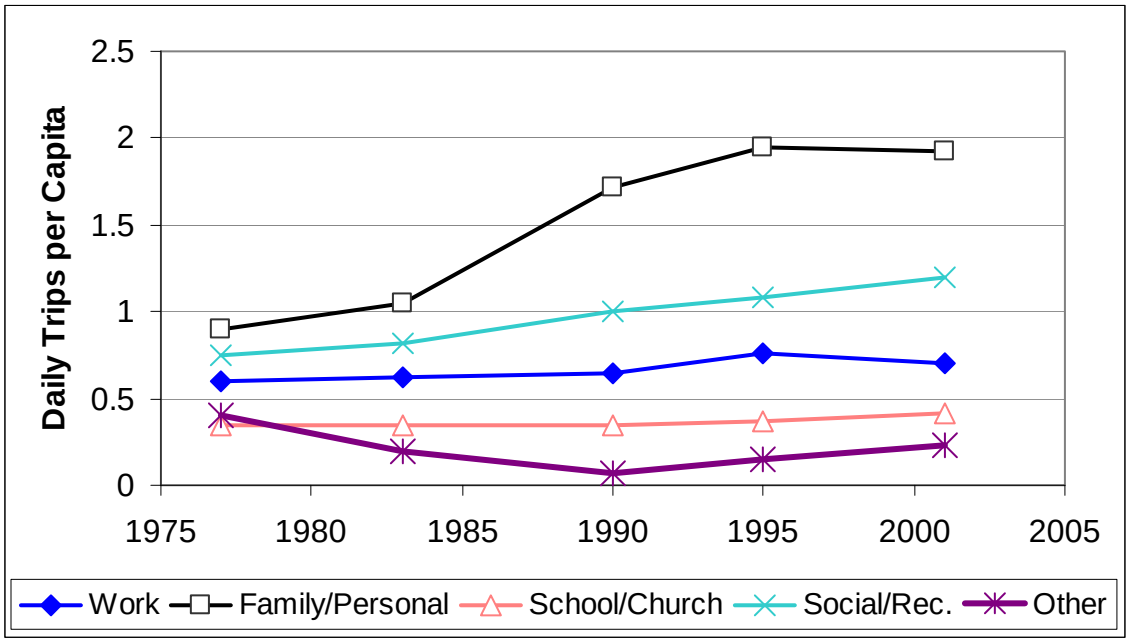
Figure 10: Possible Factors Contributing to Recent VMT Phenomenon



7.2.1 Work vs. Non-Work Travel

As shown in the previous figure, changes to certain sociological, economic, and technological factors either affect work travel, non-work travel or both. Work travel in 2001 constituted about 16 percent of trips but as Figure 11 shows, that is attributable to the dramatic growth in other activities rather than diminished work travel.[1] While data for more recent years is not available, evidence suggests that it is these discretionary trips that have been substantially reduced over the past several years, perhaps to pre-1990 levels.

Figure 11: Historic Trips per Capita by Purpose



Source: Commuting in America III, Transportation Research Board

The 2001 National Household Travel Survey converted the number of trips by purpose and distance into vehicle miles traveled, as shown in Table 12. Commutation trips comprise only slightly over one-quarter of all VMT. This section will concentrate on factors that affect the primary trip purposes.

[1] Alan Pisarski, " Commuting in America III," *Transportation Research Board*, 2006

Table 12: Share of VMT by Purpose

Purpose	Share of VMT
To/from work	27.0%
Work-related business	8.4%
Shopping	14.5%
Other family/personal business	18.7%
School/church	3.7%
Medical/dental	2.2%
Vacation	1.8%
Visit friends/relatives	9.4%
Other social/recreational	13.2%
Other	1.0%

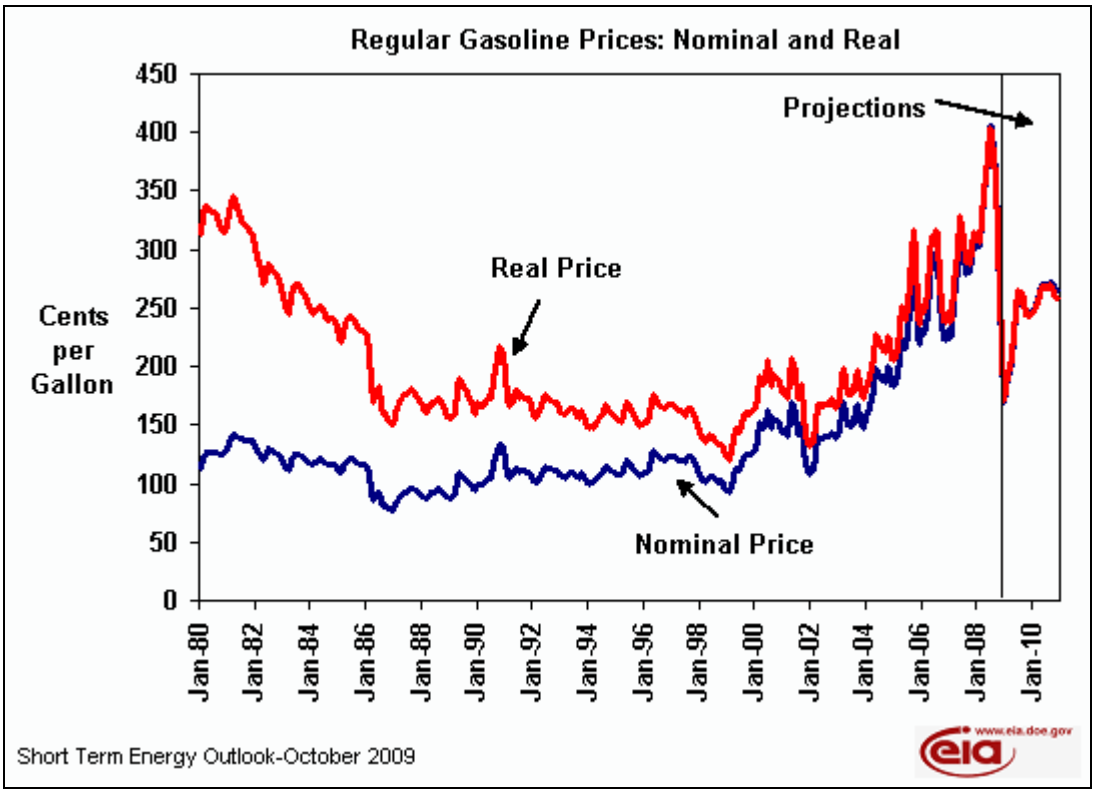
Source: 2001 National Household Travel Survey, U.S. Department of Transportation

7.2.2 Fuel Cost Impacts on Travel

Gasoline prices in New Hampshire, as well as the rest of the nation, increased steadily beginning in the fall of 2005 through mid-2008 before dropping significantly during the latter part of the year as a result of lower demand. Retail gasoline prices reached as high as $3.60 in some New Hampshire locations during the first week of September 2008 before falling back to $1.70 in December 2008. As of April 2009, gas prices increased to about $1.95 per gallon, and by August 2009, it peaked at $2.61. By October 2009, New Hampshire gas prices decreased to about $2.42 per gallon.

Of particular concern is the effect of the volatility in gasoline prices on traffic and travel patterns. Figure 12 shows nationwide historical pump gas prices as well as real gas prices which are adjusted for inflation to 1981 levels using the Consumer Price Index.

Figure 12: Pump and Real (Inflation Adjusted) Average National Gas Prices, 1980-2010



Source: Energy Information Administration (EIA), US Department of Energy

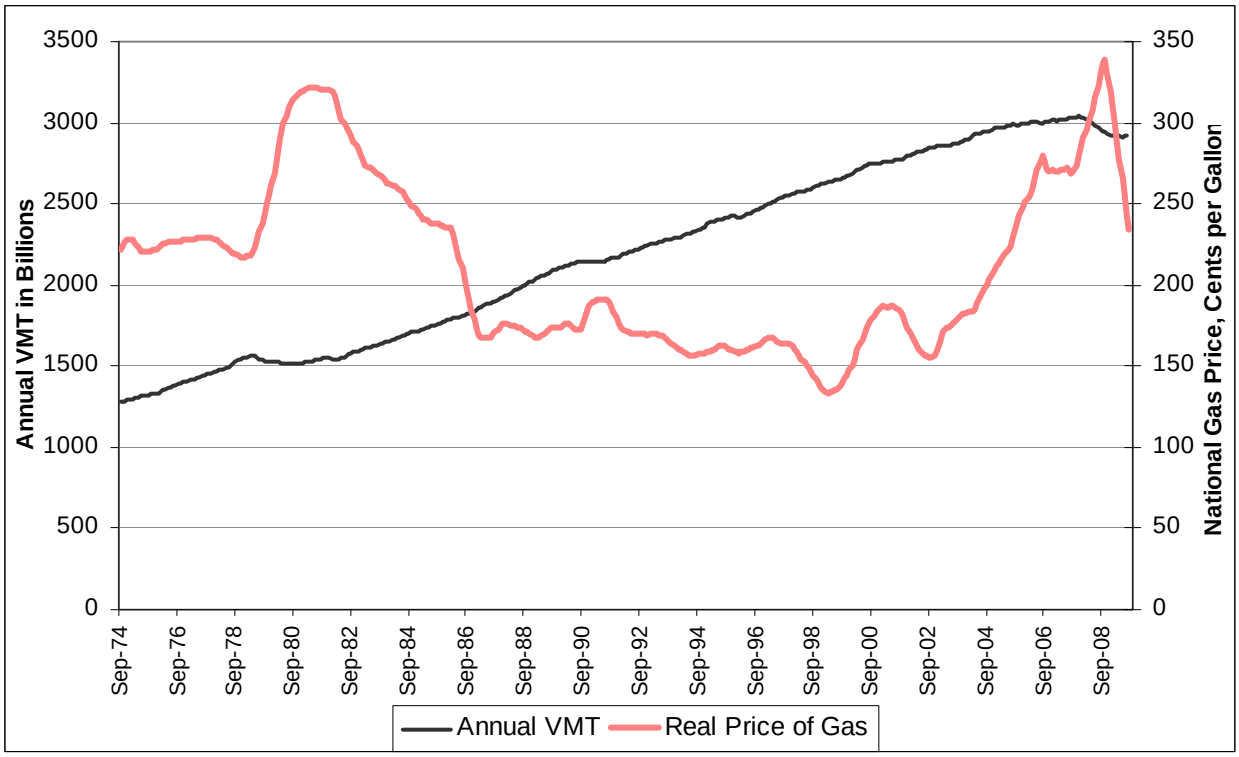
The figure clearly shows that pump gasoline prices have increased gradually throughout the past seven years, soaring to historically high levels in 2008. Until the significant reduction in gasoline price in late 2008, inflation adjusted (real) gas prices had approached, then exceeded, the high 1981 levels that were produced as a result of the 1979 oil shock. The worldwide price for crude oil in July 2008 was $147/barrel, dropping to $42/barrel in January 2009, increasing to $69/barrel in September 2009. The summer of 2008 spike had a noticeable effect on travel nationwide, an effect usually seen during recessionary periods. The latest fall in real (and nominal) gas prices clearly illustrates the current recessionary state of the country.

The Energy Information Administration (EIA) of the US Department of Energy forecasts a gradual increase in crude oil price from an average of $60/barrel in 2009 to $72/barrel in 2010. EIA anticipates that global consumption will increase in response to expected positive global economic growth, particularly in Asia. Moreover, EIA projects that the average national gas prices are expected to increase from an estimated $2.31 in 2009 to $2.65/gallon during 2010.

The level of global fuel consumption and future price levels will largely depend upon the timing and pace of the recovery of the global economy, which is anticipated to occur in late 2009 or in 2010. If economic growth rebounds sooner than expected, then the demand for crude oil may outpace production, leading to rising prices. To the extent that there is a steep increase in crude oil prices, then there may be a similarly sharp decrease in national vehicle miles traveled (VMT), similar to the 2008 decline. Alternatively, other unanticipated factors could lead to steep increases in fuel prices, which could diminish economic recovery and VMT.

Studies have been conducted to determine the effect of gas prices on road travel; however, none were recent enough to see the jump from about $1.25 to $4.25 per gallon of regular gasoline from 2002 through 2008. As seen in the previous figure, while the nominal price of gas remained relatively stable throughout the 80s and 90s, the real price (in 2008$) actually *decreased* over that period. The 2007 real price of gas was similar to that of 1980-1981. Figure 13 compares real gas prices and VMT.

Figure 13: Gas Prices vs. VMT, 1973-2009, 12-Month Moving Average



Sources: FHWA, EIA

The figure shows little overall correlation between historical gas prices and VMT. But it appears when the price reaches a certain threshold, as it did in 1980 and 2008, traffic begins its decline. The unprecedented spike in gas prices over the past six years has made people today more aware of gas prices, the fuel efficiency of their vehicles, and the possibility of changing their driving behavior to compensate. The automotive industry is responding to higher gas prices and consumer demand by manufacturing more fuel-efficient vehicles and offering alternative fuel compounds.

7.2.3 Working from Home

The Reason Foundation's November 2005 report entitled, "The Quiet Success: Telecommuting's Impact on Transportation and Beyond," states that:

- Roughly 4.5 million Americans telecommute most work days.
- Roughly 20 million telecommute for some period at least once per month.
- Nearly 45 million telecommute at least once per year.

With cell phones, high-speed internet, and laptop computers it has become increasingly easier for certain employment sectors – especially sales, management and technology - to work from home. Those who work from home save on the time and expense of commuting.

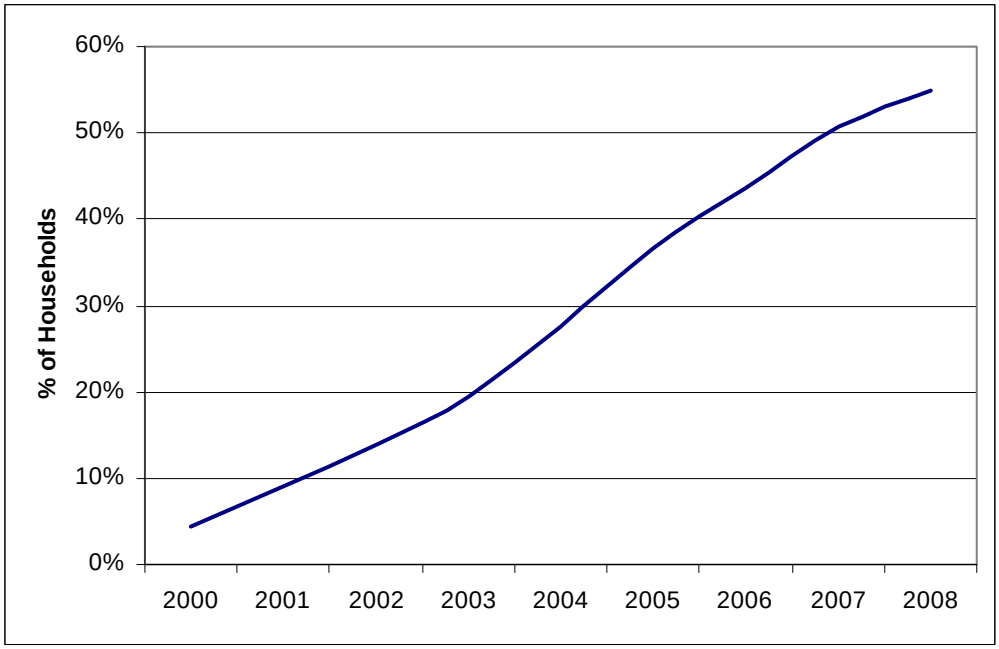
U.S. Census numbers indicate there has been more than a 40 percent growth in telecommuting between 1980 and 2000. In 2000 this constituted 3.3 percent of the work market share. In 2007, 4.1 percent of workers over age 16 claimed to work from home. While the telecommuting share is expected to increase, if all current telecommuters traveled to work it would only make about a one (1) percent difference in overall VMT.

7.2.4 Internet

The advent of the internet more than ten years ago brought about a whole new information age whereby many people now use it as their main source of information, and increasingly for communication and as a "store" to browse for and purchase goods. With more and more households and offices connecting to broadband – which receives web pages significantly faster than the older dialup version – a person can complete errands, do social networking, and find entertainment without ever leaving their seat. In theory, it makes some vehicle trips unnecessary, and as seen earlier on page 30, it is likely these discretionary trips that have been reduced in the past few years.

The total number of broadband lines in the United States has grown from almost 6.8 million lines in December 2000 to 121 million in December 2007 – an increase of nearly 1,700 percent - according to the FCC. US households with broadband internet increased from less than five (5) percent in 2000 to more than 55 percent in 2008 as shown in Figure 14. The FCC's proposed National Broadband Plan - and $7.2 billion of economic stimulus dollars - aims to bring broadband internet access to currently underserved areas of the U.S.

Figure 14: Growth in Households with Broadband Internet



Source: National Telecommunications and Information Association

7.2.4.1 Behavior of Internet Users

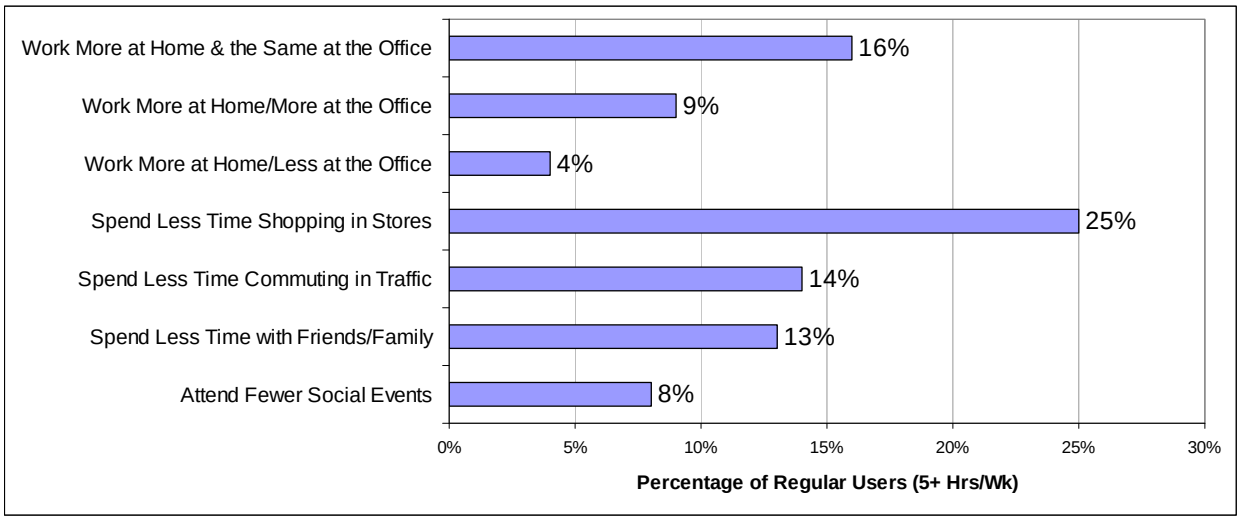
According to Nielsen Online, Americans currently spend an average of nearly 68 hours per month on the internet – more than two hours per day – at home and/or work. There has been a shift in how people spend their time since the days before internet.

A 2000 study by the Stanford Institute for the Quantitative Study of Society (SIQSS) included a survey of more than 4,000 adults nationwide to determine how internet has affected society. The study revealed that the more time people spend on the internet:

- the more they lose contact with their social environment
- the more time they spend working, both at home and at the office
- the less time they spend shopping in stores
- the less time they spend commuting in traffic

Figure 15 shows how survey respondents answered when asked how the internet has changed their behavior. Of these regular internet users, 25 percent reported spending less time shopping in stores and 14 percent reported spending less time commuting in traffic. While making some tasks more convenient, the internet has also taken away time once spent doing other things, and has contributed to us becoming a more isolated society where there is less of a necessity to leave home or the office as much as before.

Figure 15: Behavioral Changes of Internet Users



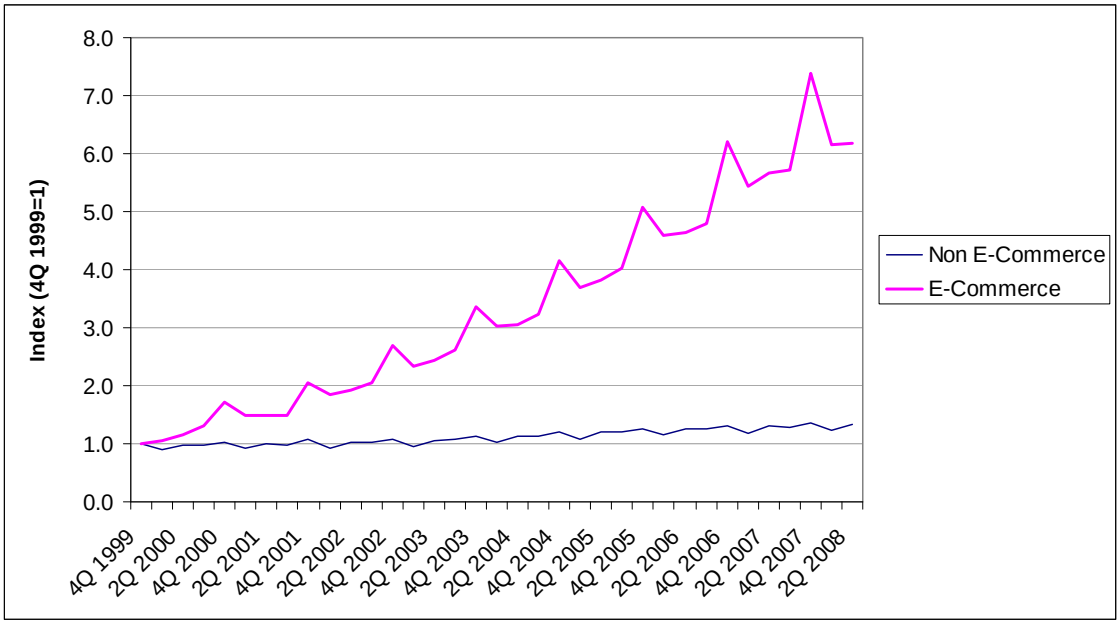
Source: "Internet and Society: A Preliminary Report," Stanford Institute for the Quantitative Study of Society (SIQSS), 2000

Further demonstrating the effects of internet on society, a 2008 study by the Center for the Digital Future at USC states that 15 percent of internet users are currently a member of one or more online communities, typically relating to a person's hobbies or social or professional lives. Of online community members, 16 percent report that being a member of online communities has decreased their participation in offline communities. Fifty-five (55) percent of online community members claim to feel as strongly about their online communities as they feel about their real-world communities - an increase from 43 percent in 2006.

7.2.4.2 Online Retail Sales

The share of retail dollars spent on the internet has grown from less than one (1) percent in 1999 to more than 3.5 percent in 2008. Figure 16 shows how e-commerce sales have grown since 1999 relative to non e-commerce sales. E-commerce sales are now nearly seven times those in 1999. This is expected to grow as more and more people become comfortable with buying products and services over the internet.

Figure 16: US Retail Sales, 1999-2008, E-Commerce vs. Non E-Commerce (Indexed to 4Q 1999=1)

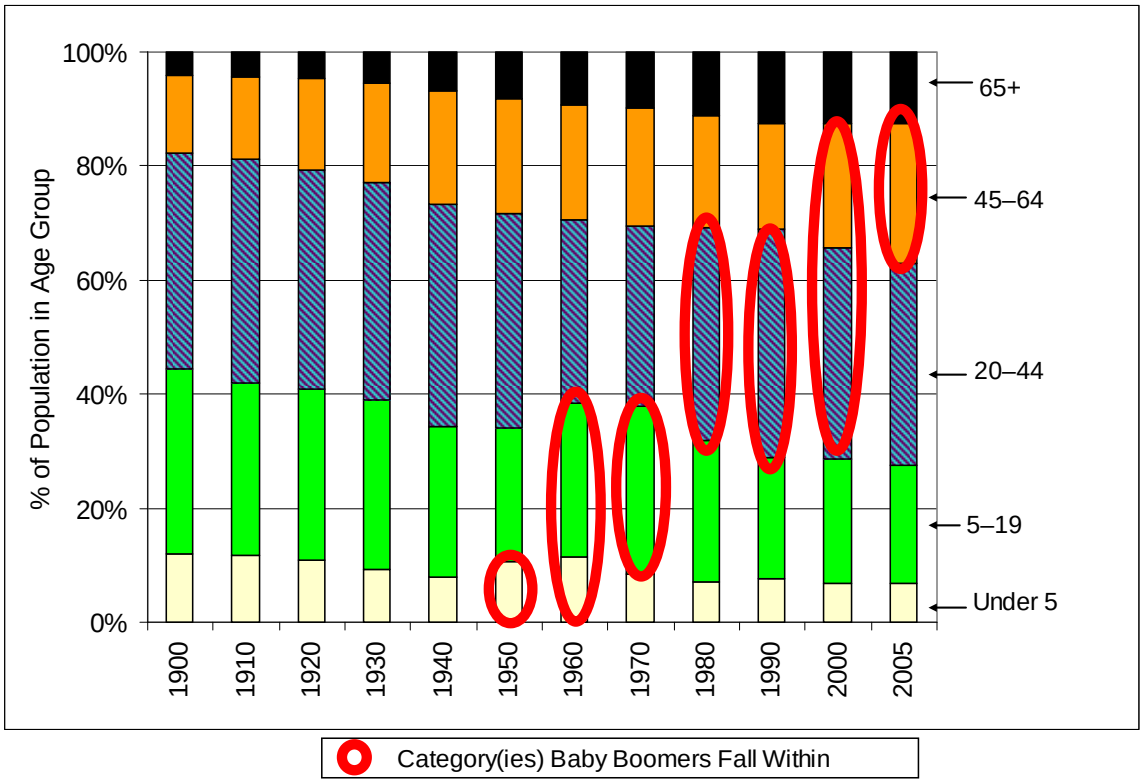


Source: U.S. Census

7.2.5 Age of Population

Shifts in the age of the U.S. population are also likely contributing to the recent VMT phenomenon. Figure 17 shows how the percent population in each age group has changed over time. The post-World War II baby boom brought about a spike in birth rates between 1946 and 1964. The age group that produces the most VMT – the 20 to 44 group – has seen a decline in the share of the population it represents since 1990. Meanwhile, the 45 to 64 and 65+ age groups, who drive less and less each year, have grown in proportion.

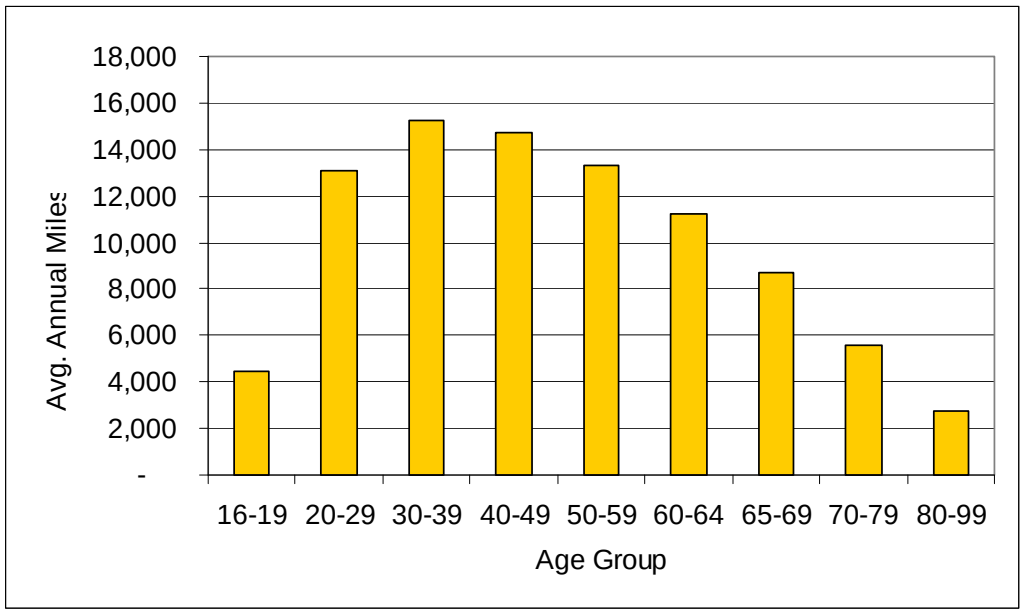
Figure 17: US Population Distribution by Age Group



Source: US Census

Figure 18 represents results from the 2001 National Household Travel Survey. It shows how the aging population of drivers – since older drivers drive fewer miles annually - is contributing to the decline in VMT. The 30-39 age group had the highest annual VMT per person, and the youngest of the baby boomers are now age 45.

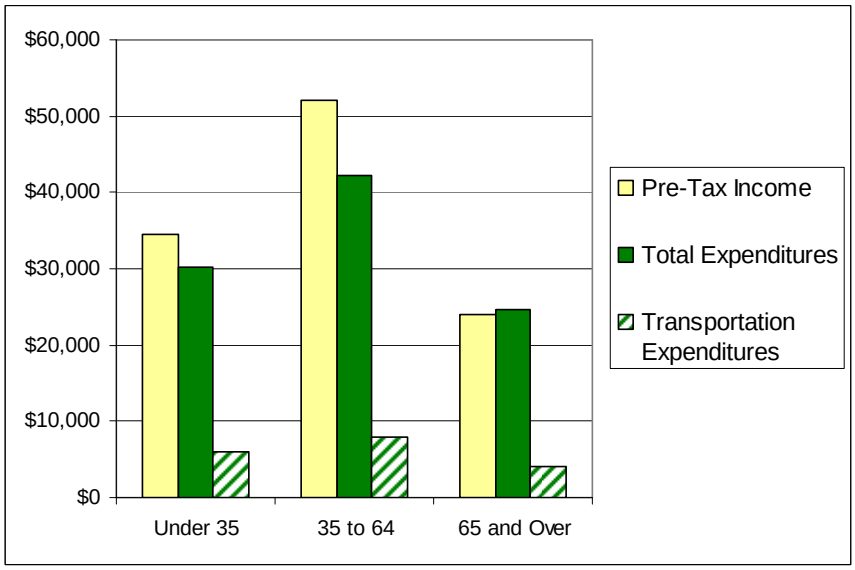
Figure 18: Average VMT per Person by Age Range



Source: 2001 National Household Travel Survey, U.S. Department of Transportation

Overall income and spending by age group – including transportation spending – is a major contributor to the decline in driving. The Bureau of Labor and Statistics compiled data on spending patterns by age in the year 2000, shown in Figure 19. Due mainly to retirement, income per household for those age 65 and over was less than half that for the 35-to-64 age group. Expenditures on all items by the 65 and over population was 59 percent of the 35-to-64 age group, and transportation spending was about half. As the oldest of the baby boomer generation have already begun retiring from their jobs, and will reach age 65 in 2011, the trends suggest that consumer spending has and is likely to continue declining in the near future.

Figure 19: Household Income and Expenditures by Age Group, 2000

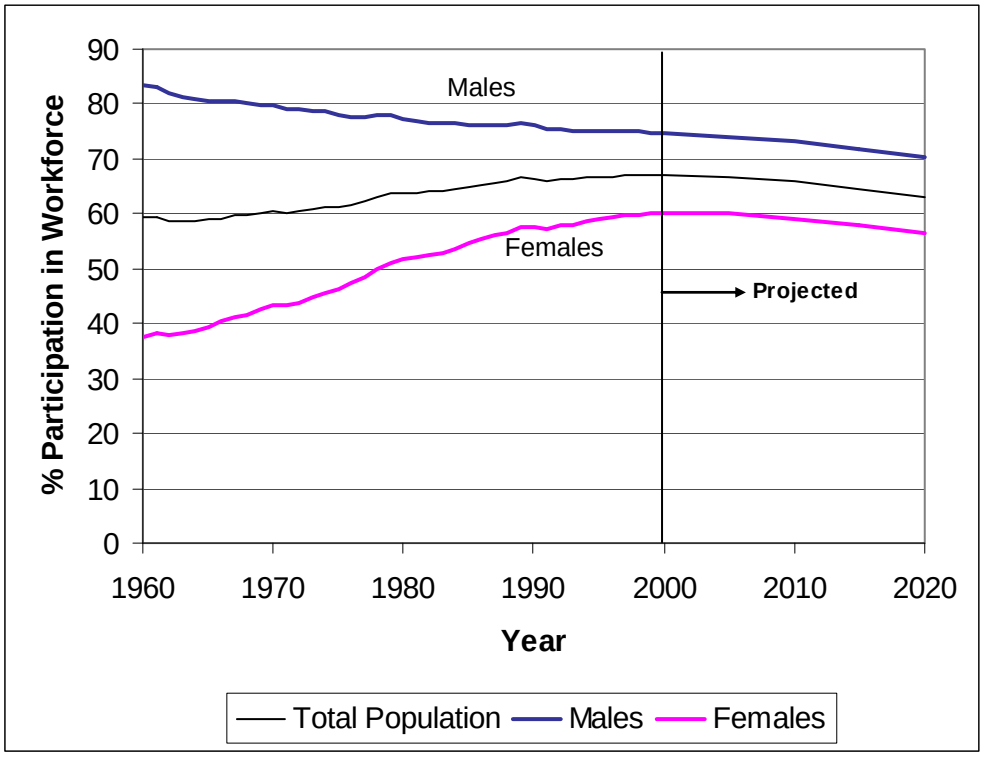


Source: US Department of Labor Bureau of Labor Statistics

7.2.6 Women in the Workforce

Female participation in the U.S. workforce increased dramatically from the mid-1960s to the early 1990s, from 38 percent to 58 percent, which likely contributed to the large growth in vehicle miles during that period. The participation in the workforce of each sex now remains flat at 60 percent of women and 75 percent of men, as shown in Figure 20, and is expected to decline as the baby boomer population ages. The flattening percentage of women in the workforce has recently, and will in the near future, cause a slowdown in commuter trip growth.

Figure 20: Participation in the Workforce



Source: US Department of Labor Bureau of Labor Statistics

7.2.7 The Future of Road Travel

The future of U.S. road travel has been adversely affected as discussed above. Since July 2008, gas prices have begun a steady, yet unexpected, decline, an economic recession was declared, and consumer spending reached an all-time low. While these factors have affected the recent VMT, other, more predictable factors will contribute to the future growth in driving. Broadband internet is making it easier to shop, work, access your social network, conduct personal business, and access entertainment from home, likely causing a reduction in discretionary road trips; its market share continues to grow. The percent of women in the workforce, which has been growing over the past 40 years, has flattened. The baby boomer generation has just begun to retire, and evidence shows that older people drive less and spend less on transportation. While some of these factors will not reduce overall travel because population continues to grow, they will inevitably reduce the huge VMT growth seen in previous years.

The implications of these dynamics are clear: while VMT will likely continue to increase over time, one can no longer assume that the growth in road travel will be what it once was.

7.3 REVIEW OF NEW HAMPSHIRE SOCIOECONOMIC FACTORS

This section discusses historical and forecasted economic conditions for the state of New Hampshire, including population and employment trends, income, housing, tourism, commuter trends, and the age of the population.

7.3.1 Population Trends

Table 13 shows historical population in the State of New Hampshire that was obtained from the U.S. Census Bureau. Projections for 2010 through 2020 were drawn from the New Hampshire Office of Energy and Planning (OEP).

Table 13: Historical and Projected Population in New Hampshire, FY 2000-2020 (in thousands)

Fiscal Year	Population	Avg. Annual Growth (%)
2000	1,240	N/A
2001	1,257	1.4%
2002	1,271	1.1%
2003	1,281	0.8%
2004	1,292	0.9%
2005	1,301	0.7%
2006	1,309	0.7%
2007	1,312	0.2%
2008	1,316	0.3%
2009	1,341	1.9%
2010	1,365	1.8%
2015	1.420	0.8%
2020	1.470	0.7%

Sources: 2000-2008: US Census Bureau published for July of each year

2009: Estimate

2010-2020: New Hampshire Office of Energy and Planning

Between FY 2000 and FY 2008, total New Hampshire population grew by an estimated 6.1 percent or some 76,000 residents at an average annual rate of 0.8 percent or about 9,500 residents per year. Most of this growth occurred from people relocating from other states, primarily neighboring Massachusetts as well as from new immigrants and refugees to the U.S.

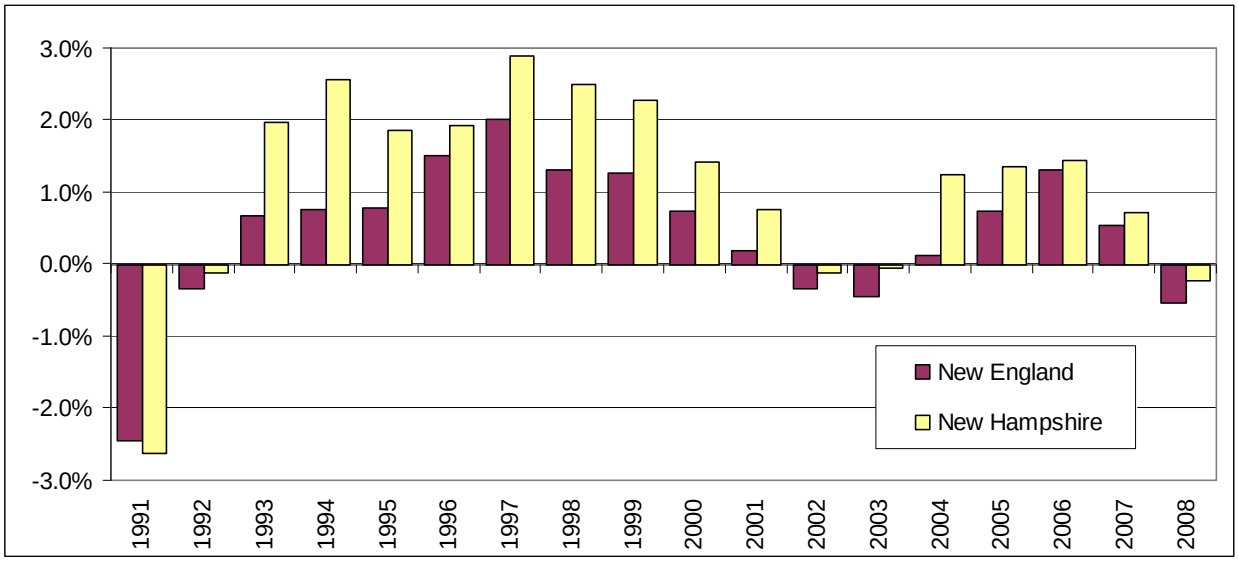
The most recent forecasts prepared by the New Hampshire Office of Energy & Planning (OEP) in 2007 project New Hampshire's population to be 1,316,120 in 2010. From 2010 onward, population will increase at approximately 0.8 percent annually from 2010-15 and 0.7 percent from 2015-2020. The long-term growth forecasts are generally consistent with historical population growth patterns.

7.3.2 Employment Trends

The growing population in New Hampshire has a direct influence on the state's labor force. From 1998 to 2008, the civilian labor force has increased by 54,000 with an average annual growth rate of 0.9 percent. New Hampshire labor force growth has outpaced the the New England region, which had an average annual growth rate of 0.4 percent for the same time period.

Total employment growth in New Hampshire was fairly robust following the recession in the early 1990s, but has slowed somewhat during this decade. Total employment decreased in 2002 and 2003 by 0.1 percent each year. Since the end of that downturn until 2007, the annual increase in total employment in New Hampshire has been approximately 1.2 percent. From 2007 to 2008, employment levels decreased as a result of the current recession. Similar to labor force levels, growth in New Hampshire employment has been consistently higher than the New England Region. Figure 21 presents the annual change in employment from 1990 to 2008 for New Hampshire and New England.

Figure 21: Annual Change in Employment for New England and New Hampshire, 1991 to 2008



Sources: Bureau of Labor Statistics

In the most recent projections published by the New Hampshire Economic and Labor Market Information Bureau, total employment is anticipated to increase from 694,800 in 2006 to 791,245 in 2016. This would represent an increase in total employment of roughly 96,000. Based on these projections, total employment would increase by an average annual rate of 1.3 percent which is in line with historical increases in statewide employment exhibited in non-recessionary years of this decade from 2003 to 2007. Table 14 summarizes historical and forecast employment for New Hampshire and for the metropolitan planning organization (MPO) that encompasses the four most populous counties in the state.

Table 14: Historical and Forecast Total Employment, New Hampshire and the Planning Regions for the Four Most Populous Counties

	2000	2006	Change 2000-06	2016	Change 2006-16
New Hampshire	650,871	694,800	6.7%	791,245	13.9%
Southern NH (Hillsborough, Rockingham)	132,762	135,978	2.4%	155,112	14.1%
Nashua (Hillsborough)	93,327	108,954	16.7%	123,888	13.7%
Central NH (Hillsborough, Merrimack)	63,406	67,309	6.2%	77,532	15.2%
Rockingham (Rockingham)	96,531	118,844	23.1%	137,458	15.7%
Strafford (Strafford)	N/A	52,874	N/A	59,707	12.9%

Nearly all projected growth in employment is expected to be concentrated in the service industries. Professional, scientific and technical services, health care services, educational services, and wholesale trade are expected to increase during forecast period. Outside of the services sector, the construction is expected to increase by about 4,000 jobs or about 14 percent through 2016. Manufacturing employment is expected to continue to decline; however, job losses over the ten-year period will not be as severe as in previous years. Most of these losses are expected to be concentrated in the manufacturing paper, computer, and electronic products.

New Hampshire's unemployment rate has historically been one to one and a half percentage points lower than the national unemployment rate. From July 2005 to July 2008, unemployment rates in New Hampshire have ranged from 3.4 percent to 3.8 percent. The unemployment rates for Hillsborough, Merrimack, Rockingham and Strafford counties (the four largest counties in terms of population and the location of the Turnpike System) were commensurate to statewide unemployment rates during this period. In contrast, until the current year, the U.S. unemployment rate has historically ranged between 4.7 percent and 5.8 percent. The most recent change in economic conditions has lead to an increase in the unemployment rate in New Hampshire—from 3.8 percent in July 2008 to 6.8 percent in July-August 2009. This rate still remains below the national rate, which increased from 5.8 percent to 9.6 percent during the same period. Table 15 summarizes historical unemployment rates for New Hampshire, the New England region, and for the United States.

Table 15: Historical Unemployment Rates for the Four Most Populous Counties in New Hampshire, All of New Hampshire, New England, and the United States

NH County	July 2005	July 2006	July 2007	July 2008	July 2009	August 2009
Hillsborough	3.6%	3.7%	3.5%	3.7%	7.1%	7.3%
Merrimack	3.1%	3.2%	3.2%	3.4%	5.8%	5.9%
Rockingham	4.0%	3.8%	3.7%	4.1%	7.2%	7.5%
Strafford	3.4%	3.4%	3.4%	3.6%	6.9%	6.9%
New Hampshire	3.6%	3.5%	3.5%	3.8%	6.8%	6.8%
New England	4.7%	4.5%	4.5%	5.4%	8.6%	8.5%
United States	5.1%	4.6%	4.6%	5.8%	9.4%	9.6%

Sources: New Hampshire Employment Security, Economic and Labor Market Information Bureau, Bureau of Labor Statistics

In Hillsborough County, which includes the cities of Nashua and Manchester, unemployment rates increased from 3.7 percent to 7.3 percent from July 2008 to August 2009. Merrimack

County, which includes the state capital of Concord, did not fare as poorly; unemployment increased from 3.4 percent to 5.9 percent during this same period. Although these increases are significant, unemployment rates as with the other employment figures, remain better than the regional and national figures.

7.3.3 Wages and Income

New Hampshire consistently ranks relatively high in the United States in terms of personal income. In 2008, New Hampshire was ranked ninth with a per capita income of $42,830. Hillsborough County and Rockingham County exceeded the statewide levels, as these counties recorded per capita personal income of $43,625 and $47,196, respectively, in the year 2007, compared to $41,639 for the entire state. Merrimack County and Strafford County recorded per capita income of approximately $38,661 and $33,662, respectively, in 2007.

Income levels appear to have increased at fairly respectable rates in recent years. In New Hampshire, per capita personal income grew at an average annual rate of 3.8 percent from 2003 to 2007. Merrimack County's per capital income also grew 3.8 percent annually. Rockingham County, which includes the cities of Salem, Londonderry, Derry, and Portsmouth, had per capita income growth of 3.7 percent annually from 2003 to 2007, While the income of Hillsborough County grew 3.6 percent annually. Strafford County, which includes the cities of Dover, Rochester, and Farmington, experienced the slowest growth of the four counties, with an average annual increase of per capita income of 3.3 percent during this period.

Overall, income in the U.S. increased annually by 4.1 percent from 2003 to 2007, while the average annual income growth in New England was 4.5 percent. The growth in income in New Hampshire has outpaced the inflation rate, as measured by the Consumer Price Index, which increased at an average annual rate of 2.8 percent. Table 16 summarizes per capita income levels in the four largest counties in New Hampshire, the state of New Hampshire, New England, and the United States. As seen in the table, growth in per capita income has slowed from 2007 to 2008.

Table 16: Per Capita Personal Income, New Hampshire Counties, New Hampshire, New England, and U.S.

State	2003	2004	2005	2006	2007	5-Yr. Avg. Growth Rate	2008
Hillsborough County	36,481	38,782	39,240	41,435	43,625	*3.6%*	N/A
Merrimack County	32,059	33,655	34,619	36,805	38,661	*3.8%*	
Rockingham County	39,263	41,122	42,581	45,061	47,196	*3.7%*	
Strafford County	28,566	29,962	30,750	32,104	33,662	*3.3%*	
New Hampshire	34,596	36,523	37,432	39,703	41,639	*3.8%*	42,830
New England	37,966	40,081	41,736	44,574	47,221	*4.5%*	48,715
United States	31,530	33,157	34,690	36,794	38,615	*4.1%*	39,751

7.3.4 Housing

Table 17 shows the historical housing unit estimates prepared by the U.S. Census Bureau for Hillsborough, Merrimack, Rockingham and Strafford Counties, as well as for the entire State of New Hampshire for the period FY 2000-07. Hillsborough and Rockingham counties have the most housing units as they are also the most populous counties.

Table 17: Annual Housing Unit Estimates for New Hampshire Counties (in thousands), FY 2000-07

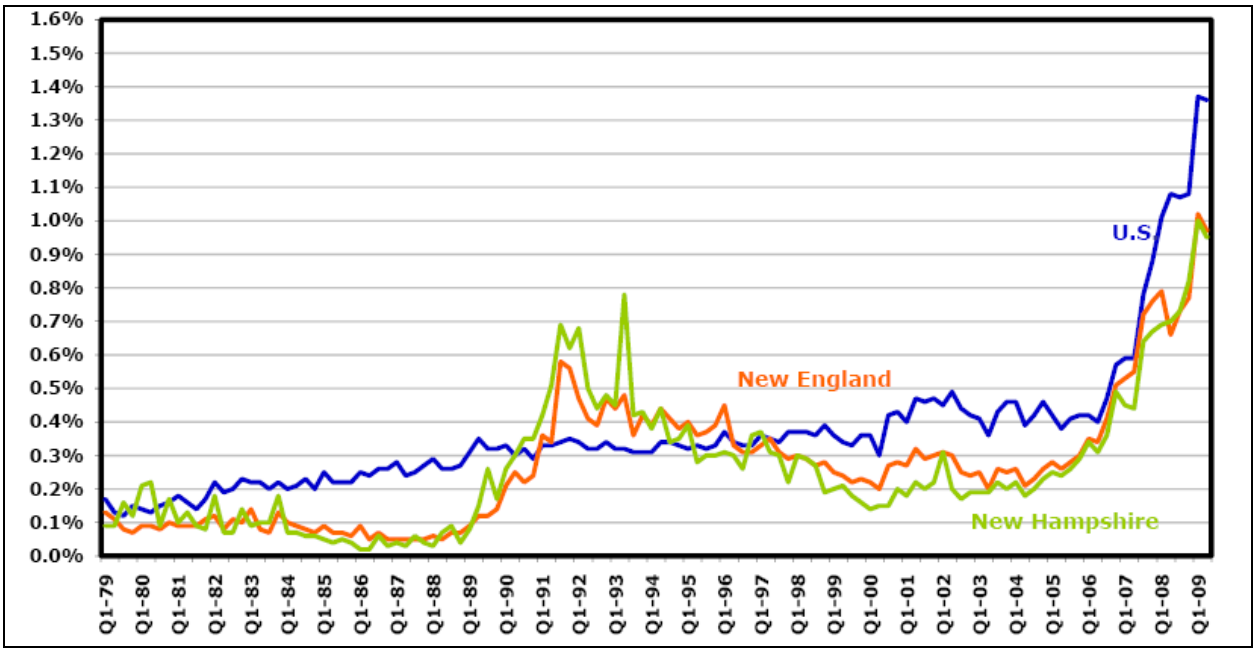
Fiscal Year	Hillsborough	Merrimack	Rockingham	Strafford	New Hampshire
2000	150.4	56.4	113.4	45.7	548.6
2001	152.0	57.1	115.1	46.3	554.7
2002	153.6	57.8	116.4	46.8	560.5
2003	155.7	58.7	117.9	47.5	568.0
2004	157.5	59.7	119.7	48.4	575.7
2005	159.3	60.6	121.4	49.1	583.3
2006	160.9	61.3	122.8	49.7	589.8
2007	161.9	61.7	123.5	50.3	594.1

Source: US Census Bureau

Based on the U.S. Census Bureau data, the total number of housing units in New Hampshire increased by 8.3 percent between FY 2000 and FY 2007, which translates into an annual increase of about 1.1 percent. While all the four counties presented in Table 17 experienced stable growth in the total number of housing units, Strafford and Merrimack counties increased at relatively fast rates during this period. Strafford County grew by 10.1 percent and Merrimack County by 9.4 percent.

Between 2000 and 2006, the median purchase price of homes in New Hampshire increased by 76 percent while median family income increased by only 33 percent. By the peak of the market in mid-2007, the median home price was roughly 3.5 times the median household income, while this ratio was about 2.8 times income in 2001. While New Hampshire has not been immune to the general decrease in housing prices, this downturn has not been as severe as in other parts of the country. Moreover, foreclosure rates have been significantly lower in New Hampshire and New England in comparison to the national rate. In the first quarter of 2008, the housing foreclosure rate was about 1.0 percent in New Hampshire compared to 1.4 percent for the United States. Figure 22 summarizes foreclosure rates for New Hampshire, New England and the United States from 1979 to the second quarter of 2009.

Figure 22: Foreclosure Rates for New Hampshire, New England, the U.S., 1979-2009



Sources: Federal Reserve Bank of Boston and the New Hampshire Housing Finance Authority

7.3.5 Travel and Tourism

According to the state's Division of Travel and Tourism Development, New Hampshire ranks as one of the top ten states with respect to the importance of tourism to the total state economy. Tourism is driven, in large part, by outdoor seasonal attractions, such as skiing during winter months. There are also periodic attractions such as NASCAR races and Bike Week. Tourism levels are generally affected by prevailing economic conditions, fuel and travel costs, and weather conditions.

In FY08, there were 33.8 million trips, an increase of 0.1 percent from the previous year. In particular, the winter and spring months of FY08 (corresponding to the 2007-8 ski season) generated 19.5 percent more skiers than did the 2006-7 ski season. The number of visitor days also increased by an estimated 0.4 percent to 52.9 million days. The seasonal breakdown by season is the following: summer, 39 percent of total visitor days; fall, 23 percent; winter, 19 percent; and spring, 19 percent.

Automobile travel on Saturdays, which is indicator of the number of leisure trips taken, was down by 2.1 percent from the previous year at the twelve traffic counters located near to tourist attractions or on major travel routes. However, airline passenger enplanements at Manchester Airport and Lebanon Airport increased by 3.5 percent during the most recent fiscal year.

In FY08, travelers and tourists spent some $4.45 billion in New Hampshire, an increase of 3.2 percent over FY07. This increase was driven by a 6.3 percent increase in hotel receipts, a 0.4 increase in restaurant sales, and a 6.8 percent increase in vehicle rental receipts. The hotel occupancy rate also increased by 0.5 percent. Because New Hampshire has no sales tax, many residents from neighboring states often travel to New Hampshire for retail shopping. The increase in the Canadian dollar relative to the US dollar also led to an increase in visitors from Canada.

7.3.6 Commuting Trends

The Bedford mainline toll plaza and the three ramp toll plazas in the Merrimack Valley region are all located in Hillsborough County, while the Hooksett mainline and ramp toll plazas are located in Merrimack County. The Hampton mainline and ramp toll plazas are located in Rockingham County, while the Dover and Rochester toll plazas are located in Strafford County. The following is a summary of commuting patterns for the four most populous counties in New Hampshire, which was prepared by the New Hampshire Housing Finance Authority using information gathered in the 2000 U.S. Census. Table 18 summarizes the commuting patterns of residents from all New Hampshire counties from home to work.

Table 18: Commuting Trends for All New Hampshire Counties from Home to Work, 2000

NH County	In-County	NH, not In-County	Out-of-State	Total	Percent In-County	Percent NH, not In-County	Percent Out-Of State
Belknap	19,044	8,184	1,020	28,248	67%	29%	4%
Carroll	15,816	3,583	1,372	20,771	76%	17%	7%
Cheshire	28,611	3,000	5,649	37,260	77%	8%	15%
Coos	12,591	1,657	982	15,230	83%	11%	6%
Grafton	33,872	4,465	2,977	41,314	82%	11%	7%
Hillsborough	142,472	22,743	33,548	198,763	72%	11%	17%
Merrimack	48,051	19,190	2,416	69,657	69%	28%	3%
Rockingham	78,659	25,350	44,512	148,521	53%	17%	30%
Strafford	34,364	18,733	5,282	58,379	59%	32%	9%
Sullivan	12,578	5,494	1,998	20,070	63%	27%	10%

7.3.6.1 Hillsborough County

In 2000, there were nearly 200,000 employed residents age 16 and over in Hillsborough County and about 72 percent of these residents worked within Hillsborough County. Of the 56,000 residents that commuted out of Hillsborough County to work, some 57 percent commuted south to Massachusetts which borders Hillsborough County, 20 percent commuted northeast to neighboring Rockingham County, and 16 percent commuted north to neighboring Merrimack County. The mean travel time to work in 2000 was 25.5 minutes and about 83 percent of Hillsborough County residents drove alone to work.

In addition, there were nearly 46,000 people commuting to work in Hillsborough County. Of this amount, approximately 37 percent come from Rockingham County, 27 percent from out of state, 25 percent from Merrimack County and, and 11 percent from other counties within New Hampshire.

7.3.6.2 Merrimack County

Merrimack County had about 70,000 employed residents age 16 and over in 2000. Approximately 97 percent of employed residents worked in-state, 69 percent of employed residents worked within the Merrimack County, and 17 percent of employed residents worked in neighboring Hillsborough County. Among New Hampshire counties, Merrimack County has the smallest share of residents that commute out of state for work.

Some 22,000 workers commuted into Merrimack County for work, 40 percent of which came from neighboring Hillsborough County, 56 percent from other counties within New Hampshire,

and 5 percent commuted from out of state. The mean travel time to work in 2000 was 24.3 minutes and about 81 percent of Merrimack County residents drove alone to work.

7.3.6.3 Rockingham County

There were approximately 149,000 employed residents age 16 and over in 2000 in Rockingham County, 53 percent of whom worked in the same county. Among New Hampshire counties, Rockingham County has the largest share of residents that commute out of state for work—nearly 30 percent of total commuters. Most of these commuters traveled to Massachusetts, while less than 2 percent of out-of-state commuters travel to Vermont, Maine or another state. In all, the 70,000 residents traveled out of Rockingham County to work, 60 percent work in neighboring Massachusetts, 24 percent work in Hillsborough County, 6 percent in Strafford County, and 5 percent in Merrimack County.

In addition, about 49,000 people commuted into Rockingham County for work. Of this amount, 31 percent traveled from Strafford County, 23 percent traveled from Hillsborough County, 21 percent traveled from Massachusetts, and 6 percent traveled from Maine. The remaining commuters to Rockingham County traveled from other counties within New Hampshire (7 percent) or from other states (1 percent). The mean travel time to work in 2000 was 28.6 minutes and about 85 percent of Rockingham County residents drove alone to work.

7.3.6.4 Strafford County

Strafford County had about 58,000 employed residents age 16 and over in 2000, and approximately 59 percent worked in that county. About 27 percent of residents traveled south to Rockingham County for work. Moreover, another 9 percent of commuters traveled out of the state, almost of all which went to either Maine or Massachusetts.

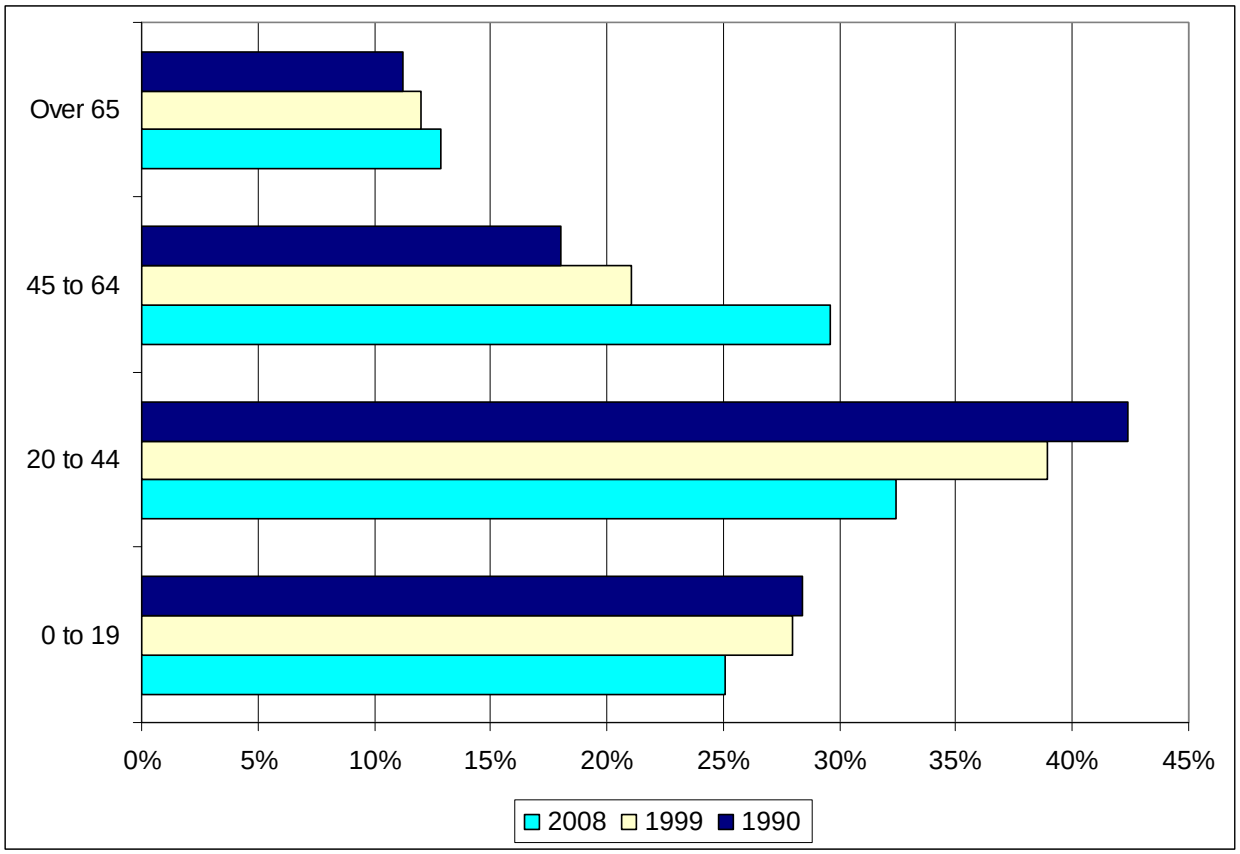
About 11,000 commuters came to Strafford County for employment. Of this amount, 41 percent traveled from Maine and 37 percent were living in Rockingham County, 15 percent came from other New Hampshire Counties, and 7 percent commuted from states other than Maine. The mean travel time to work in 2000 was 24.1 minutes and about 80 percent of Strafford County residents drove alone to work.

7.3.7 Age of the Population

As stated previously in this chapter, the average age of the U.S. population is increasing. This is one of the major factors contributing to slower traffic growth, as the older generations tend to travel less and spend less on transportation in general.

New Hampshire exhibits a similar aging trend. Figure 23 shows the proportion of New Hampshire population in each of four age groups for the years 1990, 2000 and 2008. The 20-to-44 age group, which drives the most vehicle miles per capita on average, has the most people in each year analyzed, but the proportion of residents in this category has been declining, from 42 percent in 1990 to 32 percent in 2008. This, however, will soon be overtaken by the 45-to-64 Baby Boomer age group, which drives fewer miles per capita. Nearly 30 percent of residents were in this age group in 2008, up from 18 percent in 1990. The over 65 group has also been growing, from 11 percent of the population in 1990 to 13 percent in 2008.

Figure 23: New Hampshire Population Split by Age Group, 1990-2008



7.4 NATIONWIDE HISTORICAL TRAFFIC AND ECONOMIC RECESSIONS

The government has declared that the United States has been in a recession as of December 2007. This recession is reflected in all transportation and economic indicators, but is seen most clearly in the number of vehicle-miles traveled (VMT) on highways. This is explicitly visible in Figure 8, annual VMT (a 12-month moving total) for the years 1940 through 2009 (shown earlier on page 27), which shows the flattening of the VMT curve around 2005 with a significant drop as of late 2007.

Jacobs has analyzed the current economic situation as it compares to major historical recessions in the past century. The most significant declines in historical VMT were four (4) points in time: during World War II, the 1970s and 1980s oil crises and in the early 1990s during the Gulf War. In 2006 and 2007, VMT remained the same as late 2005 levels, and in by March 2008 it began to decline. In November 2008 traffic was 3.6 percent below the previous year's, and by the summer of 2009 some improvement was seen; July 2009 numbers were down just 1.7% from the previous year. As stated previously, some of this improvement may be due to the large reduction in gas process from the summer of 2008 to the summer of 2009.

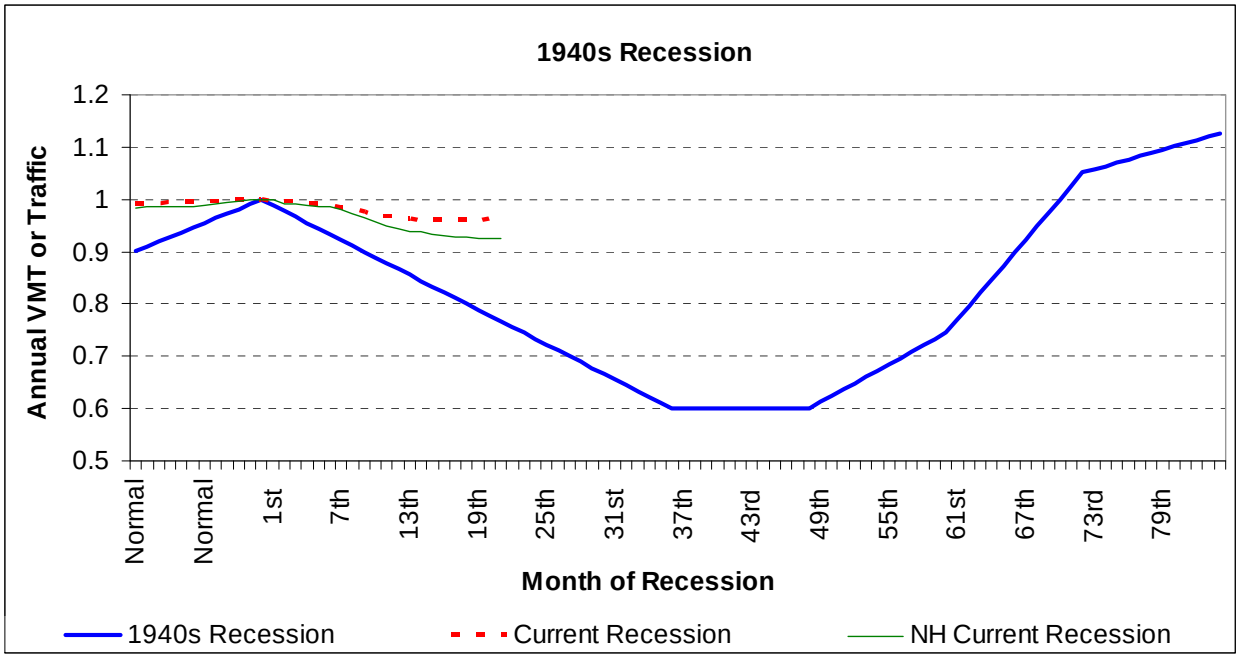
Annual VMT data were compiled from 1940 to July 2009. A review of VMT from 2006 to 2009 revealed that nationwide VMT was rising until October 2007 when it reached its peak and then began to decline. December 2007 officially marked the beginning of the first recession of the

twenty-first century. The 2008 recession VMT is illustrated as the dashed trend line on Figures 24 thru 27, which was indexed from November 2007. The New Hampshire transactions are indexed to its pre-recession peak in October 2007, as represented by the green line. As noted previously, New Hampshire transactions have historically followed national VMT trends, however, due to the overlap of the October 2007 toll increase and the onset of the current economic recession, the graphs illustrate that New Hampshire has seen a deeper dive in Turnpike traffic than the national VMT trends. The four (4) recession periods were subsequently indexed based on their respective peak points so that they could be compared against the current decline in VMT.

7.4.1 Comparative Recession Analysis

The recession of 1940 occurred in the middle of World War II. Figure 24 demonstrates how the escalation of the War corresponds with the rapid decline in traffic as it reached a sharp peak in the beginning of 1941 before experiencing a steep decline to early 1944. At this point traffic is seen to have reached a plateau at approximately 200 billion vehicle-miles traveled. This is almost five (5) years of declining traffic levels until late 1945 when VMT began to rise again.

Figure 24: VMT of the 1940s Recession vs. VMT of the 2008 Recession, Indexed



Both the recessions in the 1970s and 1980s were partially due to the oil crises. Figure 25 shows that traffic began to decline in late 1973. Two (2) years later traffic started to rise making this recession's recovery shorter in comparison to both the 1940s and what later came in the early 1980s.

Figure 25: VMT of the 1970s Recession vs. VMT of the 2008 Recession, Indexed

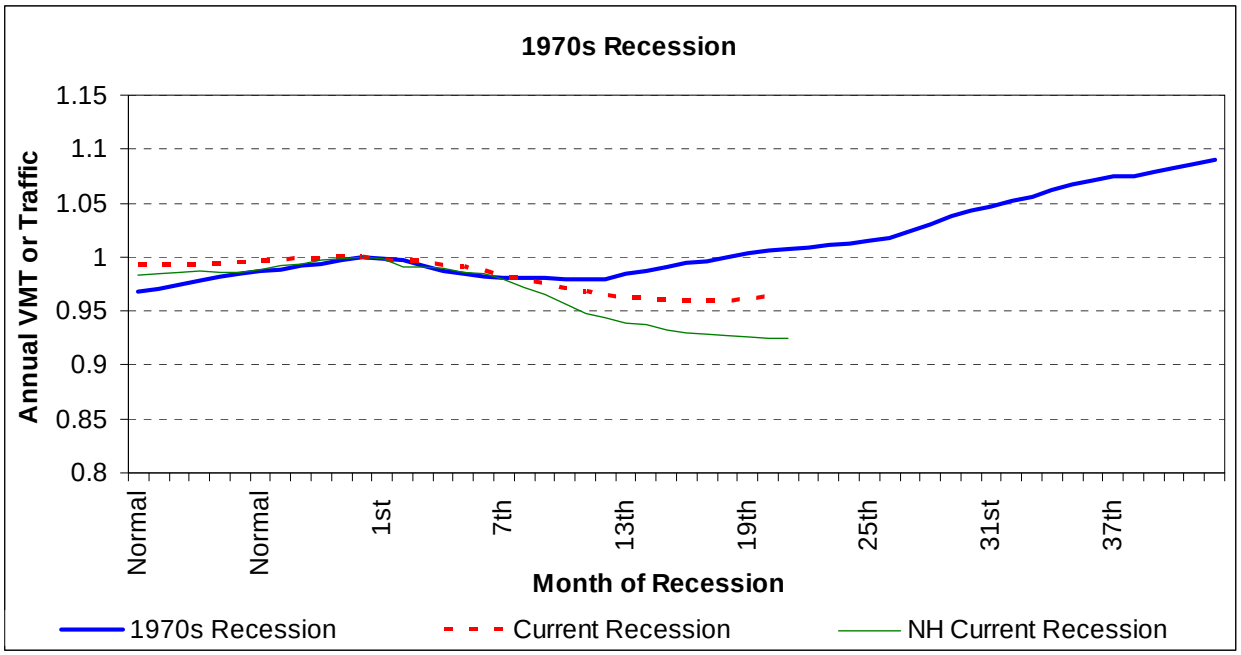
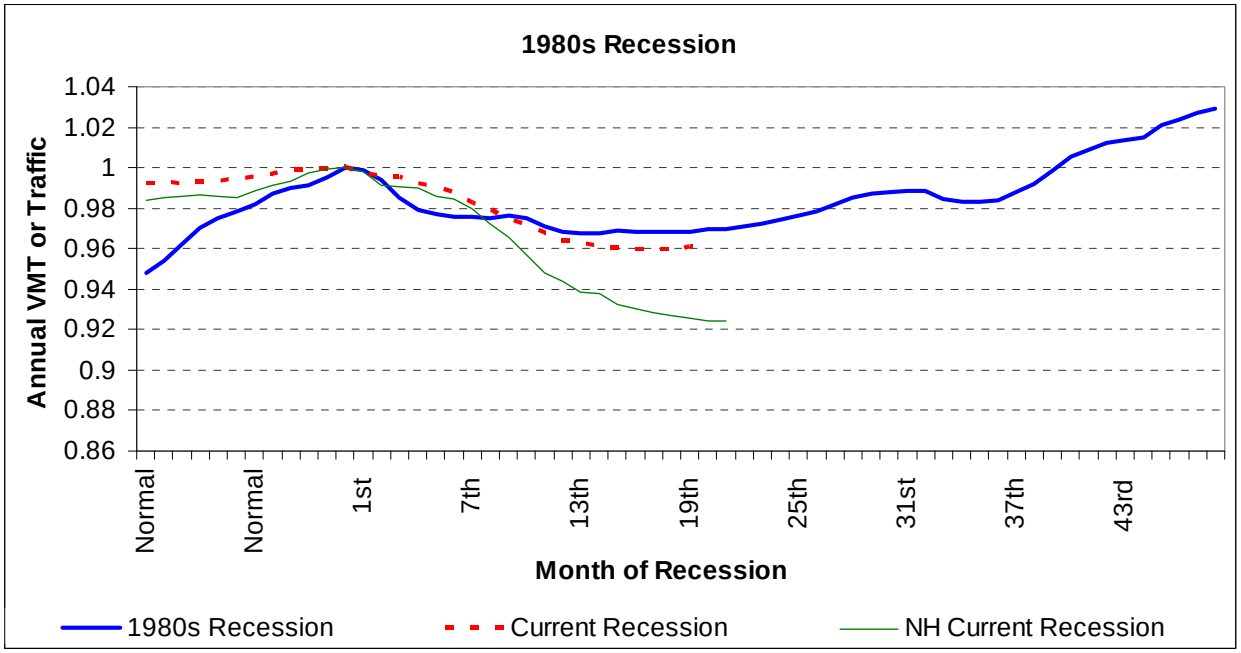


Figure 26 illustrates the recession of the early 1980s. Traffic reached its peak in the beginning of 1979 at approximately 1,569 billion vehicle miles traveled, and quickly fell to its low point in 1980. Traffic saw a slight increase in early 1980, but proceeded to decline further for almost two (2) years. This further decline created more volatility in traffic causing a longer and more gradual visible ascent to recovery.

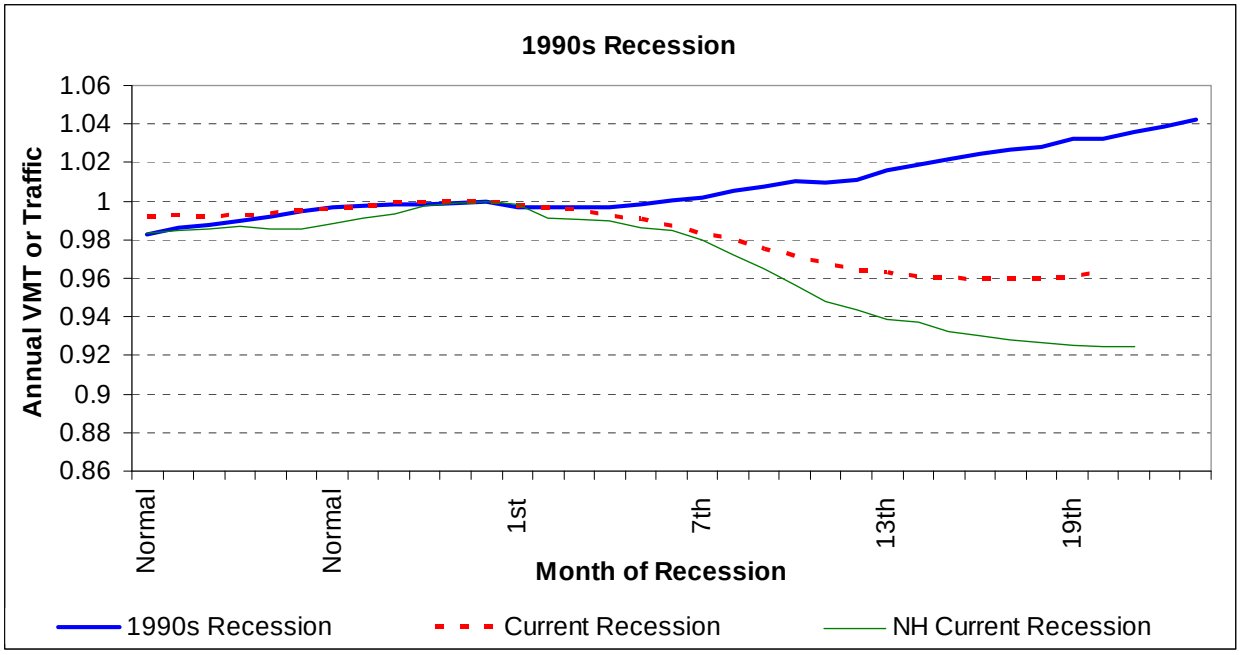
In both Figure 25 and Figure 26, the 2008 VMT trend line continues to decline at the point where it crosses the lowest, respective, historical point in VMT. This is most visible in Figure 25 but Figure 26 illustrates a constant decline in VMT in the 1980s, which can be more easily compared to the current 2008 trend line because of their parallel steady decreases in traffic.

Figure 26: VMT of the 1980s Recession vs. VMT of the 2008 Recession, Indexed



Most recently, the current economic situation can be looked at in comparison to the last recession that occurred in the 1990s, shown in Figure 27. This recession coincided with the Gulf War. The early 1990s VMT decline was small in that it lasted less than a year before returning to its previous traffic level in June 1991. The 2008 recession traffic reduction appears to be far greater than that in the early 1990s.

Figure 27: VMT of the 1990s Recession vs. VMT of the 2008 Recession, Indexed



For these reasons, it is the opinion of Jacobs that the current economic recession is best compared to the 1980s recession. Note that it took over five (5) years for traffic to return to the pre-recession levels during that period. This comparison will serve as the baseline recession to model for the 2008 Long Term Projections.

7.4.2 NH Forecasted Traffic and Its Relationship to Economic Recessions

Clearly, there is a great deal of uncertainty in the direction the current economy is heading. The most recent reports from economists is that the economy has now recovered from the recession. From the September 2009 issue of *Blue Chip Economic Indicators*, a clearinghouse of over 50 economic forecasting entities, over 81 percent of experts questioned agreed that the recession is over. Approximately the same percentage predicts that the unemployment rate will not fall back beneath 7 percent on a sustained basis until the second half of 2012. While the economy is possibly, by definition, recovering, it is important to understand the type of recovery and the anticipated impact on traffic. The initial recovery appears to be jobless (i.e., it is not producing strong growth in employment); improvements will be achieved through increases in productivity and lowering of inventory, rather than investing in new jobs, therefore delaying the recovery in VMT.

8 TRANSPORTATION PROJECTS RELATIVE TO THE NH TURNPIKE SYSTEM

This section identifies the existing feeder and competitive (diversionary) roads to the New Hampshire Turnpike System and includes future transportation projects slated for New Hampshire that may affect traffic on the System.

8.1 FEEDER ROADS

Several roadways direct traffic, or feed, into the Turnpike System. The classification of these roadways varies from interstate highways to arterials and collectors. Some of the feeder roads to the Central Turnpike are:

- US Route 3 from Massachusetts
- I-93
- I-293
- I-89
- NH Route 101A
- NH Route 130
- NH Route 111
- Somerset Parkway
- Industrial Drive
- Continental Boulevard
- Bedford Road
- East Dunstable Road

For the Blue Star Highway, some of the feeder roads are:

- I-95 from Massachusetts
- I-95 from Maine
- NH Route 107
- NH Route 101
- NH Route 33
- Spaulding Turnpike
- Market Street

For the Spaulding Turnpike, some of the feeder roads are:

- I-95, the Blue Star Highway
- US Route 4
- NH Route 108
- NH Route 55
- NH Route 125
- US Route 202
- NH Route 11

8.2 COMPETITIVE ROADS

Several roadways compete with the Turnpike System, varying from arterials to collectors. We identified the following alternative parallel routes for each New Hampshire Turnpike segment:

- Central Turnpike – US Route 3; NH 3A
- Spaulding Turnpike – Dover Point Rd / NH 9 / NH 108; Dover Point Rd / NH 9 / NH 16B; NH 125
- Blue Star Turnpike – US Route 1; US 1/ NH 151 / NH 33

8.2.1 US Route 3 and NH 3A

US Route 3 and NH 3A are parallel routes to the Central Turnpike (see Figure 28). From Massachusetts, US Route 3 is located west of the Merrimack River until it crosses the river via the Queen City Bridge. The US Route 3 route continues north along the east side of the river, cutting through downtown Manchester until the route crosses the river again in Concord to run through downtown Concord. NH 3A follows the Merrimack River along the eastern side from Massachusetts to the Queen City Bridge where it crosses west of the river. NH 3A continues north along the river to Concord where it converges with US Route 3 when US Route 3 crosses over from the Merrimack River.

The areas of congestion along US Route 3 are generally focused around Webster Street / Elm Street in downtown Manchester to the Budweiser Plant located in Merrimack (FEE Turnpike Exit 10). An alternative route to bypass Manchester would be to take I-93 Exit 9 from the north to I-293 Exit 5 and reconnect with US Route 3 at Exit 3.

US Route 3 intersect three times with the Central Turnpike along the route. The three turnpike exit interchanges are:

- Exit 13 – I-93 / FEE Turnpike in Concord
- Exit 4 – I-293 / FEE Turnpike merge in Manchester
- Exit 7 – US Route 3 / FEE Turnpike split in Nashua

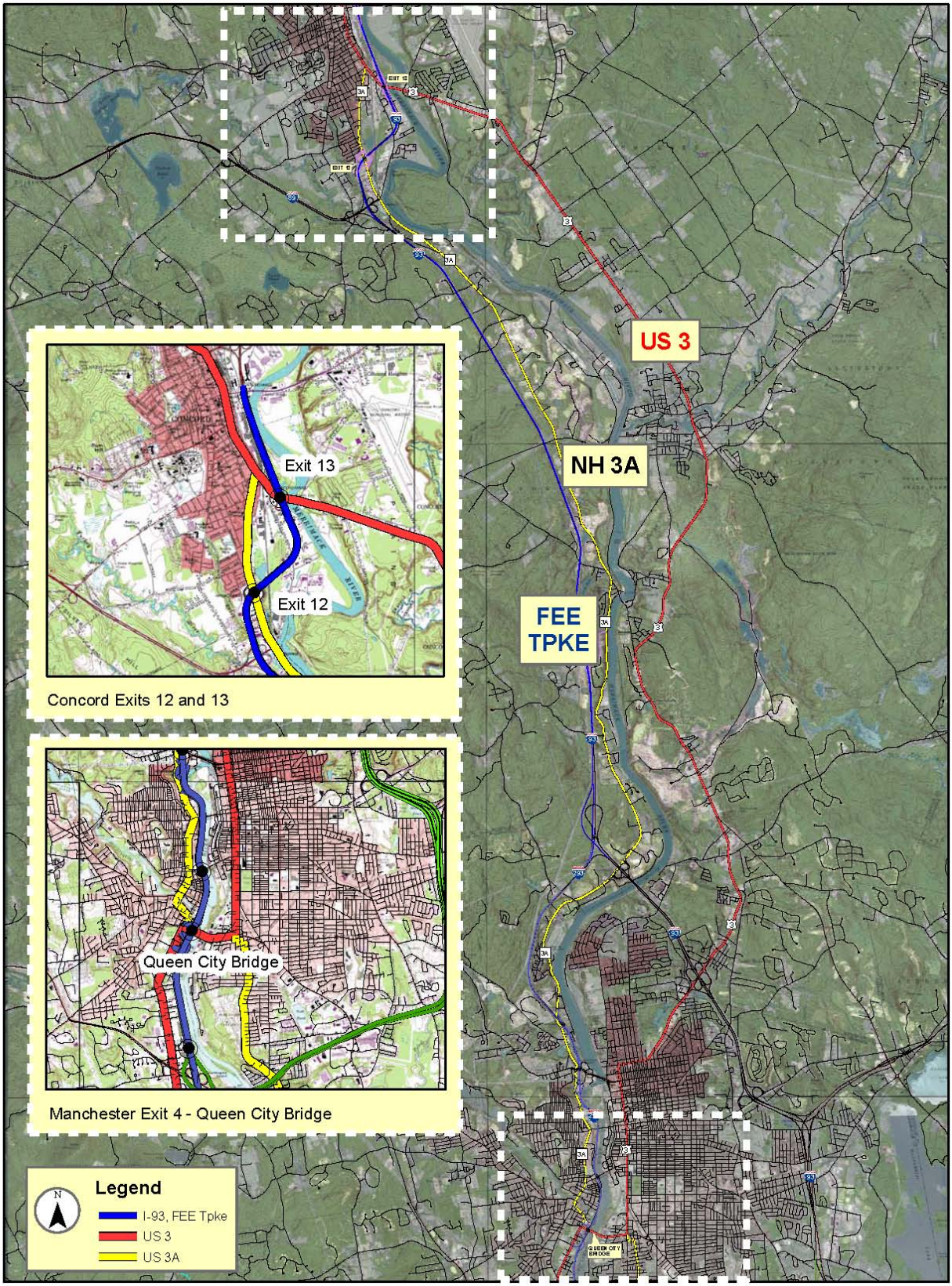
NH 3A intersects with the Central Turnpike along these turnpike junctions:

- Exit 12 – NH 3A in Concord
- Exit 11 – Hooksett Toll Plaza
- Exit 10A – I-93 Interchange in Hooksett
- Exit 7 (NB Exit only) – NH 3A
- Exit 4 – I-293 / US Route 3 / NH 3A Interchange

A toll-free alternate route to the Central Turnpike would be a composite route consisting of the US Route 3 and NH 3A routes from the state line to Concord. NH 3A is an alternate route to take to avoid the Hooksett Toll Plaza. The NH 3A route between I-93 Exit 12 and Exit 10 runs parallel to the Central Turnpike and connects with Hackett Hill Road where the Hooksett Toll Plaza is situated. Continuing south on NH 3A, the route reconnects with the toll-free portion of the I-293 at Exit 7. This Turnpike segment remains toll free until Exit 3 in Bedford. Though toll-free, the Route 3/3A option is a slower, more congested route than the Central Turnpike, with numerous signalized intersections.

Travel time runs conducted on the Central Turnpike and the parallel US Route 3 indicated that a driver traveling between Exit 12 (NH 3A) and Exit 10A (I-93) in the Hooksett area would take approximately just over 9 minutes on the Central Turnpike whereas it would take twice as long (some 17 to 18 minutes) on US Route 3. Similarly, in the Merrimack area a driver traveling between Exit 3 (I-293) and Merrimack Industrial Drive would take about 9 minutes on the Central Turnpike versus about 17 minutes on the parallel US Route 3.

Figure 28: Central Turnpike and Parallel Routes US 3, NH 3A



8.2.2 Dover Point Rd / NH 9 / NH 108; Dover Point Rd / NH 9 / NH 16B; NH 125

The combination of Dover Point Road, NH 9, NH 16B and NH 108 routes make up parallel route segments that can be used as an alternative to taking the Spaulding Turnpike (see Figure 29). Dover Point Road runs parallel with Spaulding Turnpike (NH 16) beginning just south of Exit 6 and ending at NH 108 in downtown Dover, where Exit 7 also intersects with NH 108. The Dover Mainline Toll Plaza is located between Exits 6 and Exit 7. The travel route path similarity to the Dover Toll Segment makes Dover Point Road a viable alternate route to bypass the toll plaza.

Travel time run comparisons in the Dover area between Exit 6 and Exit 7 showed that vehicles that use Dover Point Road would take just 1 to 2 minutes longer than if they used the Spaulding Turnpike (6 minutes on Dover Point Road versus 4 to 5 minutes on the Turnpike).

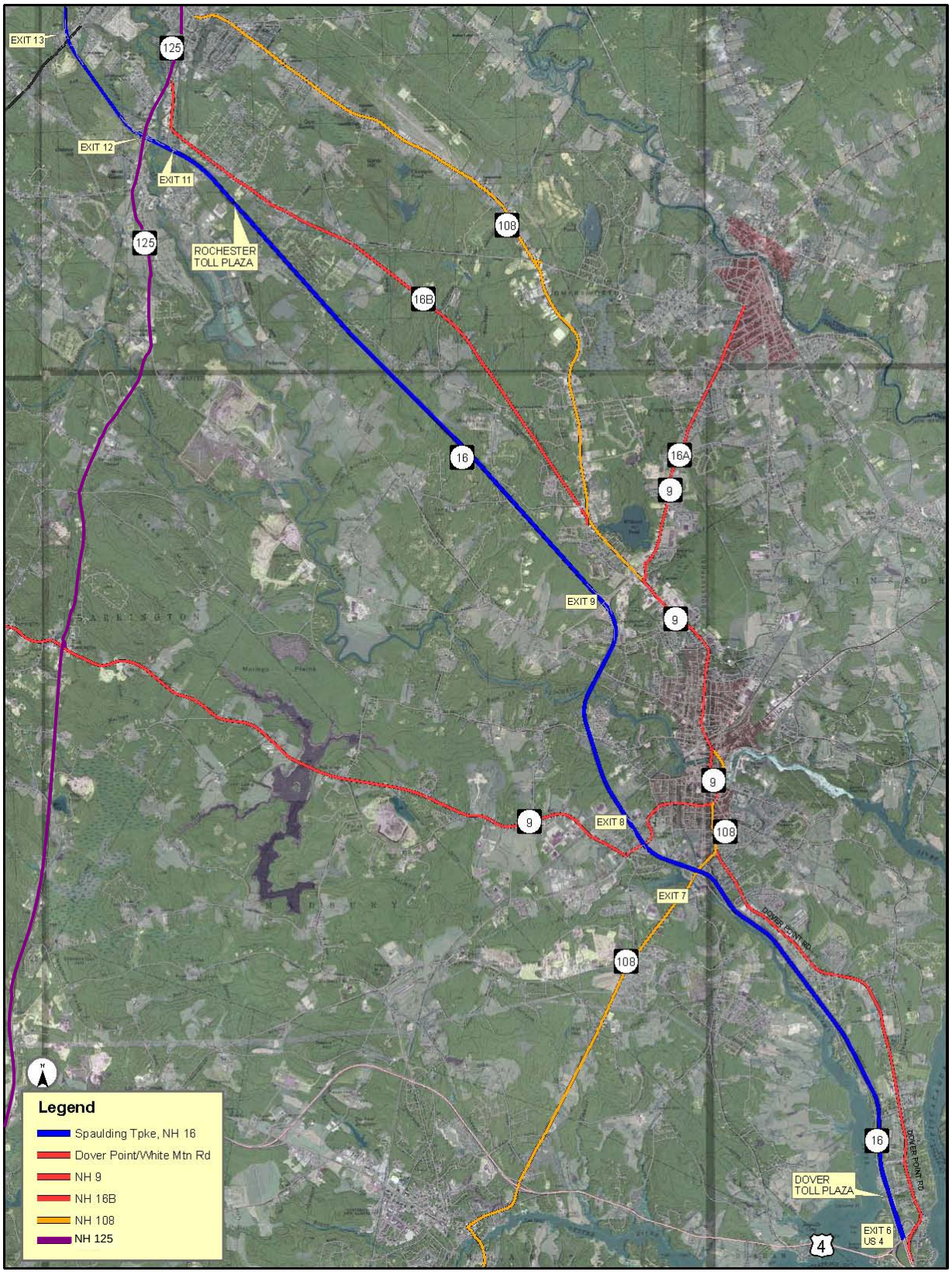
NH 108 traverses through downtown Dover and joins with NH 9, which leads to Spaulding Turnpike Exit 8. The two routes share the same travel path until they intersect with NH 16A and the Spaulding Turnpike at Exit 9. NH 108 continues to travel at a parallel path with the Rochester Toll Segment while NH 9 diverts away. NH 108, a major arterial through route in the region, runs along Rochester Hill Road and connects Dover with Rochester.

NH 16B is a two-lane street that runs parallel NH 108 and the Rochester Toll Segment situated between Exit 9 and Exit 11. It is a lesser-known two-lane route that goes through an urban compact area. It also does not provide an alternative travel route for the Spaulding Turnpike.

Travel time run comparisons in the Rochester area between Exit 12 (NH 125) and Exit 8 (NH 9) showed that vehicles that using the alternate NH 9/NH 16B would take approximately twice as long (18 to 21 minutes) than those using the Spaulding Turnpike (about 9 minutes).

NH 125 is a possible alternative route to the Spaulding Turnpike for some drivers whose trip origin or destination is in Rochester or points north. NH 125 connects into the Spaulding Turnpike at Exit 12 just south of Rochester, and runs southward for 36 miles connecting with I-495 just south of the Massachussetts border. Because this two-lane arterial is not entirely parallel to the Spaulding Turnpike, it may be considered both a feeder and a competitive route.

Figure 29: Spaulding Turnpike and Parallel Routes NH 9 / NH 108, US 1 / NH 9 / NH 16B, NH 125



8.2.3 US Route 1; US Route 1 / NH 151 / NH 33

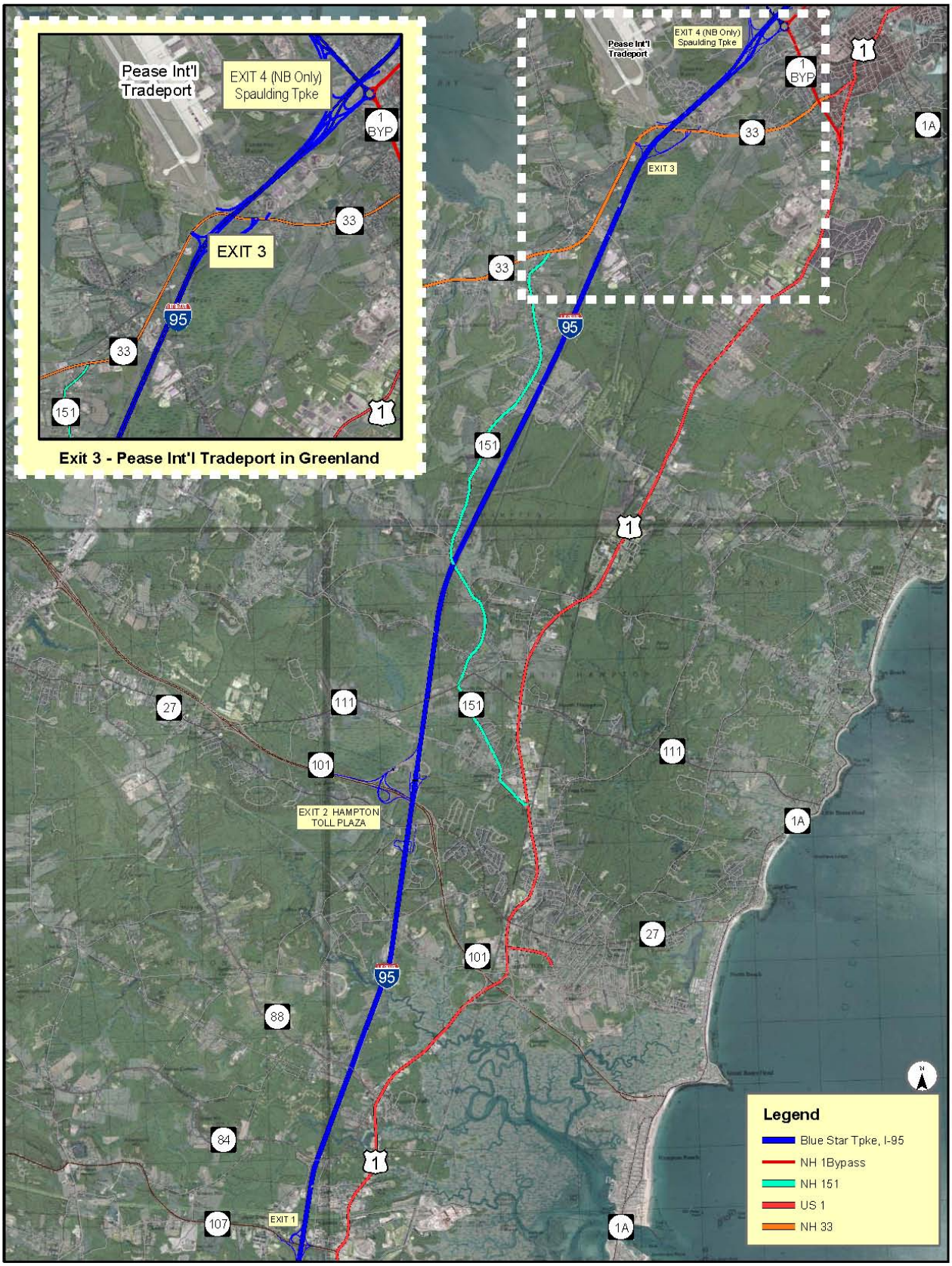
The best alternate route to the Blue Star Turnpike is US Route 1. Like US Route 3 in Merrimack, US Route 1 was the only major north-south arterial before the Turnpike was built. US Route 1 is the only accessible route that allows a bypass of the Hampton Toll Plaza (Exit 2) from Massachusetts (see Figure 30). Starting at Blue Star Turnpike Exit 1 Junction, US Route 1 runs parallel with the Turnpike and reconnects with the Blue Star and Spaulding Turnpikes at Portsmouth Circle. The next toll-free interchange access to the Blue Star Turnpike after Hampton Toll Plaza is 6.9 miles, where NH 33 carries commercial traffic from the Pease International Tradeport.

The US Route 1 / NH 151 / NH 33 combination route is not the preferred alternate route to take as a viable full-length route from Seabrook to Portsmouth. Traversing along this route requires knowledge and familiarity with NH 151 and NH 33, where both are two-lane local roads that are going through an urban compact area. From Hampton, NH 151 splits with US Route 1 just north of the Hampton Toll Plaza and merges with NH 33 in Greenland. Traffic congestion along NH 33 is concentrated within the vicinity of the Pease International Tradeport facility.

Travel time runs in the Hampton area between Exit 1 (NH 107) and Exit 3 (NH 101) revealed that the use of the alternate route of US Route 1/NH 151 would take more than twice as long at 24 to 27 minutes compared to the Blue Star Turnpike which would take just 11 to 12 minutes.

A review of the alternate routes suggest that at all toll locations on the entire New Hampshire Turnpike System, there are often alternate routes for those choosing not to pay a toll. For longer trips, free alternative routes are not preferable, due to their slower speeds, varying degrees of congestion, and often, traffic signals. In the Merrimack area, however, there were only one to two minute variations in travel time on tolled and free routes for short, local trips. The local ramp toll facilities appear to be primarily used by long distance trips either beginning or terminating at locations in relatively close proximity to these exits. While the ramps provide additional access, the ramp tolls protect the mainline barriers and adjacent free parallel routes from traffic diverting to avoid paying the mainline tolls.

Figure 30: Blue Star Turnpike and Parallel Routes US 1, US 1 / NH 151 / NH 33



8.3 POTENTIAL FUTURE TRANSPORTATION PROJECTS

There are several potential highway projects scheduled for completion in the forecast period FY 2010-2019 that may impact traffic volumes on the NH Turnpike System. These projects were drawn from the Turnpike System Priority Capital Program and the Ten-Year Improvement Plan for 2010 to 2019, as well as from regional Transportation Improvement Programs (TIPs) developed by the largest MPOs in the state. Projects from the Priority Capital Program are identified by the State Number in parentheses for clarification. Under the American Recovery and Reinvestment Act (ARRA), New Hampshire received approximately $127 million for highway and road projects, which is commensurate to annual federal spending for highway infrastructure in New Hampshire. ARRA funding was provided for works related to the widening I-93 and Central (Everett) Turnpike. Another $123 million may be eligible for redistribution after 1 year. Potential future highway and rail projects that can potentially impact traffic on the NH Turnpike System are summarized in the following sections.

8.3.1 Central (Everett) Turnpike Region

Major transportation improvement projects programmed for funding that could affect volumes on the Central Turnpike are:

- Manchester Airport Access Road – This new road will connect the Central Turnpike with the Manchester Airport via Londonderry. This project includes a new full interchange between the Central Turnpike and Route 3 in the vicinity of the Bedford Mainline Toll Plaza. This interchange is currently planned to be toll-free and would provide a bypass around the Bedford Mainline Toll Plaza as well as provide northbound toll-free access to the airport. This project would increase traffic on the Central Turnpike south of the Bedford toll plaza and decrease toll transactions at the Bedford Mainline Toll Plaza as well as the three Merrimack ramp toll plazas. The Manchester Airport Access Road is anticipated to be completed July 1, 2012.
- Interstate 93 Widening – This widening project will provide two additional travel lanes in each direction over the 20-mile segment between the Massachusetts State Line and Manchester, NH. When this project is completed, it is possible that traffic will increase on sections of the Central Turnpike north of Manchester and possibly decrease south of Manchester, due to congestion relief on I-93. A completion date is not known at this time since the project is only partially funded.
- Manchester Interstate 293 Exit 4 Bridge Rehabilitation (14966) – This project, located in Manchester, includes the reconstruction of I-293 between NH 101 and Granite Street as well as the rehabilitation of five bridges. Bridge work is anticipated to begin in February 2011 and turnpike work to begin in September 2012. All construction is estimated to be completed in November 2014. This work could lead to a slight decrease in traffic during construction period.
- Nashua Commuter Rail and Park & Ride – This project consists of the development of a 1,000 space Park & Ride facility for van pool, car pool, and commuter rail activities near the turnpike and the purchase of rolling stock. This project is part of the development and start-up of a commuter rail service between Lowell, MA and Nashua, NH—commuter rail service currently exists between Lowell, MA and Boston, MA. This service could potentially be extended to Manchester, NH. The effect of the commuter rail and park and ride on turnpike traffic would be negligible. At this time, the start and completion dated for this project are undetermined due to funding issues.

- Merrimack F.E.E.T. Bridge Rehabilitation over the Souhegan River (12105) – Construction began in August 2008 and is anticipated to be substantially completed in September 2010. This project could temporarily decrease traffic on the Central Turnpike during construction as all traffic lanes would be impacted. Based on the experience to date, traffic will not be adversely affected by this improvement project.
- Manchester I-293 Bridge Replacement over Black Brook (14048) – This project involves the rehabilitation of the I-293 bridge over Black Brook between Exits 6 and 7. During the construction period from July 2012 to May 2014, traffic will only be affected by the closure of Exit 6 NB traffic due to the closure of Front Street.
- Open Road Tolling (ORT) Implementation – ORT will be implemented at the Hooksett and Bedford mainline toll plazas. Construction is anticipated to begin in November 2010. Hooksett ORT is expected to be completed and open on May 31, 2012, and Bedford on May 31, 2014. It is estimated that traffic will not be adversely affected because the Bureau will maintain the necessary number of toll plaza lanes in each direction during construction. Once completed, the Department of Transportation believes the Turnpike will be a more attractive alternative to motorists.
- Hooksett Rest Area Redevelopment – This project proposes to redevelop the existing northbound and southbound rest areas and State liquor stores, which are located north of the Hooksett Toll Plaza into new service area facilities with new State liquor stores. The redevelopment proposal involves the issuance of a request for proposals (RFP) to procure a developer/operator through a ground lease arrangement. The new service areas are envisioned to offer major branded and/or locally recognized food concepts and will be anchored with the new State liquor stores. Although these facilities will be an attractive option for travelers on the Turnpike, the project is not envisioned to have an effect on traffic. Any potential added revenue to the Turnpike System is deemed to be immaterial, and will be determined through the RFP process. The project is anticipated to be completed in November 2011.

8.3.2 Blue Star Turnpike Region

Future planned transportation improvement projects that could affect traffic volumes on the Blue Star Turnpike include:

- Hampton Falls – Hampton I-95 Bridge Replacement over Taylor River (13408B) – This project will replace the I-95 Bridge over the Taylor River near Hampton. Construction will begin in April 2011 with anticipated completion in October 2014. This project could temporarily decrease traffic on the Blue Star Turnpike as all traffic lanes would be impacted during construction.
- ORT Implementation Hampton Mainline Toll Plaza (15678A-D) – Construction for this project started in August 2009; it is expected to be open on May 31, 2010. It is estimated that during construction traffic will not be adversely affected because the Bureau will maintain six toll lanes in each direction; this will be adequate to process the traffic volumes while the plaza is under construction. Once completed, the Department of Transportation believes the Turnpike will be a more attractive alternative to motorists.
- Route 1 Bypass – Improvements to the Route 1 Bypass in Portsmouth, including the rehabilitation of the Sara Mildred Long Bridge and Memorial Bridge as well as the replacement of the Scott Avenue Bridge over the Piscataqua River. These projects may divert traffic to the Turnpike during construction. The Department has submitted a TIGER (Transportation Investment Generating Economic Recovery) discretionary grant application

for the Sarah Mildred Long Bridge, Memorial Bridge, and Market Street Marine Terminal. Upon approval of the application, construction is targeted to begin in May 2010 and be completed in November 2014.

- Turnpike Variable Message Signs – This project will involve the deployment of Variable Message Signs (VMS) between Seabrook and Portsmouth. This project is intended to improve safety conditions and traffic flow along the Blue Star Turnpike.
- Hampton High Volume Discount Gas Facilities – This project proposes to develop high volume discount gas facilities at the existing Liquor Store locations on I-95. The development proposal involves the issuance of a Request for Proposals (RFP) to procure a gas station developer/operator through a ground lease arrangement. The gas dispensation facilities are envisioned to include a small convenience food store and sell gasoline at a competitively discounted rate. Although these gas facilities will be an attractive option for travelers on the Turnpike, the project is not envisioned to have an effect on traffic. Any potential added revenue to the Turnpike System is deemed to be immaterial, and will be determined through the RFP process. This project is envisioned to be completed in Fiscal Year 2011.

8.3.3 Spaulding Turnpike Region

Planned transportation improvement projects that could affect traffic volumes on the Spaulding Turnpike include:

- Rochester Turnpike Widening (10620G-L) – This project involves the widening of the Spaulding Turnpike between Exit 11 and Exit 16 in Rochester and is expected to include bridge improvements. Construction began in December 2007 and is anticipated to be completed in June 2013. Construction activities have resulted in only minor traffic losses in recent months, and are not expected to have any significant impact on overall revenues.
- Newington-Dover Turnpike Widening (11238) – This project involves the widening of the Spaulding Turnpike between Exit 3 and Exit 6. Construction is expected to begin in May 2010 and be completed in October 2017. It is anticipated that Turnpike traffic will not be adversely affected during the construction phases.

The more than $500 million in capital improvements over the next ten years will have a positive effect on the New Hampshire Turnpike System, in terms of customer satisfaction and safer, less-congested travel. In terms of traffic and revenue, the improvements will allow room for the growth that has been projected.

9 TRAFFIC AND REVENUE PROJECTIONS, FY 2010-2019

This section discusses the methodologies and assumptions used in projecting traffic and revenue for the New Hampshire Turnpike System. It presents the existing and proposed toll rates and the traffic and revenue projections for the forecast period FY 2010-2019. The main assumptions for the forecasts are:

- A FY 2010 toll increase at the Hampton Mainline Barrier (which recently occurred on July 1, 2009)
- A FY 2012 systemwide toll increase (July 1, 2011)
- The opening of a the Manchester Airport Access Road with a free interchange on the Turnpike in FY 2013
- Open-road tolling (ORT) at the Hampton Mainline Barrier for E-ZPass vehicles on May 31, 2010
- Open-road tolling (ORT) at the Hooksett Mainline Barrier for E-ZPass vehicles on May 31, 2012
- Open-road tolling (ORT) at the Bedford Mainline Barrier for E-ZPass vehicles on May 31, 2014

9.1 TOLL RATES

9.1.1 Fiscal Year 2010 Toll Rate Increases

Two toll increases were planned during the forecast period. The first just recently occurred on the first day of FY 2010, and the second is planned for July 1, 2011, the beginning of FY 2012. Toll transaction and revenue projections reflect these toll rate changes.

A 33 percent cash toll increase from $1.50 to $2.00 for passenger cars at the Hampton Mainline Barrier just recently occurred on July 1, 2009, the first day of fiscal year 2010. Cars paying with New Hampshire ***E-ZPass*** received the same percentage increase: 33 percent, or a toll increase from $1.05 to $1.40. All Hampton Mainline truck tolls increased an equal percent for both cash and ***E-ZPass***; e.g., 22 percent for five-axle trucks.

The forecasts also include a systemwide toll rate increase at the beginning of FY 2012, on July 1, 2011. This would increase the car cash tolls by $0.25 for Dover, Rochester, and Hooksett Ramp, and $0.50 for Hooksett Main and Bedford Main, with respectively larger toll rate increases for trucks at these locations. The toll discount for New Hampshire ***E-ZPass*** tagholders will remain the same as today: 30 percent for cars and 10 percent for commercial vehicles. Table 19 shows the cash toll rates for cars and Class 8 trucks today and after the systemwide increase on July 1, 2011.

Table 19: Current and Future Cash Toll Rates on New Hampshire Turnpike System

Turnpike	Toll Plaza	Car (Class 1) Cash Tolls		5-Axle Truck (Class 8) Cash Tolls	
		Current	July 1, 2011	Current	July 1, 2011
Central Turnpike	Hooksett Main	$ 1.00	$ 1.50	$ 3.50	$ 4.50
	Hooksett Ramp	$ 0.50	$ 0.75	$ 2.50	$ 3.00
	Bedford Main	$ 1.00	$ 1.50	$ 3.50	$ 4.50
	Bedford Road	$ 0.50	$ 0.50	$ 2.50	$ 2.50
	Exit 11	$ 0.50	$ 0.50	$ 2.50	$ 2.50
	Merrimack Industrial	$ 0.50	$ 0.50	$ 2.50	$ 2.50
Blue Star Turnpike	Hampton Main*	$ 2.00	$ 2.00	$ 5.50	$ 5.50
	Hampton Side	$ 0.75	$ 0.75	$ 3.00	$ 3.00
Spaulding Turnpike	Dover Toll	$ 0.75	$ 1.00	$ 3.00	$ 3.50
	Rochester Toll	$ 0.75	$ 1.00	$ 3.00	$ 3.50

**On July 1, 2009, the toll was increased from $1.50 to $2.00 for cars, and $4.50 to $5.50 for 5-axle trucks*

9.1.2 Reasonableness of Tolls / Comparison to Other Facilities

Figure 31 compares current and future (July 1, 2011) passenger car toll rates in cents per mile on the Blue Star, Spaulding and Central Turnpikes to other various ***E-ZPass*** toll facilities. For toll facilities that offer ***E-ZPass*** discounts, the figure shows the incremental amount added to the ***E-ZPass*** toll rate to determine the total cash toll rate. The Blue Star Turnpike has the highest passenger car per mile toll rate of the three New Hampshire Turnpikes, but there are still five major ***E-ZPass*** toll facilities that have higher toll rates. The Central Turnpike and Spaulding Turnpikes are among the toll facilities with low passenger car toll rates. The neighboring Massachusetts Turnpike indicates a lower rate, but that includes some 50 free miles for passenger cars in Western Massachusetts. It can be said that the New Hampshire Turnpike passenger car toll rates are reasonable compared to rates at other ***E-ZPass*** toll facilities.

Figure 31: Passenger Car Toll Rates per Mile on Select E-ZPass Toll Facilities as of October 2009

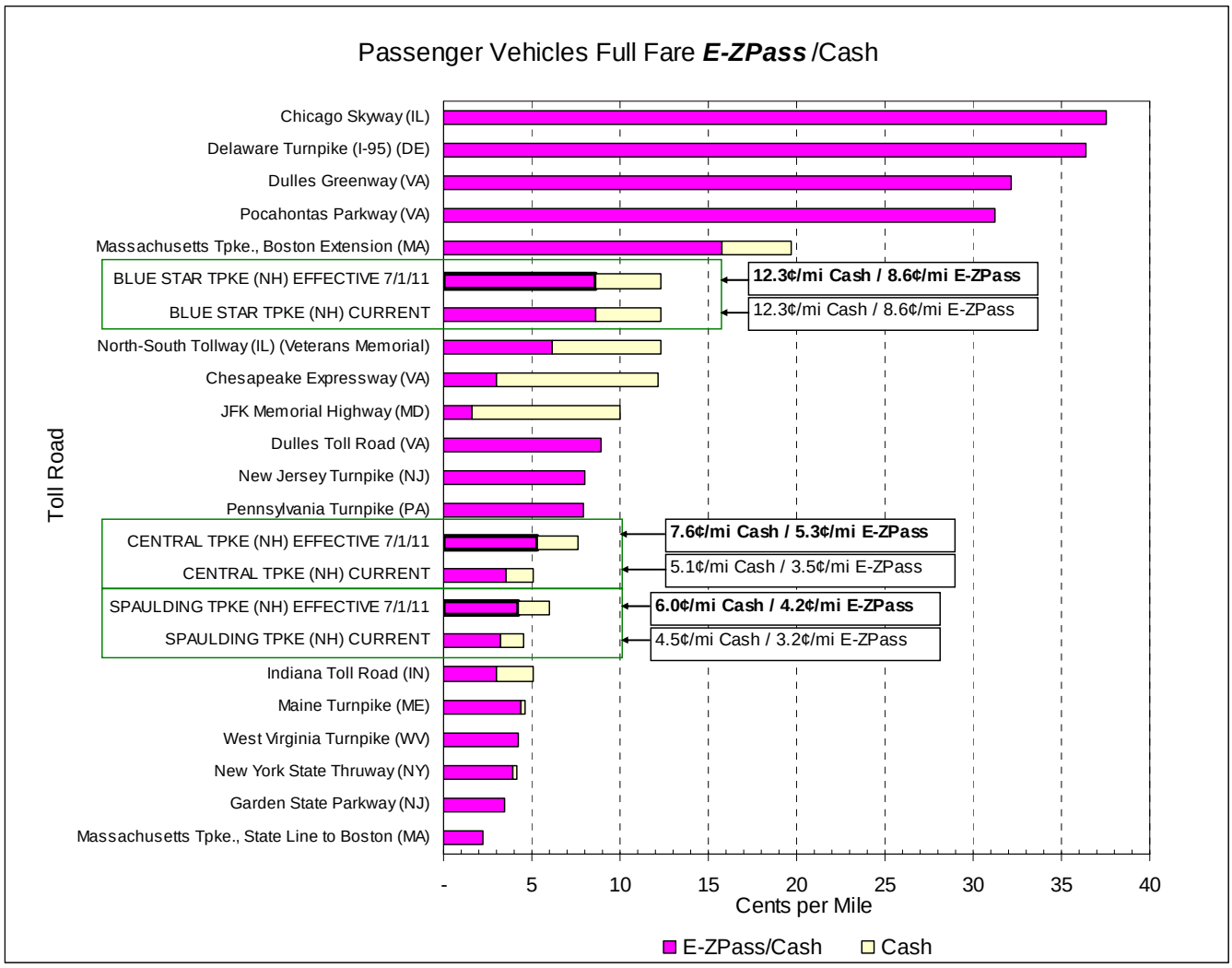
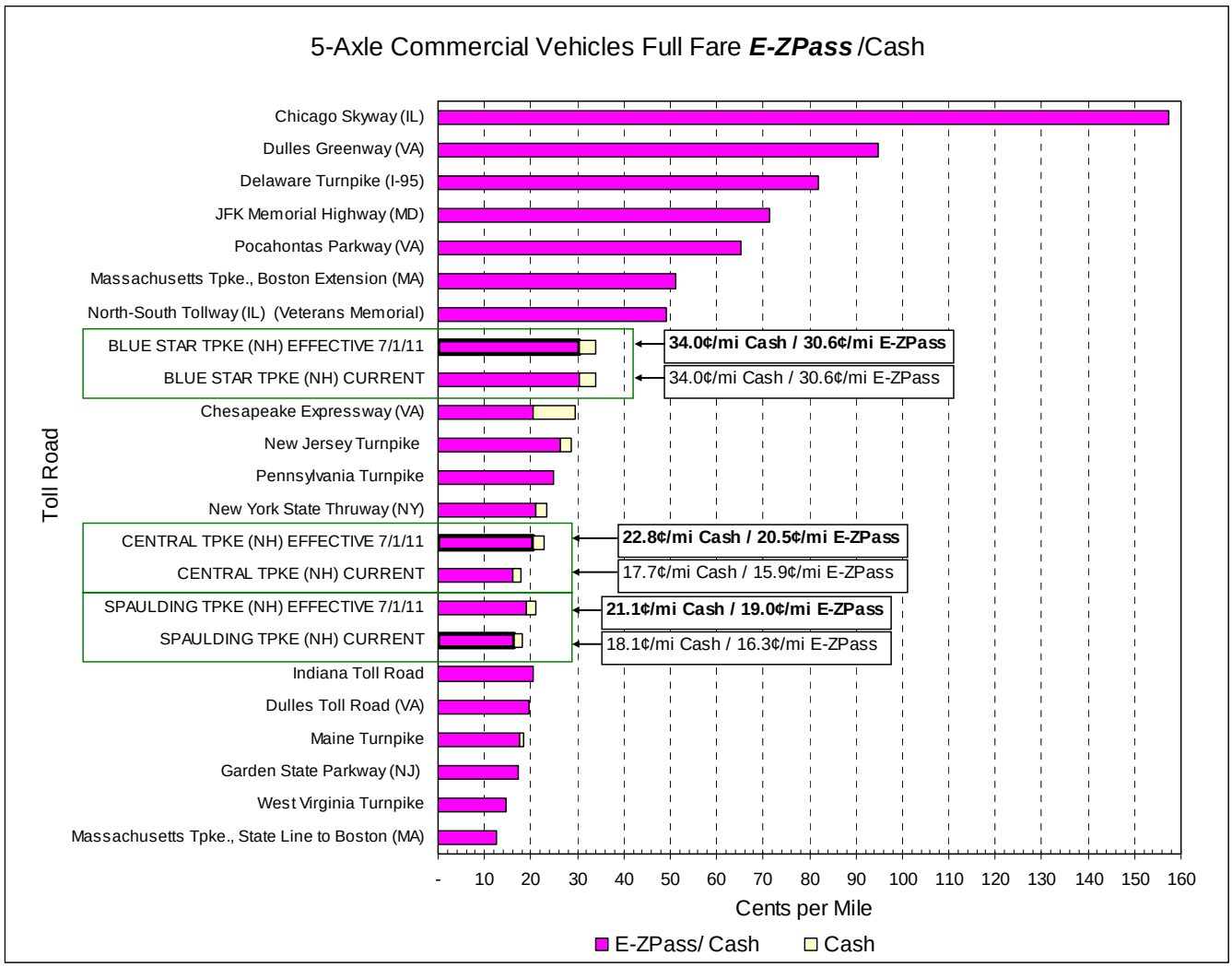


Figure 32 shows a similar comparison for 5-axle vehicles. Again, the Blue Star Turnpike has the highest toll rates of the three New Hampshire toll facilities; there are seven major ***E-ZPass*** toll facilities that have higher toll rates. Both the Central and Spaulding Turnpikes are among the toll facilities with low commercial toll rates. It can be said that the New Hampshire Turnpike commercial vehicle toll rates are reasonable compared to other ***E-ZPass*** toll facilities.

Figure 32: Commercial Vehicle Toll Rates on Select E-ZPass Toll Facilities as of October 2009



9.2 METHODOLOGY USED FOR PROJECTIONS

9.2.1 Correlation to Economic Factors

The first step in developing the traffic and revenue projections was to develop a base of FY 1996 through FY 2009 toll transactions. Historical car toll transaction growth was then correlated to gross domestic product (GDP) and historical truck growth was correlated to increases in the U.S. total industrial production (IPI).

Future car and truck toll transactions were projected separately by applying the historical correlations to projected GDP and total IPI growth rates estimated by industry experts in the *Blue Chip Economic Forecasts*. FY 2010 toll transaction growth was further reduced due to the recent dampening effects of the economic downturn on travel. In addition, it is expected in the years beyond that overall traffic growth will not be as high as it has been throughout the 1990s through the first half of this decade, due to such factors as Baby Boomers retiring and driving

less and new technology making road travel less necessary (as discussed in Chapter 7 of this report). Therefore, some dampening was also applied to traffic growth rates over the long term.

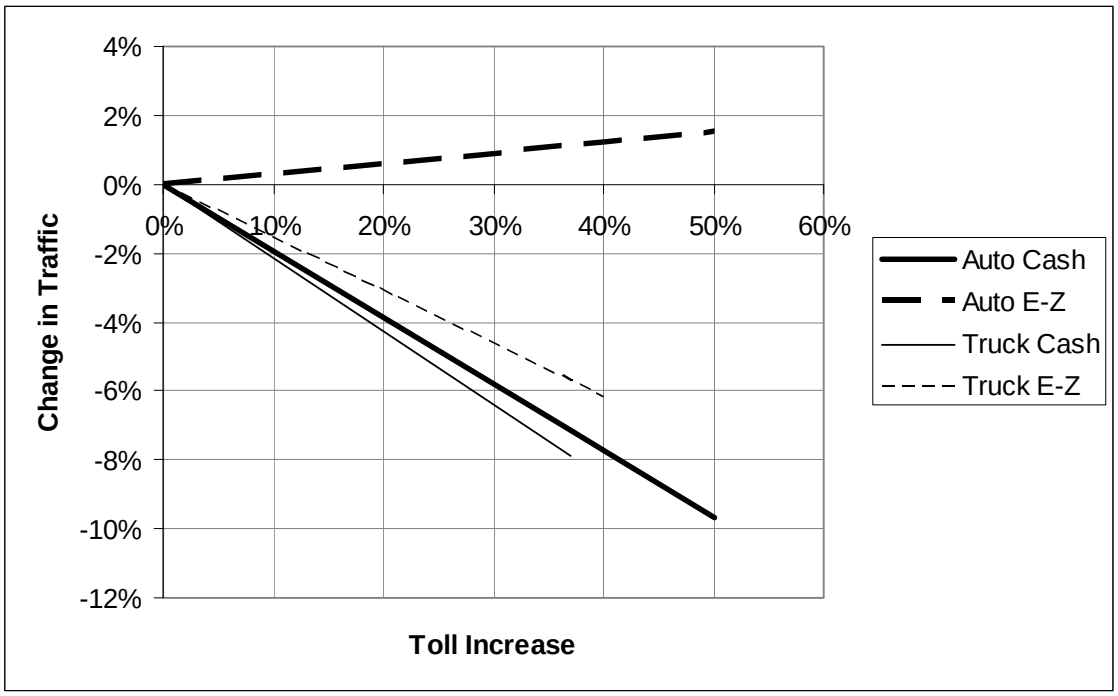
9.2.2 Toll Rate Increases

The effects of the October 22, 2007 toll increase were analyzed for both cars and trucks, separated by ***E-ZPass*** and cash, and elasticity factors were developed to account for the proposed toll increases. In order to develop these elasticity factors, it was necessary to remove any background growth. By looking at the NH facilities that did not have any toll increase, we estimated the following background growth rates. As seen below, there was a noticeable overall loss in traffic even at these facilities which did not have a toll increase. Note that auto E-ZPass traffic did not experience as big a loss as auto cash traffic, and truck E-ZPass traffic actually increased; this indicates that the E-ZPass market share was growing, especially among trucks.

	Background Traffic Growth at Plazas with No Toll Increase
Auto Cash	-7%
Auto E-ZPass	-3%
Truck Cash	-16%
Truck E-ZPass	3%

From graphing the change in transactions versus the change in tolls for cars and trucks, ***E-ZPass*** and cash separately, and removing the effects of background growth, it was possible to estimate the amount of traffic for each of these four payment types that might divert off of the facility if the toll were increased by a particular amount. Figure 33 relates the change in transactions to the change in toll rates for exactly one year before and one year after the October 22, 2007 toll increase. As seen in the graph, there was actually a small increase in car ***E-ZPass*** traffic when tolls were increased, as people switched from cash payment to the discounted New Hampshire ***E-ZPass*** toll rate.

Figure 33: Actual Change in Transactions vs. Change in Toll Rates, October 22, 2007 Toll Increase, Background Growth Removed



"Toll elasticities" were calculated from this graphed data. Toll elasticity is defined as the percent traffic change if there were a 100 percent increase (i.e., a doubling) in toll rates. The table below shows the actual New Hampshire toll elasticity. Since tolls were just recently increased in FY 2008, the FY 10 increases may compound the rate of traffic loss; therefore, the elasticities were adjusted as follows:

	FY 08 Actual Toll Elasticity		Assumed Elasticity for FY 10 and FY 12 Toll Increases
Auto Cash	-0.19	➔	-0.26
Auto E-ZPass	+0.03	➔	+0.015
Truck Cash	-0.21	➔	-0.28
Truck E-ZPass	-0.15	➔	-0.21

The elasticity of -0.26 for auto cash transactions means, for example, that a doubling of auto cash tolls would result in a 26 percent traffic loss for this vehicle and payment type. Similarly, a 50 percent increase in auto cash tolls would cause cash-paying auto traffic to drop by half that amount, or 13 percent. These elasticity factors were applied to traffic forecasts after the July 1 Hampton Barrier increase and the planned systemwide FY 2012 toll increase.

Using these factors, it was estimated that 4.0 percent of total annual revenue traffic would divert from the Hampton Barrier due to the July 1, 2009 toll increase, while the systemwide increase in FY 2012 toll would cause a further 2.8 percent loss in systemwide transactions.

As shown earlier in Table 2 and explained in Section 4.2, rather than a loss due to the July 1 Hampton toll increase, the first quarter FY 2010 traffic shows a 2.8 percent *gain* over the first

quarter of FY 2009 on the Blue Star Turnpike; the peaking gas prices last summer caused traffic to dip, plus a longer summer (i.e., later Labor Day) this year increased vacation traffic this year. Therefore, we cannot rely on these first quarter traffic numbers to be indicative of the toll increase's effect on a full year of traffic.

9.2.3 E-ZPass Market Shares

E-ZPass market shares were then projected for each facility separately for cars and trucks, and these market shares were applied to obtain projected cash and ***E-ZPass*** transactions. The market share projections were based on observing the growth in ***E-ZPass*** market share over the past several years. A maximum market share for each facility was assumed to be reached by FY 2016. Most of the growth in market share would be in the first few years of the forecast, with gradually less growth in market share in each subsequent year until the maximum is reached.

Additionally, as ***E-ZPass*** tags that are issued by the New Hampshire DOT ("Home") are assessed a lower toll rate than other ***E-ZPass*** tags ("Away"), it was necessary to estimate future "Home" versus "Away" ***E-ZPass*** customers to calculate toll revenue correctly. We estimated from recent trends that most of the growth (95 percent) in ***E-ZPass*** usage would be from "Home" customers, except at the Hampton Barrier, which currently has much lower "Home" market share, as it serves mainly long-distance, non-commuter trips. At the Hampton Barrier, 50 percent of the future growth in ***E-ZPass*** transactions was estimated to be from "Home" tags. As the percentage of trips paying with "Home" ***E-ZPass*** increases, the average toll collected per vehicle decreases due to the "Home" ***E-ZPass*** discount.

The average cash and ***E-ZPass*** toll rates were then applied to the projected annual cash and ***E-ZPass*** transactions, respectively, in order to determine total cash and ***E-ZPass*** toll revenues for the period FY 2010-2019.

9.2.4 Future System Changes

Two future changes to the New Hampshire Turnpike System – the addition of open-road tolling (ORT) at several mainline toll plazas for ***E-ZPass*** customers, and the opening of the Manchester Airport Access Road with a free interchange on the Turnpike – are expected to reduce the toll transaction and revenue projections. Factors were applied to account for these changes.

The free Manchester Airport Access Road interchange, scheduled for opening on July 1, 2012, would allow vehicles to avoid other toll plazas by entering/exiting there instead. Drivers from the south going to the airport would no longer use a toll plaza, and some drivers from the north going to the Merrimack area would likely use the free ramp to avoid the toll. Other drivers will discover that it is possible to avoid paying a toll by exiting the Turnpike, using the new ramp and a section of Route 3, and re-entering the Turnpike. It was estimated that the Airport Access Road free interchange would cause a 32 percent loss in traffic from the toll plazas in the Bedford-Merrimack corridor.

Open-road tolling (ORT) has been planned for several mainline toll plazas. ORT lanes are scheduled to open May 31, 2010 at the Hampton Barrier, May 31, 2012 at the Hooksett Barrier, and May 31, 2014 at the Bedford Mainline Barrier. ORT will allow ***E-ZPass*** customers to drive at highway speeds without stopping or slowing down through the tolling zone. Traditional tollbooths will be available off to one side for those customers preferring to pay their tolls via cash. It is expected that there will be some "leakage" (i.e., uncollected revenue from unread ***E-***

ZPass tags, or violations) from which there will be a small *net* loss in revenue at that location, estimated to be 1 percent of that plaza's toll revenues.

9.3 TOLL TRANSACTION PROJECTIONS BY TURNPIKE

The projected annual toll transactions on the New Hampshire Turnpike System during the period FY 2010-2019 are presented in Table 20. For reference, historical annual toll transactions were shown earlier in Table 2. A detailed summary of traffic, revenue, and E-ZPass by facility is presented in Table 21.

Table 20: Projected Annual Toll Transactions[1], FY 2010-2019 (in millions)

Fiscal Year	Central Turnpike	Blue Star Turnpike	Spaulding Turnpike	Total
2010[2]	50.3	33.1	21.1	104.4
2011	51.0	33.2	21.4	105.6
2012[3]	49.7	33.6	20.9	104.2
2013[4]	45.1	34.0	21.1	100.2
2014[5]	43.3	34.4	21.3	99.0
2015	44.1	34.7	21.5	100.3
2016	44.9	35.1	21.7	101.7
2017	45.8	35.5	21.9	103.1
2018	46.6	35.9	22.1	104.6
2019	47.5	36.3	22.3	106.1

[1]Projections do not include non-revenue vehicles or violators

[2]Toll increase at Hampton Barrier July 1, 2009; Open-road tolling begins at Hampton Mainline Barrier May 31, 2010

[3]Systemwide toll increase July 1, 2011; ORT begins at Hooksett Mainline Barrier May 31, 2012

[4]Planned opening year for the Manchester Airport Access Road

[5]ORT begins at Bedford Mainline Barrier May 31, 2014

Note: Data will not necessarily add to totals because of rounding

For purposes of revenue projection, Jacobs removed non-revenue and violation (i.e., non-toll paying) transactions from the traffic and revenue analysis. Total toll transactions are projected to decrease from 106.4 million toll-paying transactions in FY 2009 to 104.4 million in FY 2010, a loss of 1.8 percent due to estimated negative growth rates and the FY 2010 toll increase at the Hampton Barrier. The number of transactions is expected to then increase 1.1 percent in FY 2011, followed by a loss of 1.4 percent in FY 2012 due to the systemwide toll increase. Once the toll-free interchange from the Central Turnpike to Route 3 via the Manchester Airport access road opens, it is anticipated that there will be traffic diversion from the three Merrimack ramp toll plazas and the Bedford mainline toll plaza. Total toll transactions are estimated to decrease by 3.8 percent from 104.2 million vehicles in FY 2012 to 100.2 million vehicles in FY 2013, followed by a further decrease of 1.2 percent to 99.0 million vehicles in FY 2014 due to a ramp-up in usage of the toll free interchange, as drivers discover over time that this toll-free ramp exists. Between FY 2014 and 2019, total toll transactions are estimated to grow by an average annual rate of 1.4 percent, or about 1.3 to 1.5 million vehicles per year. Between FY 2009 and FY 2019, the projected average annual growth rates in paid toll transactions for the Central, Blue Star and Spaulding Turnpikes are -0.7 percent, 0.6 percent and 0.5 percent respectively, with the overall Turnpike toll transaction average growth rate at 0.0 percent.

Table 21: Detailed Traffic and Revenue Projections, FY 2010-2019 (in millions)

Total Revenue Paying Traffic Volumes (millions) WITH MANCHESTER AIRPORT ACCESS ROAD AND ORT PROJECTS

Hampton ORT Begins | Hooksett ORT Begins | AIRPORT RD OPENING | AIRPORT RD 2nd Yr Bedford ORT Begins

Barriers/Ramps	2009 Actual*	09-10 Projected Growth	2010 Projected	10-11 Projected Growth	2011 Projected	11-12 Projected Growth	2012 Projected	12-13 Projected Growth	2013 Projected	13-14 Projected Growth	2014 Projected	14-15 Projected Growth	2015 Projected	15-16 Projected Growth	2016 Projected	16-17 Projected Growth	2017 Projected	17-18 Projected Growth	2018 Projected	18-19 Projected Growth	2019 Projected
CENTRAL TURNPIKE																					
Hooksett Barrier	23.7	-1.43%	23.4	1.50%	23.7	-3.93%	22.8	1.07%	23.0	2.00%	23.5	2.00%	24.0	1.90%	24.4	1.90%	24.9	1.90%	25.3	1.90%	25.8
Hooksett Ramp	2.2	-1.53%	2.2	1.50%	2.2	-3.59%	2.1	2.01%	2.2	2.00%	2.2	2.00%	2.2	1.90%	2.3	1.90%	2.3	1.90%	2.4	1.90%	2.4
Bedford Barrier	17.3	-1.41%	17.0	1.50%	17.3	-2.56%	16.8	-11.66%	14.9	-5.85%	14.0	1.06%	14.1	1.90%	14.4	1.90%	14.7	1.90%	15.0	1.90%	15.2
Bedford Road Ramp	2.8	-1.31%	2.7	1.50%	2.8	2.00%	2.8	-43.79%	1.6	-38.92%	1.0	2.00%	1.0	1.90%	1.0	1.90%	1.0	1.90%	1.1	1.90%	1.1
Exit 11 (Merrimack) Ramp	3.4	-1.28%	3.3	1.50%	3.4	2.00%	3.4	-32.17%	2.3	-23.31%	1.8	2.00%	1.8	1.90%	1.9	1.90%	1.9	1.90%	1.9	1.90%	2.0
Exit 10 Merrimack Industrial Park Ramp	1.7	-1.31%	1.7	1.50%	1.7	2.00%	1.7	-32.17%	1.2	-23.31%	0.9	2.00%	0.9	1.90%	0.9	1.90%	1.0	1.90%	1.0	1.90%	1.0
Subtotal	**51.0**	**-1.41%**	**50.3**	**1.50%**	**51.0**	**-2.54%**	**49.7**	**-9.20%**	**45.1**	**-3.99%**	**43.3**	**1.70%**	**44.1**	**1.90%**	**44.9**	**1.90%**	**45.8**	**1.90%**	**46.6**	**1.90%**	**47.5**
BLUE STAR TURNPIKE																					
Hampton Barrier	21.7	-4.76%	20.7	-0.04%	20.7	1.11%	20.9	1.11%	21.2	1.10%	21.4	1.10%	21.6	1.09%	21.9	1.09%	22.1	1.09%	22.3	1.09%	22.6
Hampton Ramp	12.5	-0.67%	12.4	0.89%	12.5	1.11%	12.7	1.11%	12.8	1.10%	13.0	1.10%	13.1	1.09%	13.2	1.09%	13.4	1.09%	13.5	1.09%	13.7
Subtotal	**34.3**	**-3.27%**	**33.1**	**0.31%**	**33.2**	**1.11%**	**33.6**	**1.11%**	**34.0**	**1.10%**	**34.4**	**1.10%**	**34.7**	**1.09%**	**35.1**	**1.09%**	**35.5**	**1.09%**	**35.9**	**1.09%**	**36.3**
SPAULDING TURNPIKE																					
Dover Barrier	12.9	-0.61%	12.9	1.46%	13.0	-2.35%	12.7	0.99%	12.9	0.99%	13.0	0.98%	13.1	0.98%	13.2	0.89%	13.4	0.89%	13.5	0.89%	13.6
Rochester Barrier	8.3	-0.61%	8.2	1.47%	8.3	-2.51%	8.1	0.99%	8.2	0.99%	8.3	0.98%	8.4	0.98%	8.4	0.89%	8.5	0.89%	8.6	0.89%	8.7
Subtotal	**21.2**	**-0.61%**	**21.1**	**1.46%**	**21.4**	**-2.41%**	**20.9**	**0.99%**	**21.1**	**0.99%**	**21.3**	**0.98%**	**21.5**	**0.98%**	**21.7**	**0.89%**	**21.9**	**0.89%**	**22.1**	**0.89%**	**22.3**
TOTAL:	**106.4**	**-1.85%**	**104.4**	**1.12%**	**105.6**	**-1.37%**	**104.2**	**-3.84%**	**100.2**	**-1.22%**	**99.0**	**1.34%**	**100.3**	**1.42%**	**101.7**	**1.40%**	**103.1**	**1.41%**	**104.6**	**1.41%**	**106.1**

Total Toll Revenue (millions) WITH MANCHESTER AIRPORT ACCESS ROAD AND ORT PROJECTS

Hampton ORT Begins | Hooksett ORT Begins | AIRPORT RD OPENING | AIRPORT RD 2nd Yr Bedford ORT Begins

Barriers/Ramps	2009 Actual*	09-10 Projected Growth	2010 Projected	10-11 Projected Growth	2011 Projected	11-12 Projected Growth	2012 Projected	12-13 Projected Growth	2013 Projected	13-14 Projected Growth	2014 Projected	14-15 Projected Growth	2015 Projected	15-16 Projected Growth	2016 Projected	16-17 Projected Growth	2017 Projected	17-18 Projected Growth	2018 Projected	18-19 Projected Growth	2019 Projected
CENTRAL TURNPIKE																					
Hooksett Barrier	$23.1	-2.11%	$22.6	0.85%	$22.8	40.20%	$31.9	0.59%	$32.1	1.58%	$32.6	1.64%	$33.2	1.59%	$33.7	1.90%	$34.3	1.90%	$35.0	1.90%	$35.6
Hooksett Ramp	$1.1	-2.27%	$1.1	1.09%	$1.1	38.60%	$1.5	1.72%	$1.5	1.76%	$1.6	1.80%	$1.6	1.73%	$1.6	1.90%	$1.7	1.90%	$1.7	1.90%	$1.7
Bedford Barrier	$16.1	-2.07%	$15.8	1.00%	$15.9	42.38%	$22.7	-11.95%	$20.0	-6.19%	$18.7	-0.09%	$18.7	1.72%	$19.0	1.90%	$19.4	1.90%	$19.8	1.90%	$20.1
Bedford Road Ramp	$1.2	-1.72%	$1.2	0.83%	$1.2	1.44%	$1.2	-44.05%	$0.7	-39.14%	$0.4	1.72%	$0.4	1.72%	$0.4	1.90%	$0.4	1.90%	$0.4	1.90%	$0.4
Exit 11 (Merrimack) Ramp	$1.4	-1.81%	$1.4	0.66%	$1.4	1.30%	$1.4	-32.56%	$1.0	-23.65%	$0.7	1.67%	$0.7	1.69%	$0.8	1.90%	$0.8	1.90%	$0.8	1.90%	$0.8
Exit 10 Merrimack Industrial Park Ramp	$0.8	-2.02%	$0.7	0.91%	$0.8	1.48%	$0.8	-32.48%	$0.5	-23.61%	$0.4	1.66%	$0.4	1.61%	$0.4	1.90%	$0.4	1.90%	$0.4	1.90%	$0.4
Subtotal	**$43.6**	**-2.08%**	**$42.7**	**0.91%**	**$43.1**	**37.97%**	**$59.5**	**-6.27%**	**$55.8**	**-2.35%**	**$54.4**	**1.05%**	**$55.0**	**1.64%**	**$55.9**	**1.90%**	**$57.0**	**1.90%**	**$58.1**	**1.90%**	**$59.2**
BLUE STAR TURNPIKE																					
Hampton Barrier	$36.5	23.89%	$45.2	-0.13%	$45.1	1.00%	$45.6	1.00%	$46.0	0.98%	$46.5	0.97%	$46.9	0.95%	$47.4	1.09%	$47.9	1.09%	$48.4	1.09%	$48.9
Hampton Ramp	$9.3	-1.16%	$9.2	0.55%	$9.3	0.79%	$9.4	0.81%	$9.4	0.84%	$9.5	0.87%	$9.6	0.89%	$9.7	1.09%	$9.8	1.09%	$9.9	1.09%	$10.0
Subtotal	**$45.8**	**18.78%**	**$54.4**	**-0.02%**	**$54.4**	**0.97%**	**$54.9**	**0.96%**	**$55.5**	**0.95%**	**$56.0**	**0.95%**	**$56.5**	**0.94%**	**$57.1**	**1.09%**	**$57.7**	**1.09%**	**$58.3**	**1.09%**	**$58.9**
SPAULDING TURNPIKE																					
Dover Barrier	$9.0	-1.06%	$8.9	0.87%	$9.0	27.43%	$11.4	0.52%	$11.5	0.61%	$11.6	0.68%	$11.6	0.75%	$11.7	0.89%	$11.8	0.89%	$11.9	0.89%	$12.0
Rochester Barrier	$5.7	-1.08%	$5.7	0.70%	$5.7	27.13%	$7.3	0.40%	$7.3	0.51%	$7.3	0.61%	$7.4	0.70%	$7.4	0.89%	$7.5	0.89%	$7.5	0.89%	$7.6
Subtotal	**$14.7**	**-1.07%**	**$14.6**	**0.81%**	**$14.7**	**27.31%**	**$18.7**	**0.47%**	**$18.8**	**0.57%**	**$18.9**	**0.65%**	**$19.0**	**0.73%**	**$19.2**	**0.89%**	**$19.3**	**0.89%**	**$19.5**	**0.89%**	**$19.7**
TOTAL:	**$104.2**	**7.24%**	**$111.7**	**0.45%**	**$112.2**	**18.63%**	**$133.1**	**-2.34%**	**$130.0**	**-0.52%**	**$129.3**	**0.95%**	**$130.6**	**1.21%**	**$132.1**	**1.40%**	**$134.0**	**1.41%**	**$135.9**	**1.41%**	**$137.8**

E-ZPass Market Shares

Barriers/Ramps	2009 Actual*	09-10 Projected Increase	2010 Projected	10-11 Projected Increase	2011 Projected	11-12 Projected Increase	2012 Projected	12-13 Projected Increase	2013 Projected	13-14 Projected Increase	2014 Projected	14-15 Projected Increase	2015 Projected	15-16 Projected Increase	2016 Projected	16-17 Projected Increase	2017 Projected	17-18 Projected Increase	2018 Projected	17-18 Projected Increase	2019 Projected
CENTRAL TURNPIKE																					
Hooksett Barrier	54.4%	1.13%	55.5%	2.93%	58.5%	3.48%	62.0%	1.56%	63.5%	1.15%	64.7%	0.82%	65.5%	0.49%	66.0%	0.00%	66.0%	0.00%	66.0%	0.00%	66.0%
Hooksett Ramp	57.1%	0.07%	57.2%	2.58%	59.8%	3.66%	63.4%	1.14%	64.6%	0.84%	65.4%	0.60%	66.0%	0.36%	66.4%	0.00%	66.4%	0.00%	66.4%	0.00%	66.4%
Bedford Barrier	63.8%	1.03%	64.9%	2.16%	67.0%	2.79%	69.8%	1.07%	70.9%	0.79%	71.7%	0.56%	72.2%	0.34%	72.6%	0.00%	72.6%	0.00%	72.6%	0.00%	72.6%
Bedford Road Ramp	71.9%	0.68%	72.6%	2.11%	74.7%	1.73%	76.4%	1.43%	77.9%	1.05%	78.9%	0.75%	79.7%	0.45%	80.1%	0.00%	80.1%	0.00%	80.1%	0.00%	80.1%
Exit 11 (Merrimack) Ramp	69.8%	1.07%	70.9%	2.52%	73.4%	2.07%	75.5%	1.71%	77.2%	1.26%	78.5%	0.90%	79.4%	0.54%	79.9%	0.00%	79.9%	0.00%	79.9%	0.00%	79.9%
Exit 10 Merrimack Industrial Park Ramp	71.9%	1.59%	73.5%	1.86%	75.3%	1.53%	76.9%	1.26%	78.1%	0.93%	79.1%	0.66%	79.7%	0.40%	80.1%	0.00%	80.1%	0.00%	80.1%	0.00%	80.1%
Subtotal	**60.3%**	**1.04%**	**61.3%**	**2.55%**	**63.9%**	**3.10%**	**67.0%**	**1.37%**	**68.3%**	**1.01%**	**69.3%**	**0.72%**	**70.1%**	**0.43%**	**70.5%**	**0.00%**	**70.5%**	**0.00%**	**70.5%**	**0.00%**	**70.5%**
BLUE STAR TURNPIKE																					
Hampton Barrier	54.7%	2.09%	56.8%	2.84%	59.6%	2.34%	62.0%	1.93%	63.9%	1.42%	65.3%	1.01%	66.3%	0.61%	66.9%	0.00%	66.9%	0.00%	66.9%	0.00%	66.9%
Hampton Ramp	60.6%	1.74%	62.3%	2.38%	64.7%	1.96%	66.7%	1.62%	68.3%	1.19%	69.5%	0.85%	70.3%	0.51%	70.8%	0.00%	70.8%	0.00%	70.8%	0.00%	70.8%
Subtotal	**56.8%**	**2.02%**	**58.9%**	**2.67%**	**61.5%**	**2.19%**	**63.7%**	**1.81%**	**65.5%**	**1.33%**	**66.9%**	**0.95%**	**67.8%**	**0.57%**	**68.4%**	**0.00%**	**68.4%**	**0.00%**	**68.4%**	**0.00%**	**68.4%**
SPAULDING TURNPIKE																					
Dover Barrier	59.9%	1.74%	61.7%	2.49%	64.1%	2.25%	66.4%	1.61%	68.0%	1.18%	69.2%	0.84%	70.0%	0.51%	70.5%	0.00%	70.5%	0.00%	70.5%	0.00%	70.5%
Rochester Barrier	57.9%	1.62%	59.5%	3.08%	62.6%	2.82%	65.4%	1.98%	67.4%	1.46%	68.8%	1.04%	69.9%	0.62%	70.5%	0.00%	70.5%	0.00%	70.5%	0.00%	70.5%
Subtotal	**59.1%**	**1.70%**	**60.8%**	**2.72%**	**63.5%**	**2.47%**	**66.0%**	**1.75%**	**67.8%**	**1.29%**	**69.0%**	**0.92%**	**70.0%**	**0.55%**	**70.5%**	**0.00%**	**70.5%**	**0.00%**	**70.5%**	**0.00%**	**70.5%**
TOTAL:	**58.9%**	**1.50%**	**60.4%**	**2.62%**	**63.1%**	**2.66%**	**65.7%**	**1.59%**	**67.3%**	**1.17%**	**68.5%**	**0.84%**	**69.3%**	**0.50%**	**69.8%**	**0.00%**	**69.8%**	**0.00%**	**69.8%**	**0.00%**	**69.8%**

* Non-paying traffic and revenue (violators and non-revenue vehicles) have been removed for forecasting purposes

It should be noted that these toll transaction projections do not take into account any temporary diversions to the Turnpike System resulting from construction on neighboring highways, such as Interstate 93, or any temporary diversions from the Turnpike System due to construction on the Turnpike.

If not for the toll increases (including the recent Hampton increase) and the diversion to the planned toll-free airport access road interchange, projected growth rates would have averaged 1.2 percent annually between FY 2009 and FY 2019. This projected growth rate is comparable with those recently forecasted over the same timeframe for other mature toll facilities such as the Delaware River Joint Toll Bridge Commission, with average annual growth projections of 1.3 percent, and West Virginia Turnpike with 1.9 percent average annual growth (this is for a no toll increase scenario, and West Virginia has one of the lowest per-mile toll rates in the U.S.). The Triborough Bridge and Tunnel Authority of New York City has recent projections of 0.5 percent average annual traffic growth for this timeframe, with periodic toll increases assumed in the forecasts.

9.4 TOLL REVENUE PROJECTIONS BY TURNPIKE

The projected annual toll revenue on the New Hampshire Turnpike System during the period FY 2010-2019 is presented in Table 22. Detailed toll revenue projections for each toll plaza are presented in the previously in Table 21 (see Table 3 for toll revenues received in past years).

Table 22: Projected Annual Toll Revenue[1], FY 2010-2019 (in millions)

Fiscal Year	Central Turnpike	Blue Star Turnpike	Spaulding Turnpike	Total
2010[2]	$ 42.7	$ 54.4	$ 14.6	$ 111.7
2011	$ 43.1	$ 54.4	$ 14.7	$ 112.2
2012[3]	$ 59.5	$ 54.9	$ 18.7	$ 133.1
2013[4]	$ 55.8	$ 55.5	$ 18.8	$ 130.0
2014[5]	$ 54.4	$ 56.0	$ 18.9	$ 129.3
2015	$ 55.0	$ 56.5	$ 19.0	$ 130.6
2016	$ 55.9	$ 57.1	$ 19.2	$ 132.1
2017	$ 57.0	$ 57.7	$ 19.3	$ 134.0
2018	$ 58.1	$ 58.3	$ 19.5	$ 135.9
2019	$ 59.2	$ 58.9	$ 19.7	$ 137.8

[1]Does not include administrative fees or violation revenue

[2]Toll increase at Hampton Barrier 7/1/09; Open-road tolling begins at Hampton Barrier 5/31/10

[3] Systemwide toll increase 7/1/11; Open-road tolling begins at Hooksett Barrier 5/31/12

[4]Planned opening year for the Manchester Airport Access Road

[5]Open-road tolling begins at Bedford Mainline Barrier 5/31/14

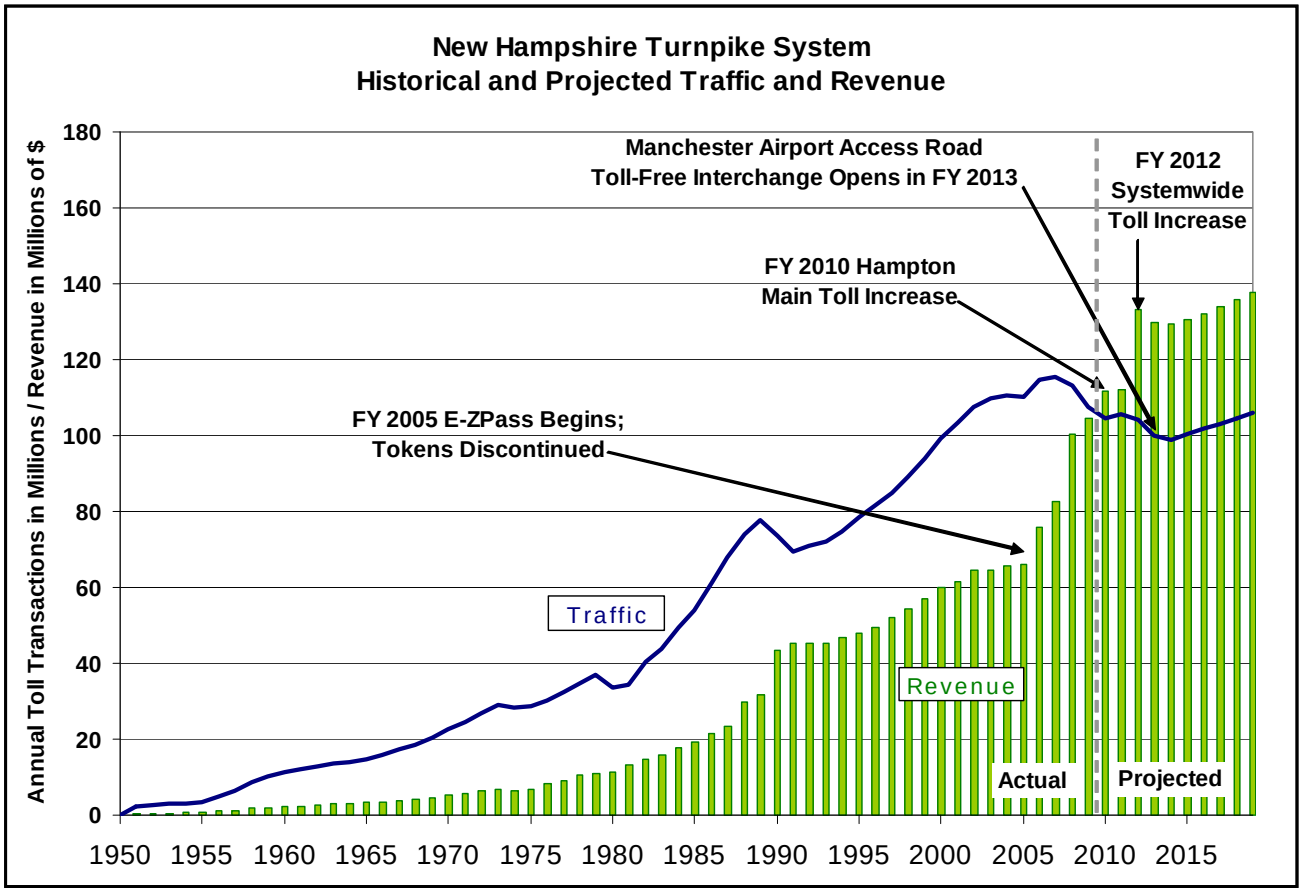
Note: Data will not necessarily add to totals because of rounding

Projected toll revenues for FY 2010, the year of the Hampton Barrier toll increase and Hampton ORT are $111.7 million – about a 7 percent increase over FY 2009. Revenue will increase 18.6 percent from FY 2011 to FY 2012 due to the systemwide toll increase at the beginning of FY 2012. Revenues will then drop 2.3 percent in FY 2013, to $130.0M, due to the opening of the toll-free interchange from the Central Turnpike to Route 3 via the Manchester Airport access

road. This will be followed by a slight decrease of 0.5 percent in FY 2014 to $129.3 million due to a ramp-up in usage of the toll-free interchange. Between FY 2014 and FY 2019, total toll revenues are expected to increase annually by an average of 1.3 percent, or about $1.3 to $1.9 million per year. Toll revenues on the Central, Blue Star and Spaulding Turnpikes are expected to grow at an average annual rate of 3.1 percent, 2.5 percent and 3.0 percent respectively between FY 2009 and FY 2019, and the overall Turnpike annual revenue growth rate is estimated to be 2.8 percent.

Historical and projected toll transaction and revenue for the entire New Hampshire Turnpike System over the period FY 1950 to 2019 are presented in Figure 34.

Figure 34: NH Turnpike System Historical and Projected Toll Transaction and Revenue Trends, FY 1950-2019



9.5 E-ZPASS MARKET SHARE PROJECTIONS

Table 23 presents the historical and projected ***E-ZPass*** market shares on the New Hampshire Turnpike System for the period FY 2008-2019. Detailed ***E-ZPass*** market shares for each toll plaza was presented previously in Table 21.

Table 23: Historical and Projected E-ZPass Market Shares, FY 2008-2019

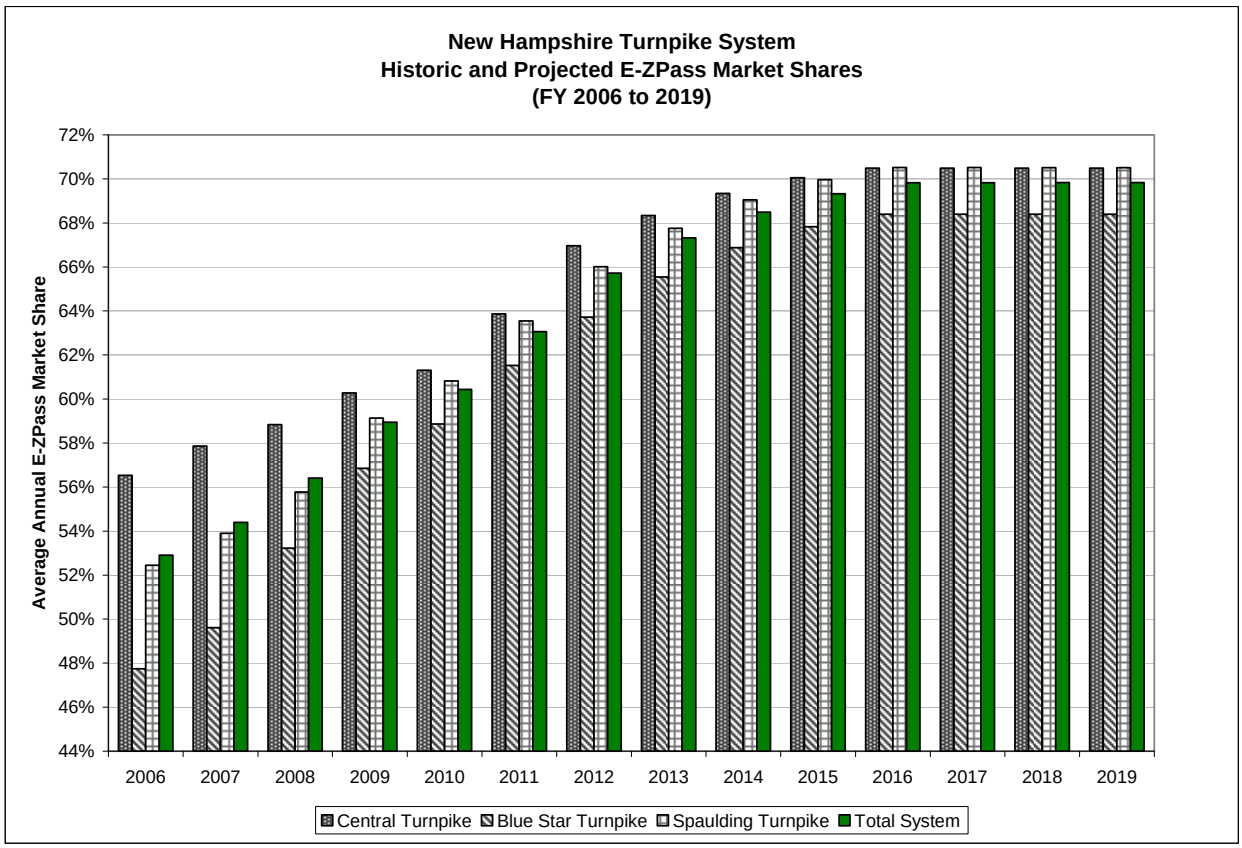
Fiscal Year	Central Turnpike	Blue Star Turnpike	Spaulding Turnpike	Total
2008[1]	58.8%	53.2%	55.8%	56.4%
2009[1]	60.3%	56.8%	59.1%	58.9%
2010	61.3%	58.9%	60.8%	60.4%
2011	63.9%	61.5%	63.5%	63.1%
2012	67.0%	63.7%	66.0%	65.7%
2013	68.3%	65.5%	67.8%	67.3%
2014	69.3%	66.9%	69.0%	68.5%
2015	70.1%	67.8%	70.0%	69.3%
2016-2019	70.5%	68.4%	70.5%	69.8%

[1] *Actual*

Total New Hampshire ***E-ZPass*** market share increased from 56.4 percent in FY 2008 to 58.9 percent in FY 2009. Large jumps of 2.6 to 2.7 percent are expected in the early years of the forecast as a result of the toll increases, which are expected to spur some cash-paying vehicles to switch to the less-expensive ***E-ZPass***. Over time, the total ***E-ZPass*** market share growth rate is expected to slow down and flatten, and is assumed to reach an overall maximum share close to 70 percent by FY 2016. The market share will differ by plaza, as it does currently. The Blue Star Turnpike, which has fewer commuters and more long-distance and low-frequency customers than the Central and Spaulding Turnpikes, is not expected to have as high a market share as the others.

Figure 35 shows the historical and projected ***E-ZPass*** market shares for the period FY 2006 to 2019.

Figure 35: NH Turnpike System Historical and Projected E-ZPass Market Shares, FY 2006-2019



10 FINANCIAL MODEL ANALYSIS

This section presents a financial analysis of the NH Turnpike System. The analysis considers Turnpike capital expenditures, operating expenditures and debt service requirements as well as Turnpike toll revenues and other revenues. The analysis also includes a cash flow analysis of the Turnpike, as well as an analysis of the Turnpike's debt service coverage ratios.

10.1 TOTAL TURNPIKE EXPENDITURES

Table 24 shows historical and projected capital, operating and debt service expenditures for the 20-year period FY 2000-2019.

Table 24: Historical and Projected Total NH Turnpike Expenditures, FY 2000-2019 (in millions)

Fiscal Year	Capital Expenditures	O&M Expenditures	Debt Service	R&R, Incl. I-95 Payments	Total Turnpike Expenditures
2000	$19.7	$19.8	$32.4	$4.5	$76.4
2001	$10.1	$21.9	$31.0	$6.1	$69.1
2002	$6.5	$23.8	$31.9	$6.2	$68.4
2003	$10.2	$25.2	$29.9	$7.3	$72.6
2004	$19.4	$25.1	$28.7	$5.1	$78.3
2005	$20.5	$29.0	$31.3	$3.3	$84.0
2006	$13.2	$38.5	$30.0	$4.3	$86.1
2007	$8.5	$36.1	$31.1	$8.6	$84.3
2008	$9.2	$37.1	$27.4	$11.8	$85.5
2009	$23.3	$41.6	$27.5	$8.5	$100.9
Total ('00-'09)	$140.6	$298.1	$301.2	$65.7	$805.7
2010	$83.0	$48.5	$29.8	$9.6	$170.9
2011	$75.4	$49.6	$35.5	$9.8	$170.3
2012	$78.6	$58.2	$38.1	$15.9	$190.7
2013	$79.3	$52.6	$43.9	$16.5	$192.2
2014	$68.9	$55.5	$45.4	$17.2	$187.0
2015	$62.9	$56.6	$48.1	$17.5	$185.0
2016	$43.0	$58.0	$48.6	$18.3	$167.9
2017	$14.7	$59.9	$48.6	$18.3	$141.5
2018	$0.5	$60.8	$41.7	$18.6	$121.6
2019	$0.5	$62.6	$41.8	$19.0	$123.9
Total ('10-'19)	$506.8	$562.1	$421.5	$160.7	$1,651.1

Note: Data will not necessarily add to totals because of rounding

Historical total Turnpike expenditures ranged from a low of $68.4 million in FY 2002 to a high of $100.9 million in FY 2009. Cumulative Turnpike expenditures for the ten-year period FY 2000-2009 totaled $805.7 million with 74 percent or $599.3 million accounting for operating and debt service expenditures. Total Turnpike expenditures are projected to vary in the FY 2010-2019 forecast period, ranging from a low of $121.6 million in FY 2018 to a high of $192.2 million in FY 2013. Cumulative Turnpike expenditures over the ten-year forecast period FY 2010-2019 are projected to be $1,651.1 million, more than double what was spent over the previous ten years. Some 34 percent or $562.1 million of this total amount is estimated to be for O&M expenditures and almost 26 percent or $421.5 million for Turnpike debt service requirements. Nearly 31

percent ($506.8 million) of total expenditures over this ten-year period are expected to be capital expenditures, while almost 10 percent, or $160.7M, are expected for renewal and replacement, which also includes I-95 payments.

10.2 TURNPIKE FUNDS

Table 25 presents historical and projected toll revenues, other revenues, interest income, and bond proceeds for the NH Turnpike System over the 20-year period FY 2000-2019.

Table 25: Historical and Projected NH Turnpike Funds, FY 2000-2019 (in millions)

Fiscal Year	Toll Revenue[1]	Transponder Revenue	Other Revenue[2]	Interest Income[3]	Total Turnpike Revenues	Bond Proceeds	Bond Issuance Costs	Total Turnpike Funds
2000	$60.2		$2.8		$63.0			$63.0
2001	$61.5		$2.6		$64.1			$64.1
2002	$64.4		$1.8		$66.2			$66.2
2003	$64.4		$2.6		$67.0			$67.0
2004	$65.8		$1.7		$67.5			$67.5
2005	$65.9		$2.4		$68.3			$68.3
2006	$76.0		$6.4		$82.4			$82.4
2007	$82.2	$1.2	$2.7	$3.3	$89.4			$89.4
2008	$100.4	$0.9	$3.2	$2.5	$107.0			$107.0
2009	$104.4	$0.6	$2.0	$0.8	$107.8			$107.8
Total ('00-'09)	$745.2	$2.7	$28.2	$6.6	$782.7	$0.0	$0.0	$782.7
2010	$111.7	$0.7	$2.6	$3.5	$118.5	$150.0	-$1.2	$267.3
2011	$112.2	$0.6	$2.7	$3.3	$118.7			$118.7
2012	$133.1	$0.6	$2.7	$3.4	$139.9	$150.0	-$1.2	$288.7
2013	$130.0	$0.6	$2.8	$3.9	$137.3			$137.3
2014	$129.3	$0.6	$2.9	$3.5	$136.2	$71.0	-$0.6	$206.6
2015	$130.6	$0.8	$2.9	$3.2	$137.5			$137.5
2016	$132.1	$0.6	$3.0	$2.2	$137.9			$137.9
2017	$134.0	$1.4	$3.0	$1.9	$140.3			$140.3
2018	$135.9	$0.6	$3.1	$2.1	$141.7			$141.7
2019	$137.8	$0.3	$3.1	$2.6	$143.8			$143.8
Total ('10-'19)	$1,286.7	$6.8	$28.8	$29.5	$1,351.9	$371.0	-$3.0	$1,719.9

[1] Future toll revenue does not include revenue from toll violators

[2] From Turnpike Financial Model Plan

[3] FY 2000 through 2006 Interest Income included in Other Revenue

Note: Data will not necessarily add to totals because of rounding

Historical annual Turnpike revenues which include toll revenue, other revenue, and bond proceeds ranged from a high of $107.8 million in FY 2009 to a low of $63.0 million in FY 2000. Cumulative funds over the ten-year FY 2000-2009 period totaled $782.7 million with toll revenues accounting for 95 percent of this amount or $745.2 million. For FY 2007-2009 and the FY 2010-2019 forecast period, interest income has also been included in total revenues for each year. Annual Turnpike revenues are projected to range from a high of $288.7 million in FY 2012 to a low of $118.7 million in FY 2011. Cumulative funds amount over the ten-year forecast period are $1,719.9 million, more than double the amount accumulated in the previous ten years. Toll revenues are estimated to account for some 75 percent or $1,286.7 million of the

projected ten-year total turnpike revenues, while bond proceeds will account for 22 percent or $371.0 million of the projected total revenues.

10.3 TURNPIKE COVERAGE RATIO ANALYSIS

Table 26 presents an analysis of the NH Turnpike's revenue bond debt service coverage ratios and all obligation bond coverage ratios for the forecast period FY 2010-2019.

Table 26: NH Turnpike Debt Coverage Analysis, FY 2010-2019 (in millions)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Turnpike Revenues[1]	*$118.5*	*$118.7*	*$139.9*	*$137.3*	*$136.2*	*$137.5*	*$137.9*	*$140.3*	*$141.7*	*$143.8*
O&M Expenses[2]	*$48.5*	*$49.6*	*$58.2*	*$52.6*	*$55.5*	*$56.6*	*$58.0*	*$59.9*	*$60.8*	*$62.6*
Net Revenues (Sub-Total) (A)	*$70.0*	*$69.2*	*$81.7*	*$84.8*	*$80.8*	*$80.9*	*$79.9*	*$80.4*	*$80.9*	*$81.2*
Revenue Bond Debt Service (B)	*$29.1*	*$34.9*	*$38.1*	*$43.9*	*$45.4*	*$48.1*	*$48.6*	*$48.6*	*$41.7*	*$41.8*
Revenue Bond Debt Service Coverage Ratio (A/B)	**2.40**	**1.98**	**2.14**	**1.93**	**1.78**	**1.68**	**1.64**	**1.65**	**1.94**	**1.94**
General Obligation Bond Debt Service	*$0.7*	*$0.6*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
Existing Turnpike R&R Expenses	*$9.6*	*$9.8*	*$9.2*	*$9.8*	*$10.5*	*$10.8*	*$11.6*	*$11.5*	*$11.8*	*$12.2*
Payments from General Reserves for I-95 Acquisition	*	*	*$5.9*	*$5.9*	*$5.9*	*$5.9*	*$5.9*	*$5.9*	*$5.9*	*$5.9*
Other Obligations (Sub-Total) (C)	$10.3	$10.4	$15.1	$15.7	$16.4	$16.7	$17.5	$17.4	$17.7	$18.1
All Obligation Coverage Ratio (A/(B+C))	**1.78**	**1.53**	**1.54**	**1.42**	**1.31**	**1.25**	**1.21**	**1.22**	**1.36**	**1.36**

[1] Includes Toll Revenue, Other Revenue, Transponder Revenue, and Interest Income. The turnpike revenues assume a toll increase that is planned to be effective in 2012 but has not yet been approved or implemented.

[2] Includes Administrative Expenses, Toll Operations, Maintenance, Enforcement, Toll Processing, Welcome Centers and Rest Areas, and Turnpike Funding to Highway. R&R, I-95 Payments, and Additional I-95 Bridge Maintenance not included.

** Payments of $30M in FY 2010 and $20M in FY 2011 are made from sufficient general reserves at June 30, 2009 and are therefore not included in the all obligation coverage ratio.*

The analysis shows that the Turnpike's revenue bond debt service coverage ratio is expected to range from a high of 2.40 in FY 2010 to a low of 1.64 in FY 2016. The low 1.64 revenue bond debt service coverage ratio in FY 2016 satisfies both the bond resolution's minimum requirement of 1.2 and the Turnpike's internal minimum coverage requirement of 1.3. In comparison, the all obligation coverage ratio is projected to range from a high of 1.78 in FY 2010 to a low of 1.21 in FY 2016. The low all obligation coverage ratio of 1.21 in FY 2016 satisfies the bond resolution's minimum requirement of 1.0 and the Turnpike's internal minimum requirement of 1.1.

Table 27 is a projected cash flow analysis of the Turnpike System. The analysis reveals that the projected Turnpike cash reserves will be positive throughout the ten-year forecast period. Cash reserves as a percentage of Turnpike toll revenues are projected to range from a high of 102 percent in FY 2010 to a low of 10 percent in FY 2017.

Table 27: Projected Cash Flow Analysis, FY 2010-2019 (in millions)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Net Income	$30.5	$23.9	$28.5	$25.2	$19.0	$16.1	$13.8	$14.4	$21.5	$21.3
Bond Proceeds (minus issuance costs)[1]	*$148.8*	*$0.0*	*$148.8*	*$0.0*	*$70.4*	*$0.0*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
Capital Expenditures	*-$83.0*	*-$75.4*	*-$78.6*	*-$79.3*	*-$68.9*	*-$62.9*	*-$43.0*	*-$14.7*	*-$0.5*	*-$0.5*
Additional R&R - Bridge Maintenance (I-95 Acquisition)[2]	*$0.0*	*$0.0*	*-$0.8*	*-$0.8*	*-$0.8*	*-$0.8*	*-$0.8*	*-$0.9*	*-$0.9*	*-$0.9*
Additional R&R[3]	*-$3.8*									
Payments from General Reserves for I-95 Acquisition[4]	*-$30.0*	*-$20.0*								
Beginning Cash[1]	$60.0	$113.6	$42.1	$131.0	$76.1	$91.6	$44.0	$14.0	$12.8	$39.8
Annual Capital Surplus/(Deficit)	*$62.6*	*-$71.5*	*$97.9*	*-$54.9*	*$19.7*	*-$47.6*	*-$30.0*	*-$1.2*	*$20.1*	*$19.9*
Set Aside Reserve on Proposed Bonds[5]	-$9.0		-$9.0		-$4.2				$6.9	
Ending Cash	**$113.6**	**$42.1**	**$131.0**	**$76.1**	**$91.6**	**$44.0**	**$14.0**	**$12.8**	**$39.8**	**$59.8**
Percent of Toll Revenues	102%	38%	98%	59%	71%	34%	11%	10%	29%	43%

[1] From Turnpikes Cash Flow Model (10/16/09)

[2] Not included in coverage ratios.

[3] Carry-forward of additional R&R available for expenditure. Not included in coverage ratios.

[4] Payments of $30M in FY 2010 and $20M in FY 2011 are made from sufficient general reserves at June 30, 2009 and are therefore not included in the all obligation coverage ratio.

[5] Debt Service reserves are based on the projected maximum annual debt service; accordingly, additional reserves are set aside for additional annual debt service requirements when new bonds are issued. $6.9M in reserves is released in FY18 due to a like decrease in the projected maximum annual debt service requirement.

APPENDIX B

STATE DEMOGRAPHIC AND ECONOMIC DATA

General

New Hampshire is located in the New England census region and is bordered by the states of Maine, Massachusetts and Vermont and the Province of Quebec, Canada. The State is 9,304 square miles in area and has 18 miles of general coastline on the Atlantic Ocean and 131 miles of tidal shoreline.

Population

New Hampshire experienced a steady increase in population between 1998 and 2008, primarily as a result of net migration from neighboring states. The State's population was 1,315,809 in July 2008 according to the U.S. Census Bureau. The table below shows New Hampshire's resident population and the change in its population relative to New England and the nation.

Population Trends
(In Thousands)

Year	New Hampshire	Change During Period	New England	Change During Period	United States	Change During Period
1998	1,206	1.4%	13,734	0.7%	275,854	1.2%
1999	1,222	1.3	13,838	0.8	279,040	1.2
2000	1,240	1.5	13,952	0.8	282,172	1.1
2001	1,257	1.4	14,046	0.7	285,040	1.0
2002	1,271	1.1	14,126	0.6	287,727	0.9
2003	1,281	0.8	14,181	0.4	290,211	0.9
2004	1,292	0.9	14,202	0.1	293,892	0.9
2005	1,301	0.7	14,208	0.0	295,561	0.9
2006	1,309	0.6	14,232	0.2	298,363	0.9
2007	1,312	0.2	14,259	0.2	301,290	1.0
2008	1,316	0.3	14,304	0.3	304,060	0.9
			Percent Change:			
1998–2008		--	9.1	--	4.2	-- 10.2
2003–2008		--	2.7	--	0.9	-- 4.7

Source: U.S. Census Bureau.

Personal Income

The State's per capita personal income increased 46.9% between 1998 and 2008 (as contrasted with an increase of 47.8% in the per capita personal income for the United States and a 53.8% increase for the New England region). The State's per capita personal income ranked 9th in 2008 with $42,830 or 107.7% of the national average. The State's total personal income for 2008 was $56.3 billion. The following table sets forth information on personal income for New Hampshire, New England and the United States since 1998.

Comparisons of New Hampshire Personal Income to New England and United States, 1998-2008

	New Hampshire Total Personal Income (In Millions)	Per Capita Personal Income			Percent Change			New Hampshire Per Capita Personal Income Ranking[1]
		New Hampshire	New England	United States	New Hampshire	New England	United States	
1998	$35,149	$29,147	$31,677	$26,883	6.9%	6.7%	6.1%	7
1999	37,125	30,380	33,126	27,939	4.2	4.6	3.9	7
2000	41,429	33,401	36,120	29,847	9.9	9.0	6.8	6
2001	42,624	33,919	37,332	30,582	1.6	3.4	2.5	7
2002	43,393	34,149	37,378	30,838	0.7	0.1	0.8	6
2003	44,327	34,596	37,966	31,530	1.3	1.6	2.2	6
2004	47,190	36,523	40,081	33,157	5.6	5.6	5.2	6
2005	48,682	37,432	41,736	34,690	2.5	4.1	4.6	10
2006	51,964	39,703	44,574	36,79	6.1	6.8	6.1	9
2007	54,640	41,639	47,221	38,615	4.9	5.9	4.9	9
2008	56,356	42,830	48,715	39,751	2.9	3.2	2.9	9

Source: U.S. Department of Commerce, Bureau of Economic Analysis.
[1] Does not include the District of Columbia.

Civilian Labor Force, Employment and Unemployment

Employment in New Hampshire grew faster than in the region from 1998 to 2008. The following table sets forth the level of employment in New Hampshire, the other New England states and the United States.

Employment in New Hampshire, New England States and the United States

	Employment (In Thousands)		Average Annual Growth
	1998	2008	1998-2008
New Hampshire	651	711	0.89%
Connecticut	1,685	1,769	0.49
Maine	628	669	0.63
Massachusetts	3,209	3,244	0.11
Rhode Island	510	523	0.25
Vermont	322	339	0.52
New England	7,004	7,254	0.35
United States	131,463	145,362	1.01

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Division.

Over the past ten years, New Hampshire's unemployment rate was lower than the rate for New England and the United States, and was often the lowest in the nation. Monthly unemployment data for August, 2009, the latest available, show that New Hampshire's unemployment rate was below both the regional and the national level. The table below sets forth information on the civilian labor force, employment and unemployment statistics since 1998.

Labor Force Trends
New Hampshire Labor Force
(In Thousands)

Year	Civilian Labor Force	Employed	Unemployed	Unemployment New Hampshire	Unemployment New England	Unemployment United States
1998	671	651	19	2.9%	3.5%	4.5%
1999	685	666	19	2.8	3.2	4.2
2000	694	676	19	2.7	2.8	4.0
2001	705	681	24	3.4	3.6	4.7
2002	712	680	32	4.5	4.8	5.8
2003	711	679	32	4.5	5.4	6.0
2004	716	688	28	3.9	4.9	5.5
2005	723	697	26	3.6	4.7	5.1
2006	732	706	26	3.5	4.5	4.6
2007	738	712	26	3.5	4.5	4.6
2008	739	711	28	3.8	5.4	5.8
August, 2009[1]	748	697	51	6.8	8.5	9.6

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Division.
[1]Not seasonally adjusted.

Composition of Employment

The service sector was the largest employment sector in New Hampshire in 2008, accounting for 41.8% of nonagricultural employment, as compared to 37.9% in 1998. This sector surpassed retail and wholesale trade as the primary economic activity of New Hampshire in 1991. This upward trend in service sector employment parallels the shift in the national economy, where services was the largest employment sector, accounting for 42.8% of employment in 2008, up from 39.0% in 1998.

The second largest employment sector in New Hampshire during 2008 was wholesale and retail trade, accounting for 19.4% of total employment as compared to 15.6% nationally. In 1998, wholesale and retail trade accounted for 18.8% of total employment in New Hampshire.

Manufacturing remains an important economic activity in New Hampshire although the percentage has dropped in recent years. Manufacturing accounted for 11.7% of nonagricultural employment in 2008, down from 17.6% in 1998. For the United States as a whole, manufacturing accounted for 9.8% of nonagricultural employment in 2008, versus 13.9% in 1998. The following table sets out the composition of nonagricultural employment in the State and the United States.

Composition of Nonagricultural Employment in
New Hampshire and the United States

	New Hampshire		United States	
	1998	2008	1998	2008
Manufacturing	17.6%	11.7%	13.9%	9.8%
Durable Goods	13.1	8.9	8.7	6.2
Nondurable Goods	4.4	2.8	5.3	3.6
Nonmanufacturing	82.4	88.3	86.1	90.2
Construction & Mining	4.1	4.2	5.4	5.8
Wholesale and Retail Trade	18.8	19.4	16.2	15.6
Service Industries	37.9	41.8	39.0	42.8
Government	13.5	14.7	15.8	16.4
Finance, Insurance & Real Estate	5.5	5.9	5.9	5.9
Transportation & Public Utilities	2.6	2.3	3.8	3.7

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Largest Employers

The following table lists the twenty largest private employers in the State and their approximate number of employees as of December 2008.

Largest Employers
(Excluding Federal, State and Local Governments)

Company	Employees	Primary New Hampshire Site	Principal Product
1. Wal-Mart Stores, Inc.	9,017	Bedford	Retail Department Stores
2. Dartmouth Hitchcock Medical Center	8,025	Lebanon	AcuteCare Hospital
3. DeMoulas & Market Basket	6,000	Nashua	Supermarkets
4. Fidelity Investments	5,500	Merrimack	Financial Services
5. BAE Systems	4,700	Nashua	Communications
6. Shaw Supermarkets Inc.	4,516	Stratham	Supermarkets
7. Hannaford Brothers-Shop 'N Save	4,474	Manchester	Supermarkets
8. Dartmouth College	4,407	Hanover	Private College
9. Liberty Mutual	4,241	Bedford	Financial Services
10. Concord Hospital	3,117	Concord	Hospital
11. Elliot Hospital	3,060	Manchester	Hospital
12. Home Depot	2,560	Manchester	Hardware Store
13. Southern New Hampshire Medical Center	2,200	Nashua	Healthcare Providers
14. Wentworth-Douglas Hospital	2,067	Dover	Hospital
15. Catholic Medical Center	1,700	Manchester	Healthcare Providers
16. Verizon Communications	1,650	Manchester	Telecommunications
17. Sunbridge NH Region	1,600	Exeter	Long Term Care Providers
18. Target Stores	1,550	Nashua	Retail Department Stores
19. New Hampshire Motor Speedway	1,500	Loudon	Motorsports Facility
20. Sears at Fox Run Mall	1,500	Newington	Home and Automotive Products

Source: *New Hampshire Business Review*, Book of Lists 2009.

State and Local Taxation

The State finances its operations through a combination of specialized taxes, user charges and revenues received from the State liquor sales and distribution system. The most important taxes are the business profits and business enterprise taxes and a meals and rooms tax. The State does not levy any personal earned income tax or general sales tax but does impose a tax on interest and dividends. The State believes its tax structure has played an important role in the State's economic growth. According to the U.S. Bureau of the Census, in 2008, individual income taxes represented 5.2% of the State's total government taxes. New Hampshire's per capita state taxes of $1,711 in 2008 were the second lowest in the nation.

New Hampshire has generally been the highest among all states in local property tax collections per $1,000 of personal income, because local property taxes were traditionally the principal source of funding for primary and secondary education. See "SCHOOL FUNDING" below for a description of the State's current statutory system of financing operation of elementary and secondary public schools.

Housing

According to the U.S. Census 2007 American Community Survey 1-year estimates, housing units in the State numbered 589,016, of which 85.0% were occupied. The tenure of occupied housing units in the State was 73.2% owner occupied and 26.8% renter occupied. The median purchase price of all primary homes sold in 2008 was $250,000, a decrease of 7.4% from 2007, and an increase of 97% over 1998. The preliminary median price for primary homes sold between January and May of 2009 was $215,000, a decline of 14% from 2008.

The table below sets forth housing prices and rents in recent years.

Housing Statistics
Median Purchase Price and Median Gross Rent

	Owner-Occupied Non-Condominium Housing Unit Median Purchase Price	Percentage Change	Renter-Occupied Housing Unit Median Gross Rent[(1)]	Percentage Change
1998	$127,000	8.5%	$636	5.0%
1999	136,500	7.5	665	4.6
2000	152,500	11.7	697	4.8
2001	174,500	14.4	738	5.9
2002	200,880	15.1	810	9.8
2003	229,400	14.2	854	5.4
2004	252,660	10.1	896	4.9
2005	270,000	6.9	901	0.6
2006	265,000	(1.9)	928	3.0
2007	269,900	1.8	946	1.9
2008	250,000	(7.4)	969	2.4
2009[(2)]	215,000	(14.0)	969	0.0

Source: New Hampshire Housing Finance Authority.
[(1)] Includes utilities.
[(2)] Through May 2009.

With respect to foreclosures in the State, according to a report issued by the New Hampshire Housing Finance Authority updated in September 2009:

The number of recorded foreclosure deeds in August of 2009 (288) was 13% below the number for August 2008. Cumulatively the first eight months of the year account for a 3.8% decline in foreclosure deeds over the same period in 2008. At this point, it is reasonable to predict that cumulatively 2009 will show a roughly 5% decline in foreclosure deeds when compared to 2008. While this is evidence of a slow recovery in the housing market, 2009 will most likely remain a close second worst year for home foreclosures in New Hampshire in recent history.

Building Activity

The pattern of building activity in New Hampshire in recent years, as evidenced by the issuance of residential building permits, has generally paralleled that of the New England region. There was growth in the 1992 to 2002 period in New Hampshire, New England, and the nation, while in 2003 the State experienced a 7.0% decrease in the number of permits. The number of permits and dollar value peaked in 2004 and declined in each subsequent year through 2008. In 2008, building permits totaled 3,234, with a value of $593 million. This represents a decrease of 29.1% in the number of permits, and a decrease of 30.7% in dollar value, from 2007. Set out in the following table are the number and value of building permits issued for housing units in New Hampshire, New England and the United States.

Building Permits Issued
By Number of Units and Value
(Value in millions)

	1998	2004	2005	2006	2007	2008
New Hampshire						
Single Family	5,310	7,002	6,432	4,826	3,772	2,333
Multi-Family	461	1,651	1,154	851	789	901
Total.....	5,771	8,653	7,586	5,677	4,561	3,234
Value.....	$658	$1,385	$1,352	$1,037	$856	$593
New England						
Single Family	40,772	43,749	41,812	33,204	26,079	15,870
Multi-Family	7,236	14,109	16,930	13,578	11,453	8,584
Total.....	48,008	57,858	58,742	46,782	37,532	24,454
Value.....	$5,731	$9,312	$9,791	$8,091	$7,119	$4,705
United States						
Single Family	1,187,602	1,613,445	1,681,986	1,378,220	979,889	575,544
Multi-Family	424,658	456,632	473,330	460,683	418,526	329,805
Total.....	1,612,260	2,070,077	2,155,316	1,838,903	1,398,415	905,359
Value.....	$165,265	$292,414	$329,254	$291,314	$225,237	$141,623

Source: U.S. Census Bureau.

Transportation

New Hampshire has more than 4,000 miles of State and federal highways. In 1986, the State Legislature enacted a highway plan to serve as a guideline for highway development in the State. A major component of the 1986 highway plan legislation as amended in 1991 provides for continued development of the State's Turnpike System.

There are twenty-four public commercial airports in the State, two of which have scheduled air service (Manchester and Lebanon), eight private commercial airports and nine private non-commercial airports. Manchester-Boston Regional Airport, the State's largest commercial airport, undertook a major terminal expansion and renovation project in 1992. Bonds guaranteed by the State were issued in June 1992 (and subsequently refunded and paid on January 1, 2002 with the proceeds of non-guaranteed airport revenue bonds of the City); the new terminal opened on January 1, 1994. Since that time, the airport has grown from 427,657 enplanements in fiscal year 1994 to 1,979,072 enplanements in fiscal year 2008. The Airport experienced a 4% increase in enplanements and passengers in fiscal year 2008 as compared with fiscal year 2007 enplanements. Manchester – Boston Regional Airport has undertaken a number of additional significant expansion, improvement and renovation projects, which were financed by the City of Manchester through the issuance of airport revenue bonds in October 1998, April 2000, June 2002, and July 2005; and a refunding of bonds in July 2008. The projects are expected to enhance the airport's capacity for increased passenger and freight traffic. The 1998, 2000, 2002, 2005 and 2008 bonds are not guaranteed by the State.

Rail freight service is provided by twelve railroads. The Portsmouth Harbor is an important commercial shipping center that can accommodate deep-draft vessels. The State Port Authority Marine Terminal is located on Noble's Island in Portsmouth Harbor.

The New Hampshire Rail Transit Authority was created pursuant to Chapter 360 of the Laws of 2007 for the purpose of establishing regular commuter rail or other passenger rail service between points within and adjacent

to the State. See "STATE INDEBTEDNESS – Agencies, Authorities and Bonded or Guaranteed Indebtedness – New Hampshire Rail Transit Authority."

Education

New Hampshire provides a mix of public and private educational opportunities. The education function of the State is carried out through the State Board of Education, the Department of Education and the University System of New Hampshire. The State Board and the Department of Education provide curriculum guidance and administrative support to 177 public school districts ranging in grades from kindergarten through grade twelve. In addition to public education, there are numerous private preparatory schools in the State, including Phillips Exeter Academy in Exeter and St. Paul's School in Concord. See also "SCHOOL FUNDING" and "LITIGATION."

At the university level, the State offers undergraduate and graduate programs in liberal arts and various sciences through the University System of New Hampshire, which includes the University of New Hampshire, Keene State College and Plymouth State University. The University System also operates Granite State College, which offers continuing education to the non-traditional student. In addition to the state-supported university system, eighteen private higher educational institutions are located in New Hampshire, including Dartmouth College in Hanover. The State also supports a network of community colleges comprised of the New Hampshire Technical Institute in Concord and six other colleges located throughout the State. The Institute and colleges offer a two-year associates degree and a variety of certificates in approximately 100 different industrial, business and health programs. Since 1983, over 50% of New Hampshire high school graduates have continued their education beyond the high school level.

As the following table indicates, the educational level of New Hampshire residents over the age of 25 is higher than that of the nation as a whole.

Level of Education

	1990		2000	
Level of Education	New Hampshire	United States	New Hampshire	United States
9-11 years	93.3%	89.6%	N/A	84.5%
12 years	82.2	75.2	88.1%	78.5
1-3 years post-secondary	50.5	45.2	N/A	47.5
4 or more years post-secondary	24.4	20.3	30.1	21.9

Source: 2000 U.S. Census of Population, Census Bureau.

APPENDIX C

TURNPIKE SYSTEM AUDITED FINANCIAL STATEMENTS
FISCAL YEAR 2008

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INDEPENDENT AUDITORS' REPORT

To the Fiscal Committee of the General Court
State of New Hampshire
Concord, New Hampshire

We have audited the accompanying statement of net assets of the State of New Hampshire's Turnpike System as of June 30, 2008 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Turnpike System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Turnpike System's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Turnpike System as of June 30, 2008, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 11 through 15 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Our audit was conducted for the purpose of forming an opinion on the financial statements of the Turnpike System. The introductory and other information sections of this report are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and other information sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

KPMG

To the Fiscal Committee of the General Court
State of New Hampshire

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2008 on our consideration of the Turnpike System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP

December 18, 2008

This discussion and analysis of the Turnpike System's financial performance provides an overview of financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter at the front of the introductory section and the Turnpike System financial statements, which follow this section.

Financial Highlights

- Operating revenues for the Turnpike System increased approximately $18.5 million or 21.6% in fiscal year 2008, primarily due to the toll rate increase that took effect on October 22, 2007.

- Operating expenses for the year increased approximately $8.1 million or 13.9%. This increase in operating expenses is due largely to an increase in Renewal and Replacement expenditures, fueled by the recommendations set forth in the fiscal year 2007 independent engineer's report, which called for an increased program going forward. This fiscal year 2008 program was comprised of resurfacing, bridge rehabilitation, signage, bridge painting, toll plaza maintenance, and median barrier installation and also included spending down some appropriations carried forward from prior years. The increase in depreciation, due to the completion of some capital program projects, was also a factor in the rise of operating expenses.

Using this Annual Report

The Turnpike System is accounted for as an enterprise fund, reporting all of the Turnpike System's financial activity, assets and liabilities using the accrual basis of accounting much like a private business entity. As such, this annual report consists of a series of financial statements, along with explanatory notes to the financial statements. The Statement of Net Assets on page 16 and the Statement of Revenues, Expenses and Changes in Net Assets on page 17, report the Turnpike's net assets and changes in them. Lastly, the Statement of Cash Flows on page 18 outlines the cash inflows and outflows related to the activity of the Turnpike System.

Turnpike System's Net Assets

(Amounts in thousands)

	2008	2007
Assets:		
Current Assets	$ 100,012	$ 80,091
Non-current Assets	3,108	3,332
Capital Assets	560,364	555,652
Total Assets	663,484	639,075
Liabilities:		
Current Liabilities	32,270	29,011
Non-current Liabilities	247,840	262,170
Total Liabilities	280,110	291,181
Net Assets:		
Invested in Capital Assets, Net of Related Debt	303,686	285,523
Restricted for Debt Repayments	40,597	40,376
Unrestricted Net Assets	39,091	21,995
Total Net Assets	$ 383,374	$ 347,894

(continued)

The Turnpike System's total net assets at June 30, 2008 were approximately $383.4 million, a 10.2% increase from June 30, 2007. Total assets increased 3.8% to $663.5 million. Total liabilities decreased 3.8% to $280.1 million. The increase in net assets is due mainly to the income before capital contributions of $26.7 million, up $9.4 million over the prior year. This increase was the result of a combination of an $18.5 million increase in operating revenue, which offset increases in operating ($8.1 million) and non-operating ($1 million) expenses. The effects of the operating items were discussed in the financial highlights on the previous page. The decrease in non-operating income can be attributed mainly to the decline in investment income brought on by lower interest rates. Also playing a part in the rise in net assets during fiscal year 2008 were the capital contributions of $8.8 million, specifically $6.7 million for Manchester's Granite Street projects and $2.1 million for Dover's park and ride project.

Liabilities

The Turnpike System total liabilities decreased by $11.1 million in fiscal year 2008, which can be primarily attributed to retirement of long-term bonds payable.

Current liabilities consist primarily of accrued operating expenses, deferred revenue, and the current portion of bonds payable. The increase in current liabilities of $3.3 million in fiscal year 2008 is largely due to the rise in accounts payable. This rise was brought on by capital program and Renewal and Replacement construction work late in the fiscal year, for which requests for payment were not received until after June 30. The table below shows current liabilities as of June 30, 2008 and June 30, 2007:

(Amounts in thousands)

	2008	2007
Accounts Payable	$ 5,582	$ 3,662
Accrued Compensated Absences and Workers Compensation	428	708
Bonds Payable	14,744	13,964
Deferred Revenue	6,833	5,961
Other Current Liabilities	4,683	4,716
Total Current Liabilities	$ 32,270	$ 29,011

Fitch Ratings and Standards & Poor's have assigned the Turnpike System bonds a rating of A. Moody's Investors Service has assigned a rating for the Turnpike System bonds of A1.

Revenues and Expenses

Operating Revenues

The Turnpike System's primary revenues are generated from toll collections and interest income. The Central Turnpike generated gross revenue of $42.9 million, the Blue Star Turnpike $43.4 million and the Spaulding Turnpike finished the year with $14.1 million in gross revenue. $3.8 million was also generated in other income, including toll violation administrative fees, toll evasion fines, property damage, and miscellaneous revenue, for combined toll operating revenue of $104.2 million for the year ended June 30, 2008.

Turnpike System Revenue and Traffic Trends

With authorization from the Governor and Executive Council, the Department increased the toll rates at the Hooksett, Bedford, Dover, and Rochester mainline plazas, and at the Hampton side plaza by $0.25 for single rear tire vehicles (classes 1-4) and by $0.50 for dual rear tire vehicles (classes 5–12). Further, the rate was increased at the Hampton Mainline Toll, $0.50 for single rear tire vehicles (classes 1-4) and $1.00 for dual rear tire vehicles (classes 5–12). This additional revenue will be used to fund Turnpike expansion programs.

During fiscal year 2008, total toll transactions declined by 2.0% from the previous year, to approximately 113.2 million, largely due to the recent spike in motor fuel prices and the deteriorating economic conditions in New Hampshire and across the country. Passenger vehicles traveling the Turnpike System comprised 94% of the total traffic, with commercial vehicles at 6%. During the twelve months ended June 30, 2008, approximately 57% of total traffic used the E-ZPass program.

Operating Expenses

Operating expenses for the year rose approximately $8.1 million or 13.9% over the previous year. As previously discussed, this is due largely to the increases in Renewal and Replacement program and depreciation of capital assets.

Turnpike System's Changes in Net Assets

(Amounts in thousands)	2008	2007
Operating Revenue	$ 104,204	$ 85,718
Operating Expenses	66,539	58,429
Operating Income	37,665	27,289
Non-Operating (Expenses)	(11,001)	(10,017)
Net Income Before Capital Contributions	26,664	17,272
Capital Contributions	8,816	10,422
Change in Net Assets	35,480	27,694
Net Assets – July 1	347,894	320,200
Net Assets - June 30	$ 383,374	$ 347,894

Maintenance of the Turnpike System

The Turnpike System (other than the Spaulding Turnpike extension, for which the Turnpike System is billed for maintenance performed by District 6, Bureau of Highway Maintenance) is maintained and repaired by the Bureau of Turnpikes of the State Department of Transportation. All maintenance and repair costs have been funded from Turnpike operating revenues since the beginning of the Turnpike System in 1950. The Turnpike System funds Renewal and Replacement Costs from the General Reserve Account. In addition, the State's policy is to set aside a cumulative total of $2,000,000 of its General Reserve Account for unanticipated Renewal and Replacement Costs.

In the past, the Bureau of Turnpikes resurfacing goal was on average 10% of the total lane miles of the Turnpike System each year. During fiscal year 2008, 46 lane miles of the Turnpike System were resurfaced as part of the Renewal and Replacement program, representing only 7% of the total. The recent jump in the cost

(continued)

of asphalt has stretched the feasible resurfacing cycle from 10 years to closer to every 12-14 years, still within a range that the Bureau has deemed to be sufficient to adequately maintain the Turnpike System.

During fiscal year 2007, the independent engineer the HNTB Corporation (HNTB) conducted an infrastructure study of the Turnpike System to assist in planning for future Renewal and Replacement needs. In the report, HNTB concluded that the Turnpike System has been adequately maintained through October 2006, the date of its report. However, due to the delayed Renewal and Replacement spending and to the increased costs of materials, the level of expenditure going forward should be greater than that which had been previously planned.

For fiscal year 2008, the Turnpike System expenditures for Renewal and Replacement were $11.8 million. For the fiscal years 2009-2011, taking into account the analysis conducted by HNTB, the anticipated budget is roughly $8.7 million in fiscal year 2009 and $9.6 million and $9.8 million in fiscal years 2010 and 2011, respectively, for Renewal and Replacement, with major expenditures for resurfacing, bridge rehabilitation, bridge painting, major sign rehabilitation, and toll plaza canopy repairs.

Non-Operating (Expenses)

Net non-operating expenses increased by 9.8%. The net increase in fiscal year 2008 is due to the decreases of $0.7 million in investment income and $0.1 million in miscellaneous income, coupled with the slight increase in interest on bonds of $0.1 million.

Recent GASB Pronouncements

Other Post Employment Benefits
The Governmental Accounting Standards Board (GASB) issued statement Number 45—*Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.* Under these statements, all state and local government entities that provide other post employment benefits (OPEB) are required to report the cost of these benefits on their financial statements. These statements include post employment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are not offered as part of a pension plan; and long-term disability insurance for employees.

These benefits referred to as OPEB, are financed by the State on a pay-as-you-go basis. The new standard introduces an accrual basis accounting requirement; thereby recognizing the employer's cost of post employment benefits over an employee's career. Further, the State must also recognize a liability equal to the actuarial cost of Other Post Employment Benefits. The State calculates OPEB by assuming a discount rate based on a pre-funded or pay as you go basis to fund these costs. The discount rates used are 8.5% and 4.5%, respectively, for pre-funded and pay-as-you-go basis of accounting. Under a pay as you go accounting, a lower interest rate discount to the liabilities projects a larger liability and expense in the current year, while a pre-funded discount approach will project a smaller liability and expense in the current year. The rate of return on the investments will ultimately determine whether benefits provided will come from investment earnings or contributions by the State.

In fiscal year 2008, the State has recognized the impact of this pronouncement at the government wide level and will not allocate liability to the Turnpike System. During fiscal year 2008, the Turnpike System recognized an actual expense of $0.7 million on a pay-as-you-go basis.

Budget and Appropriation Process

The Legislature meets annually, and adopts its budget every other year on a biennial basis. Prior to the beginning of each biennium, all departments of the State, including the Department of Transportation, are required by law to transmit to the Commissioner of the Department of Administrative Services requests for capital expenditures, as well as estimates of their administration, operation and maintenance expenditure requirements for each fiscal year of the ensuing biennium.

As a bureau of the State of New Hampshire, Department of Transportation, the Turnpike System is included in the State of New Hampshire's biennial operating budget. The Turnpike System's official budget, as adopted by the Legislature, is prepared principally on a modified cash basis. The Turnpike's budget consists primarily of salaries and benefits, maintenance, expenses relative to snow removal, and debt service.

The Commissioner of the Department of Administrative Services, who submits the summary to the Governor, summarizes capital expenditure requests. After holding public hearings and requesting further evaluation of selected projects by the Commissioner of the Department of Transportation, the Governor prepares a capital budget for submission to the Legislature.

In conjunction with the receipt of operating budget estimates, the Commissioner of the Department of Administrative Services prepares an estimate of the total income of the State for each fiscal year of the ensuing biennium. Based upon the expenditure estimates the Commissioner has received and the revenue projections the Commissioner has made, the Commissioner prepares a tentative budget for the ensuing biennium, which is transmitted to the Governor. The Governor then holds public hearings on the tentative operating budget and prepares the final budget proposal, setting forth the Governor's financial program for the following two fiscal years.

Once the budget becomes law, it represents the authorization for spending levels of each State department during the next two fiscal years.

Contacting the Turnpike's Financial Management

This financial report is designed to provide New Hampshire citizens, the Legislature and the Executive Branch of government, as well as other interested parties, a general overview of the Turnpike System's financial activity for fiscal year 2008 and to demonstrate the Turnpike System's accountability for the money it received from toll collections. If there are questions about this report or the need for additional information, contact the New Hampshire Department of Transportation, Bureau of Finance and Contracts, John O. Morton Building, Room 170, 7 Hazen Drive, Concord, NH 03302-0483.

STATE OF NEW HAMPSHIRE – DEPARTMENT OF TRANSPORTATION
TURNPIKE SYSTEM
STATEMENT OF NET ASSETS
JUNE 30, 2008
(Expressed in Thousands)

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 54,057
Cash and Cash Equivalents – Restricted	40,597
Receivables (Net of Allowances for Uncollectibles)	4,095
Inventories	1,263
Total Current Assets	100,012
Non-current Assets:	
Bond Issue Costs	3,108
Capital Assets:	
Land	110,663
Buildings	4,828
Equipment and Computer Software	35,656
Construction in Progress	26,082
Infrastructure	611,156
Less: Allowance for Depreciation and Amortization	(228,021)
Net Capital Assets	560,364
Total Non-current Assets	563,472
Total Assets	663,484
LIABILITIES	
Current Liabilities:	
Accounts Payable	5,582
Accrued Payroll	791
Deferred Revenue	6,833
General Obligation Bonds Payable - Current	1,474
Revenue Bonds Payable - Restricted	13,270
Accrued Interest Payable - Restricted	3,807
Claims and Compensated Absences Payable	428
Other Liabilities	85
Total Current Liabilities	32,270
Non-current Liabilities:	
General Obligation Bonds Payable	1,347
Revenue Bonds Payable (Net of Unamortized Discount)	243,695
Claims and Compensated Absences Payable	2,798
Total Non-current Liabilities	247,840
Total Liabilities	280,110
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	303,686
Restricted for Debt Repayments	40,597
Unrestricted Net Assets	39,091
Total Net Assets	$ 383,374

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

STATE OF NEW HAMPSHIRE - DEPARTMENT OF TRANSPORTATION
TURNPIKE SYSTEM
STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2008
(Expressed in Thousands)

OPERATING REVENUES – PLEDGED	
Toll Revenue	$ 100,407
Transponder Revenue	894
Other Toll Operating Revenue	2,903
Toll Operating Revenue	104,204
OPERATING EXPENSES	
Personnel Services	10,623
Payroll Benefits	4,706
Enforcement	5,230
Renewal & Replacement	11,842
Other Administration	2,518
Repairs	3,049
Indirect Costs	1,825
Heat, Light and Power	1,501
Bank Fees	1,689
Rentals	873
E-ZPass Processing Fees	4,287
Transponder Expense	821
Depreciation	17,575
Total Operating Expenses	66,539
Operating Income	37,665
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	2,546
Miscellaneous	325
Interest on Bonds	(13,872)
Total Non-operating Expenses	(11,001)
Income Before Capital Contributions	26,664
Capital Contributions	8,816
Change in Net Assets	35,480
Net Assets - July 1	347,894
Net Assets - June 30	$ 383,374

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

STATE OF NEW HAMPSHIRE - DEPARTMENT OF TRANSPORTATION
TURNPIKE SYSTEM
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2008
(Expressed in Thousands)

Cash Flows from Operating Activities:	
Receipts from Customers	$ 103,901
Payments to Employees	(15,370)
Payments to Suppliers	(32,667)
Net Cash Provided by Operating Activities	55,864
Cash Flows from Capital and Related Financing Activities:	
Acquisition, Disposal, and Construction of Capital Assets	(20,918)
Capital Contributions	8,816
Interest Paid on Revenue and General Obligation Bonds	(13,459)
Principal Paid on Bonds	(13,964)
Net Cash (Used) for Capital and Related Financing Activities	(39,525)
Cash Flows from Investing Activities:	
Interest and Other Income	2,999
Net Cash Provided by Investing Activities	2,999
Net Increase in Cash and Cash Equivalents	19,338
Cash and Cash Equivalents - July 1	75,316
Cash and Cash Equivalents – June 30	$ 94,654
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 37,665
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	17,575
Change in Operating Assets and Liabilities:	
Increase in Receivables	(1,176)
Decrease in Inventories	465
Increase in Accounts Payable and Other Accruals	463
Increase in Deferred Revenue	872
Net Cash Provided by Operating Activities	$ 55,864

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

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Turnpike System have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Financial Reporting Entity

The New Hampshire Turnpike System ("the Turnpike System") is a bureau within the Division of Operations of the State of New Hampshire Department of Transportation. The Turnpike System is reported as an enterprise fund of the State of New Hampshire ("the State") and is included in the Comprehensive Annual Financial Report of the State. The Turnpike System itself has no component units included in its reporting entity. The Turnpike System constructs, maintains, and operates toll transaction facilities and issues revenue bonds, which are repaid from tolls and other revenues. Under the provisions of New Hampshire Revised Statutes Annotated (RSA) 237, as amended by Chapter 203, Laws of 1986, Chapter 306, Laws of 1998, and Chapter 262, Laws of 2004, the Legislature established a ten-year highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. RSA's 237 and 237-A authorized the issuance of $586 million of revenue bonds to fund these projects.

(b) Measurement Focus and Basis of Accounting

The accounting policies of the Turnpike System conform to generally accepted accounting principles as applicable to government enterprise funds and, as such, the activities of the Turnpike System are reported using the economic resources measurement focus and accrual basis of accounting. With respect to these activities, the Turnpike System has adopted applicable GASB pronouncements. The Turnpike System has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) Statements and Interpretations and Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(d) Restricted Assets

The proceeds of the Turnpike System Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because their use is limited by a bond resolution.

(continued)

(e) Accounts Receivable

Receivables primarily consist of amounts due from the Highway Fund and outstanding E-Z Pass violations. The accounts receivable balance as of June 30, 2008 is $6.2 million less a $2.1 million allowance for doubtful accounts, which represents an estimate of uncollectible toll violation fees.

(f) Cash Equivalents

For the purpose of the Statement of Cash Flows, cash equivalents represent short-term investments with maturity dates within three months of the date acquired.

(g) Capital Assets

Capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets which are as follows: infrastructure – 50 years; buildings – 40 years; toll equipment – 10 years; and other equipment – 5 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets purchased or constructed by other funding sources are recorded at cost. In accordance with FASB Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, interest is capitalized on capital assets acquired with tax-exempt debt.

(h) Revenue Bond Discounts/Premiums and Issuance Costs

Revenue bond discounts/premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred costs.

(i) Compensated Absences

All full-time state employees in classified service earn annual and sick leave. At the end of each fiscal year, additional leave (bonus days) may be awarded based on the amount of sick leave taken during the year. Accrued compensatory time, earned for overtime worked, must be taken within one year. The State's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered along with the state's share of social security and retirement contributions. The current portion of the liability is calculated based on the characteristics of the type of leave and on a LIFO (last in first out) basis, which assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments rather than be taken as absences due to illness.

(j) Revenues and Expenses

Revenues and expenses are classified as operating or non-operating. Operating revenues and expenses generally result from toll collections, the sale of transponders, administration,

(continued)

depreciation, and turnpike maintenance. Generally, all other revenues and expenses are reported as non-operating. Non-operating revenue generally results from the interest on investments, rental income, sales of land and equipment, and vending machine sales.

(k) E-ZPass Program

Upon enrolling in the E-ZPass program, participants establish pre-paid toll accounts. These pre-paid toll receipts are collected by Affiliated Computer Services (ACS) on behalf of the Turnpike System and recorded by the Turnpike System as deferred revenue until the customer completes a toll transaction. Once this occurs, revenue is recorded and the customer's account is charged. Vehicle transponders, which serve to identify the vehicles passing through the toll plazas, are purchased by the Turnpike System and shipped to customers by the contractor, ACS. The sale price customers are charged for transponders is approximately equal to the price the Turnpike System pays for them.

(l) Inventory

Inventories for materials and supplies are valued at cost. Also, included in the inventory amount are E-ZPass transponders. They are received and stored at the E-ZPass Customer Service Center, run by a contractor, ACS, located in New Jersey who reports the transponders inventory at cost for June 30, 2008.

(2) Cash, Cash Equivalents, and Investments

(a) Cash and Cash Equivalents

Primary Government – The State pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. The Turnpike System's share of the total pooled cash and investments and restricted assets is included on the balance sheet as "Cash and Cash Equivalents".

Deposits – The following statutory requirements and Treasury Department policies have been adopted to minimize risk associated with deposits:

RSA 6:7 establishes the policy the State Treasurer must adhere to when depositing public monies. Operating funds are invested per investment policies that further define appropriate investment choices and constraints as they apply to those investment types.

Custodial Credit Risk: The custodial risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered.

Custodial credit risk is managed in a variety of ways. Although State law does not require deposits to be collateralized, the Treasurer does utilize such arrangements where prudent and/or cost effective. All banks, where the State has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk.

The Governor and Executive Council must approve all depositories used by the State at least annually. All commercial paper must be from issuers having an A1/P1 rating or better and an AA- or better long-term debt rating from one or more of the nationally recognized rating

(continued)

agencies. Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have the highest rating as measured by Veribanc, Inc.

The State does not hold any assets for the Turnpike System that are denominated in foreign currencies. Therefore, foreign currency risk is nonexistent.

As of June 30, 2008, the Turnpike System's bank balances were exposed to custodial credit risk as follows:

(Amounts in thousands)

	Collateralized & held In State's name	Un-collateralized	Total
Certificates of Deposit	$15,000		$15,000
Demand Deposits	$20,795		$20,795
Money Market	$19,262	$39,597	$58,859
Total	$55,057	$39,597	$94,654

(b) Investments

The following statutory requirements and Treasury Department policies have been adopted to ensure reasonable rates of return on investments while minimizing risk factors.

Approved investments are defined in statute (RSA 6:8, 387:6-a, and 387:14). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments are denominated in U.S. dollars. As of June 30, 2008, the Turnpike System investments have a maturity of less than 90 days and therefore are reported as cash and cash equivalents.

The table below reconciles the cash and cash equivalents in the financial statements to the footnote:

(Amounts in thousands)

Reconciliation Between Financial Statements and Footnote			
	Unrestricted Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Per Statement of Net Assets	$54,057	$40,597	$ 94,654

Repurchase Agreements:

Repurchase agreements must be executed through a New Hampshire or Massachusetts bank with assets in excess of $500 million and has either the strongest rating as measured by Veribanc, Inc. or has a long term debt rating of AA- or better as rated by Standard and Poor's and Fitch or Aa3

(continued)

or better as rated by Moody's. Repurchase agreements may also be executed through any of the primary government security dealers as designated by the Federal Reserve. There were no repurchase agreements outstanding as of June 30, 2008.

(3) Restricted Assets

Restricted assets at fair value are segregated into the following accounts as of June 30:

(Amounts in thousands)	2008
Revenue Bond Interest Debt Service Account	$ 1,598
Revenue Bond Principal Debt Service Account	7,544
Revenue Bond Debt Service Reserve Account	26,455
Revenue Bond Insurance Reserve Account	3,000
Revenue Bond General Reserve Account	2,000
Total Restricted Assets	$ 40,597

The "Revenue Bond Interest Debt Service Account" and "Revenue Bond Principal Debt Service Account" are used to segregate resources accumulated for debt service payments on the given maturity dates (see note 5). The "Revenue Bond Debt Service Reserve Account" is used to report resources set aside to make up potential future deficiencies in the revenue bond interest debt service account and revenue bond principal debt service account. The "Revenue Bond Insurance Reserve Account" is used to report the amount that is available to insure against risks that would otherwise be covered by policies of insurance. The "Revenue Bond General Reserve Account" is used to report resources set aside to meet deficiencies in revenues, to fund asset renewals and replacements, to pay Turnpike System general obligation bonds, or for any other lawful purpose of the Turnpike System.

In addition to the above accounts, a "Revenue Bond Special Redemption Account" would be used to report any monies not otherwise required by the bond resolution to be deposited or applied, including excess proceeds after the completion of a project. A "Revenue Bond Rebate Account" also would be used to report any excess of interest earned on non-purpose investments (as defined in section 148 of the *Internal Revenue Code of 1986*, as amended).

(continued)

(4) Capital Assets

Capital Asset activity for the year ended June 30, 2008, was as follows:

	(Amounts in thousands)			
	Beginning Balance	**Increases**	**Decreases**	**Ending Balance**
Capital Assets not Being Depreciated:				
Land and Land Improvements	$ 110,412	$ 588	$ (337)	$ 110,663
Construction in Progress	58,984	21,542	(54,444)	26,082
Capital Assets not Being Depreciated:	169,396	22,130	(54,781)	136,745
Other Capital Assets:				
Equipment	33,468	2,718	(530)	35,656
Buildings and Building Improvements	4,828	-	-	4,828
Infrastructure	558,936	52,220	-	611,156
Subtotal Other Capital Assets	597,232	54,938	(530)	651,640
Total Capital Assets	766,628	77,068	(55,311)	788,385
Less Accumulated Depreciation for:				
Equipment	(18,162)	(3,277)	530	(20,909)
Buildings and Building Improvements	(2,747)	(73)	-	(2,820)
Infrastructure	(190,067)	(14,225)	-	(204,292)
Total Accumulated Depreciation	(210,976)	(17,575)	530	(228,021)
Capital Assets, Net	$ 555,652	$59,493	$ (54,781)	$ 560,364

At June 30, 2008, the Turnpike System had contractual commitments for various Turnpike System improvement projects of $18.6 million.

In accordance with FASB Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, interest is capitalized on capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until proceeds are fully expended, with interest earned on invested proceeds over the same period. In fiscal year 2008, no interest cost was capitalized, as all bond funded projects had been completed in prior years.

(5) Long-Term Debt

(a) Bonds Authorized and Un-issued

Bonds authorized and un-issued amounted to $191.0 million of revenue bonds at June 30, 2008. The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Governor and Executive Council to issue up to $586.0 million of bonds to support this plan. To date, the State has issued $395.0 million of revenue bonds for this plan.

(continued)

(b) Changes in Long-Term Liabilities

The following is a summary of the changes in the long-term liabilities for bonds, compensated absences, and uninsured claims during the fiscal year:

(Amounts in thousands)

Turnpike System	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
General Obligation Bonds	$4,377	-	(1,556)	2,821	1,474	1,347
Revenue Bonds	269,084	-	(12,119)	256,965	13,270	243,695
Claims & Compensated Absences Payable	3,381	728	(883)	3,226	428	2,798
Total	$276,842	728	(14,558)	263,012	15,172	247,840

(d) Debt Maturity

With the exception of Turnpike System revenue bonds, all bonds issued by the State are general obligation bonds. These are backed by the full faith and credit of the State. Interest rates on these issues range from 2.0% to 7.2%. The annual maturities are as follows:

(Amounts in thousands)

Payable June 30,	General Obligation Principal	General Obligation Interest	Revenue Principal	Revenue Interest	Total Principal	Total Interest
2009	1,474	123	13,270	12,711	14,744	12,834
2010	624	45	13,500	12,092	14,124	12,137
2011	584	15	14,710	11,426	15,294	11,441
2012	0	0	14,550	10,692	14,550	10,692
2013	0	0	16,950	9,960	16,950	9,960
2014 – 2018	0	0	87,450	36,935	87,450	36,935
2019 – 2023	0	0	59,255	16,671	59,255	16,671
2024 – 2028	0	0	33,120	5,510	33,120	5,510
2029 – 2033	0	0	7,230	343	7,230	343
Subtotal	2,682	183	260,035	116,340	262,717	116,523
Un-amortized Premium	139	0	6,876	0	7,015	0
Un-amortized Loss on Refunding	0	0	(9,946)	0	(9,946)	0
Total	2,821	183	256,965	116,340	259,786	116,523

(continued)

All revenue bonds are secured by a pledge of substantially all Turnpike System revenues and monies deposited into accounts created by the bond resolutions, subject only to the payment of operating expenses.

The bond resolutions require the Turnpike System to establish and collect tolls which are adequate at all times, when combined with other available sources of revenues, to provide for the proper operation and maintenance of the Turnpike System and for the timely payment of the principal and interest on all bonds, notes or other evidences of indebtedness.

The resolutions further require the Turnpike System to collect sufficient tolls so that in each fiscal year net revenues will be at least equal to the greater of: (a) 120% of current year debt service on the revenue bonds, or (b) 100% of current year debt service on the revenue bonds and on all general obligation or other bonds, notes or other indebtedness, and the additional amount, if any, required to be paid from the revenue bond general reserve account to satisfy the Renewal and Replacement requirement for the fiscal year.

The Turnpike System is required to review the adequacy of its tolls after each fiscal year. If this review indicates that the tolls and charges are, or will be, insufficient to meet the requirements described above, then the Independent Engineer of the Turnpike System will make a study and recommend a schedule of tolls and charges which will provide revenues sufficient to comply with the requirements described above. For fiscal year 2008, the toll rate schedule was deemed to be sufficient to meet all required payments in connection with the Turnpike System, and as such, no Independent Engineer's study was sought.

The resolutions require the Turnpike System to maintain certain accounts (see note 3). The Turnpike System deposits all revenues into a "Turnpike System revenue account," which are then applied first to the payment of operating expenses and then to fund accounts required by the resolutions.

The resolutions establish a Renewal and Replacement requirement with respect to each fiscal year. Renewal and Replacement costs consist of rehabilitation, renewals, replacements, and extraordinary repairs necessary for the sound operation of the Turnpike System or to prevent loss of revenues, but not costs associated with new construction, additions or extensions.

The Turnpike System has complied with all of its material financial bond covenants as set forth in the resolutions.

On February 8, 1995, the Turnpike System entered into a Debt Service Forward Supply Agreement ("the Agreement") with JP Morgan Chase. The agreement provides that JP Morgan Chase is responsible for investing all funds deposited on a monthly basis by the Turnpike System into the Revenue Bond Interest and Principal Debt Service Accounts. The financial institution made a one-time payment to the Turnpike System of $4.7 million and is now responsible for ensuring that the required amount is available in the accounts to pay the interest and principal when due. However, the financial institution retains all interest earnings on those monies.

(6) Employee Benefit Plans

(a) Plan Description

The Turnpike System participates in the New Hampshire Retirement System (the Plan). The Plan is a cost-sharing, multiple-employer Public Employees Retirement System (the Plan) established

(continued)

in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Plan is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and police officers within the State of New Hampshire.

Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

Members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is 1/60 (1.67%) of average final compensation multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at 1/66 (1.5%) of AFC multiplied by years of credited service. Members in service with ten or more years of creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose age and service years number 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Members may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

A Special Account has been established by RSA 100-A:16, II(h) for additional benefits. The Special Account is credited with all of the earnings of the Special Account assets plus the earnings of the remaining assets of the plan in excess of the assumed rate of return plus 1/2 of 1%.

The New Hampshire Retirement System issues a publicly available financial report that may be obtained by writing to the New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire 03301.

(b) Funding Policy

The Plan is financed by contributions from the members, the State and local employers, and investment earnings. In fiscal year 2008, by statute, Group I members contributed 5% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the Turnpike System's actuary using the open group aggregate funding method and are expressed as a percentage of gross payroll and paid by the employer. The Turnpike System's share represents 100% of the employer cost for all Turnpike employees. The Turnpike System's contributions to the plan for the years ended June 30, 2008, 2007, and 2006 were $672 thousand, $487 thousand, and $439 thousand respectively, which equaled the required contributions for each year.

(c) Health Care Insurance for Retired Employees

In addition to providing pension benefits, RSA 21-I:30 specifies that the state provide certain health care insurance benefits for retired employees within the limits of the funds appropriated at each legislative session. These benefits, referred to as other post employment benefits (OPEB), include group hospitalization, hospital medical care, surgical care and pharmaceuticals. Substantially, all of the state's employees who were hired on or before June 30, 2003 may

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become eligible for these benefits if they reach normal retirement age while working for the state and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires state Group 1 employees hired on or after July 1, 2003 to have 20 years of state service in order to qualify for retiree health insurance benefits. These and similar benefits for active employees are authorized by RSA 21-I:30 and provided through the Employee Benefit Risk Management Fund, which is the state's self-insurance fund implemented in October 2003 for active state employees and retirees. The state recognizes the cost of providing benefits by paying the actuarially determined insurance contributions into the fund. The Turnpike System contributions paid into the Employee Benefit Risk Management Fund totaled $671 thousand for approximately 176 retirees and spouses for fiscal year 2008. An additional source of funding for retiree benefits is from the New Hampshire Retirement System's medical premium subsidy program, which totaled approximately $233 thousand for the Turnpike System retirees in fiscal year 2008.

The State has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. Statement No. 45 requires governments to account for other post employment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense when a future retiree earns their post employment benefit rather than when they use their post employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post employment benefit liability is recognized on the balance sheet over time. During 2008, the Turnpike recognized an expense on a pay-as-you-go basis of $700 thousand. The State will record the net OPEB obligation on the government wide financial statements as of June 30, 2008.

(7) Capital Contributions

The Turnpike System recognized grant contributions totaling $8.8 million representing capital assets purchased or built with federal funds transferred from the Highway Fund to the Turnpike Fund.

(8) Risk Management

The Turnpike System is exposed to various risks of loss, related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The State primarily retains the risk for losses, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial for the general public. Settled claims, under the insurance program, have not exceeded insurance coverage in any of the last three fiscal years. There have not been any significant changes in insurance coverage in any of the last three years.

The State has established an Employee Benefit Risk Management Fund, an internal service fund, to account for its uninsured risks of loss related to employee and retiree health benefits. Under this program, the Fund provides coverage for up to a maximum of $500 thousand for each employee per year. The State has purchased commercial insurance for claims in excess of coverage provided, as well as, aggregate stop loss liability coverage set at 125% of the State's total expected claims per contract year.

Claim liabilities not covered by commercial insurance are recorded when it is probable that a loss occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The balance of claim liabilities is determined by an

(continued)

analysis of past, current, and future estimated loss experience. Because actual claim liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2007 and 2008:

(amounts in thousands)

	2008	2007
Beginning Balance	$ 2,594	$ 2,092
Increases	-	859
Decreases	(276)	(357)
Ending Balance	$ 2,318	$ 2,594
Current	$ 181	$ 504
Long-Term	$ 2,137	$ 2,090

(10) Commitments

(a) E-ZPass Customer Service Contract

Upon inception of the E-ZPass program, the Turnpike System entered into a 3-year contract, with Affiliated Computer Services (ACS) of Newark, NJ, to process E-ZPass transactions, effective September 24, 2004. The contract with ACS was renewed for 3 additional years on October 2, 2007. This 3-year contract, which also includes options to extend, is not to exceed $14.2 million. Services include:

- Opening and closing of accounts
- Maintaining the account information database
- Distribution of transponders and maintenance of transponder inventory
- Dispute resolution
- Receiving and posting prepaid revenue to accounts
- Debiting accounts based upon toll revenue charged to account holders
- Processing toll lane violations, including administrative violations
- Marketing

(b) Capital Improvement Program

The ten-year capital improvement program, adopted by the Legislature in 1986, includes specific components relating to the Turnpike System. This program is intended to improve the safety of the Turnpike System and increase its capacity. It is updated every two years to address changing priorities.

(continued)

Some of the major projects that could be part of the long-term Turnpike System capital improvement program and if included, will be financed with Turnpike System funds, anticipated bond proceeds, and federal funding include:

- Engineering, right-of-way acquisition and construction of Exits 11 through 16 on the Spaulding Turnpike in Rochester (immediate emphasis on the replacement of bridges at exits 11 and 12, with a longer term goal of two additional lanes of travel added from Exits 12 to 16) [$157.7 million]
- Engineering and construction of an F.E. Everett Turnpike bridge over the Souhegan River in Merrimack [$15.4 million]
- Engineering, right-of-way acquisition and construction of US Rte. 3 bridge over the F.E. Everett Turnpike in Bedford [$13.0 million]
- Engineering and construction of the bridge on the Blue Star Turnpike carrying I-95 over the Taylor River in North Hampton and Hampton [$10.5 million]
- Continued construction, specifically on bridges, of the F.E. Everett Turnpike through the Millyard area of Manchester [$38.6 million]
- Engineering, right-of-way acquisition and construction of the Turnpike associated with NH16/US 4 widening, south of and including the Little Bay Bridges in Newington and Dover [$175.8 million]
- Engineering and construction of an F.E. Everett Turnpike bridges over I-89 in Bow [$11.7 million]
- Engineering and construction of an F.E. Everett Turnpike bridge over Black Brook in Manchester [$3.8 million]

Depending on the scheduling of projects and availability of funding (e.g. toll revenues, bond proceeds), the Turnpike System capital improvement program expenditures during the ten-year plan period of 2009 – 2018 are expected to be in the range of between $400 – $450 million.

(c) Maintenance

During fiscal year 2007, the independent engineer the HNTB Corporation (HNTB) conducted an infrastructure study of the Turnpike System to assist in planning for future Renewal and Replacement needs. In the report, HNTB concluded that the Turnpike System has been adequately maintained through October 2006, the date of its report. However, in order to ensure the continued adequacy of the Turnpike System, HNTB recommended that the level of expenditure going forward should be greater than that which had been previously planned.

In keeping with the recommendations of the HNTB, the Turnpike System expenditures for Renewal and Replacement in fiscal year 2008 were $11.8 million. Also, the budgeted amount for fiscal year 2009 is $8.7 million and the anticipated budget for fiscal years 2010 and 2011 is roughly $10.0 million per year. The major expenditure categories to be undertaken as part of the program are resurfacing, bridge rehabilitation, bridge painting, major sign rehabilitation, and toll plaza canopy repairs.

(d) Legal

The Turnpike System is involved in certain lawsuits, claims and grievances arising in the normal course of business, including claims for personal injury, property damage and disputes over eminent domain proceedings. In the opinion of General Counsel of the Turnpike System, payment of claims by the Turnpike System for amounts not covered by insurance in the aggregate, are not expected to have a material adverse effect on the Turnpike's financial position.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the State of New Hampshire (the "State") in connection with the issuance of its $217,215,000 Turnpike System Revenue Bonds, 2009 Series, dated their date of delivery (the "Bonds"). The Bonds are being issued pursuant to the General Bond Resolution of the State authorizing the issuance of State of New Hampshire Turnpike System Revenue Bonds, adopted November 9, 1987, as amended and supplemented to date (the "Resolution"). The State covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the State for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the State pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Final Official Statement" means the official statement of the State dated November 18, 2009 prepared in connection with the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information is set forth in Exhibit B hereto.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Depository" shall mean any public or private depository or entity designated by the State of New Hampshire as a state information depository for the purpose of the Rule. (As of the date of this Disclosure Certificate there is no State Depository).

SECTION 3. Provision of Annual Reports.

(a) The State shall, not later than 240 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the State may be submitted when available separately from the balance of the Annual Report.

(b) If the State is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the State shall send a notice to the MSRB and the State Depository, if any, in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The State's Annual Report shall contain or incorporate by reference the following:

(a) to the extent not included in the financial statements described in (b) below, the financial information and operating data for the preceding fiscal year of the type included in the information appearing in the Final Official Statement under the headings "THE TURNPIKE SYSTEM – General Description" with respect to the second paragraph on page 31, "- Maintenance of the Turnpike System" with respect to the table captioned "Renewal and Replacement Expenditures" page 37, "- Toll Rates" with respect to the table captioned "Turnpike System Toll Rate Schedule" page 50, "- Turnpike System – Historical Revenues and Expenditures" with respect to the table captioned "Statement of Revenues, Expenses and Changes in Retained Earnings" page 51, "- Management Discussion of Historical Revenues and Expenditures" (only with respect to the preceding fiscal year) page 52, "TURNPIKE SYSTEM INDEBTEDNESS" with respect to the table captioned "Turnpike System Debt Service" page 58, and "CAPITAL IMPROVEMENT PROGRAM" with respect to the tables captioned "Project Descriptions" pages 61 through 63 and "Capital Improvement Program Expenditures" page 64; provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the State from reorganizing such material in subsequent official statements or annual information reports, and

(b) the most recently available audited financial statements of the State pertaining to the Turnpike System, prepared in accordance with generally accepted accounting principles.

If audited financial statements of the State pertaining to the Turnpike System for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the State is an "obligated person" (as defined by the Rule), which (i) are available to the public on the MSRB internet website, or (ii) have been filed with the Securities and Exchange Commission. The State shall clearly identify each such other document so incorporated by reference.

The State reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or date, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated State statutory principles as in effect from time to time; provided that the State agrees that the exercise of any such right will be done in a manner consistent with the Rule.

SECTION 5. Reporting of Material Events.

(a) The State shall give notice, in accordance with subsection 5(b) below, of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.

7. Modifications to rights of the Owners of the Bonds.

8. Bond calls.

9. Defeasance of the Bonds or any portion thereof.

10. Release, substitution or sale of property securing repayment of the Bonds.

11. Rating changes.

(b) Whenever the State obtains knowledge of the occurrence of a Listed Event, the State shall as soon as possible determine if such an event would be material under applicable federal securities laws and if so, the State shall promptly file a notice of such occurrence with the MSRB.

SECTION 6. Termination of Reporting Obligation. The State's obligations under this Disclosure Certificate shall terminate upon the earlier of (i) legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds, or (ii) upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the State and acceptable to the Trustee to the effect that compliance with this Disclosure Certificate no longer is required by the Rule.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

evidenced by an opinion of counsel expert in federal securities law (which may also include bond counsel to the State), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the State to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 8. Default. The State acknowledges that its undertakings set forth in this Disclosure Certificate are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the State shall fail to perform its duties hereunder, the State shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 3(a) of this Disclosure Certificate or five business days with respect to the undertakings set forth in Sections 3(b) and 5 of this Disclosure Certificate) from the time the State receives written notice of such failure from any beneficial owner of the Bonds. The present address of the State is State of New Hampshire, 25 Capitol Street, Room 121, Concord, New Hampshire 03301, attention: State Treasurer.

In the event the State does not cure such failure in the time specified above, the Trustee may (and, at the request of beneficial owners representing at least 25% in aggregate principal amount of Outstanding Bonds, and upon receipt of indemnification satisfactory to the Trustee, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the State to comply with its obligations under this Disclosure Certificate. Without regard to the foregoing, any beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the State to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the State to comply with this Disclosure Certificate shall be an action to compel performance. The State expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Disclosure Certificate constitute an event of default with respect to the Bonds.

SECTION 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: December __, 2009

STATE OF NEW HAMPSHIRE

By:_____
State Treasurer

_____
Governor

_____
Commissioner of Department of Transportation

(Exhibit A: Form of Notice of Failure to File Annual Report)
(Exhibit B: Filing Information Relating to the Municipal Securities Rulemaking Board)

APPENDIX E

PROPOSED FORM OF OPINION

This opinion shall apply to the 2009 Series A Bonds issued as Build America Bonds

EDWARDS ANGELL PALMER & DODGE LLP
111 Huntington Avenue Boston, MA 02199 617.239.0100 *fax* 617.227.4420 eapdlaw.com

[Date of Delivery]

The Honorable Catherine A. Provencher
State Treasurer
State House Annex
Concord, New Hampshire 03301

$150,000,000
State of New Hampshire
Turnpike System Revenue Bonds, 2009 Series A
(Federally Taxable – Build America Bonds – Direct Payment) (the "Bonds")
Dated Date of Delivery

We have acted as Bond Counsel to the State of New Hampshire (the "State") in connection with the issuance by the State of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Chapter 237-A of the New Hampshire Revised Statutes Annotated (the "Act") and a General Bond Resolution of the State adopted by the Governor and Council on November 9, 1987, as heretofore supplemented and amended (the "Resolution").

As to questions of fact material to our opinion we have relied upon representations and covenants of the State contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The State has the legal right and authority to adopt the Resolution and to issue the Bonds.

2. The Resolution has been duly adopted by the State and is in full force and effect and constitutes a valid and binding obligation of the State enforceable in accordance with its terms.

3. Pursuant to the Act, the Resolution provides for the benefit of the owners from time to time of the Bonds a valid and binding pledge of and lien on the Revenues (as defined in the Resolution) and moneys and securities on deposit from time to

time in all accounts and subaccounts established by or pursuant to the Resolution, other than the Rebate Account, on a parity with other bonds to be issued under the Resolution, after payment of Operating Expenses (as so defined).

4. The Bonds have been duly authorized, executed and delivered by the State, have been duly authenticated and delivered under the Resolution and constitute valid and binding special obligations of the State, enforceable in accordance with their terms.

5. Interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.

6. Interest on the Bonds is includable in the gross income of the owners of the Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

This opinion is not intended or written by Edwards Angell Palmer & Dodge LLP to be used and cannot be used by you for the purpose of avoiding penalties that may be imposed under federal tax law in connection with the Bonds.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS ANGELL PALMER & DODGE LLP

PROPOSED FORM OF OPINION

This opinion shall apply to the 2009 Refunding Series B Bonds

EDWARDS ANGELL PALMER & DODGE LLP

111 Huntington Avenue Boston, MA 02199 617.239.0100 *fax* 617.227.4420 eapdlaw.com

[Date of Delivery]

The Honorable Catherine A. Provencher
State Treasurer
State House Annex
Concord, New Hampshire 03301

$67,215,000
State of New Hampshire
Turnpike System Revenue Bonds
2009 Refunding Series B Bonds (the "Bonds")
Dated Date of Delivery

We have acted as Bond Counsel to the State of New Hampshire (the "State") in connection with the issuance by the State of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Chapter 237-A of the New Hampshire Revised Statutes Annotated (the "Act") and a General Bond Resolution of the State adopted by the Governor and Council on November 9, 1987, as heretofore supplemented and amended (the "Resolution").

As to questions of fact material to our opinion we have relied upon representations and covenants of the State contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The State has the legal right and authority to adopt the Resolution and to issue the Bonds.

2. The Resolution has been duly adopted by the State and is in full force and effect and constitutes a valid and binding obligation of the State enforceable in accordance with its terms.

3. Pursuant to the Act, the Resolution provides for the benefit of the owners from time to time of the Bonds a valid and binding pledge of and lien on the Revenues (as defined in the Resolution) and moneys and securities on deposit from time to

time in all accounts and subaccounts established by or pursuant to the Resolution, other than the Rebate Account, on a parity with other bonds to be issued under the Resolution, after payment of Operating Expenses (as so defined).

4. The Bonds have been duly authorized, executed and delivered by the State, have been duly authenticated and delivered under the Resolution and constitute valid and binding special obligations of the State, enforceable in accordance with their terms.

5. Interest on the Bonds is exempt from the New Hampshire personal income tax on interest and dividends. We express no opinion regarding any other New Hampshire tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than New Hampshire.

6. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the State with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with all such requirements. Failure by the State to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

EDWARDS ANGELL PALMER & DODGE LLP

APPENDIX F

GLOSSARY OF TERMS

The following is a list of summary definitions of certain capitalized terms used in this Official Statement.

"Act" means Chapter 237-A of the New Hampshire Revised Statutes Annotated, as amended.

"Additional Bonds" means Bonds other than the Turnpike System Revenue Bonds, 1987 Series issued under the Bond Resolution.

"Annual Budget" means the annual operating budget adopted in accordance with the Bond Resolution.

"Authorized Officer" means the Commissioner or the Assistant Commissioner of the Department of Transportation of the State or their successors or delegates.

"Bondholders" means the registered owner of the Bonds from time to time as shown in the books kept by the bond registrar.

"Bond Resolution" means the general bond resolution adopted by the Governor and Executive Council of the State on November 9, 1987, as amended and supplemented by Supplemental Resolutions dated November 9, 1987, March 21, 1990, March 27, 1991, August 12, 1992, February 9, 1994, February 3, 1999, August 31, 2001, June 4, 2003, June 25, 2003, November 2, 2005 and October 21, 2009, and as further amended and supplemented from time to time by Supplemental Resolutions.

"Bonds" means the Turnpike System Revenue Bonds issued from time to time under the Bond Resolution and any Bond or Bonds issued in exchange for or replacement of a previously issued Bond.

"Capital Improvement Program" means the multi-year program authorized by the New Hampshire Legislature in 1986, as subsequently amended and supplemented.

"Completion Date" means the date on which a Project is first ready for normal continuous operation as determined by an Authorized Officer. If a Project consists of more than one portion, the Completion Date of the Project is the latest Completion Date of any portion of the Project.

"Construction Account" means the Turnpike System Revenue Bond Construction Account established by the Bond Resolution.

"Debt Service" means with respect to each Fiscal Year or other period the aggregate of the amounts to be set aside (or estimated to be required to be set aside) in the Debt Service Account pursuant to the Bond Resolution in the Fiscal Year or other period for the payment of

the principal and sinking fund installments of and interest on Bonds, excluding debt service paid or to be paid from Bond proceeds or from any subsidy from the United States of America for the purpose.

"Debt Service Account" means the Turnpike System Revenue Bond Debt Service Account established by the Bond Resolution.

"Debt Service Reserve Account" means the Turnpike System Revenue Bond Debt Service Reserve Account established by the Bond Resolution.

"Debt Service Reserve Account Requirement" means, as of any date of calculation, an amount equal to the maximum annual Debt Service during the then current or any future Fiscal Year on Outstanding Bonds; provided that in computing such requirement any Option Bonds Outstanding during such Fiscal Year shall be assumed to mature on their stated dates of maturity.

"Defeasance Obligations" means (i) any direct and general obligations of, or any obligations unconditionally guaranteed by, the United States of America, (ii) any obligations of any state or political subdivision of a state (collectively, "Municipal Bonds") that are fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the owners of the Municipal Bonds, and (iii) certificates of ownership of the principal of or interest on direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System.

"Default" means a Default as defined in the Bond Resolution.

"Event of Default" means an Event of Default as defined in the Bond Resolution.

"Fiscal Year" means the fiscal year of the State with respect to the Turnpike System as established from time to time. The Fiscal Year is now the twelve-month period ending June 30.

"General Reserve Account" means the Turnpike System General Reserve Account established by the Bond Resolution.

"Independent Engineer" means the engineer or engineering firm or firms retained by the State pursuant to the Bond Resolution.

"Insurance Reserve Account" means the Turnpike System Insurance Reserve Account established under the Bond Resolution.

"Insurance Reserve Requirement" means, with respect to any Fiscal Year, the amount required by the Bond Resolution to be on deposit in the Insurance Reserve Account.

"Maximum Interest Rate" shall mean, with respect to any particular Series of Variable Rate Bonds, a numerical rate of interest that shall be the maximum rate of interest that such

Variable Rate Bonds may at any particular time bear, as determined under the Supplemental Resolution authorizing such Variable Rate Bonds.

"Net Revenue Requirement" means with respect to each Fiscal Year or other period an amount equal to the greater of: (a) one hundred twenty percent (120%) of Debt Service; or (b) one hundred percent (100%) of Debt Service plus the total amount of principal of and interest on all general obligation or other bonds, notes or other evidences of indebtedness (excluding principal of bond anticipation notes to the extent they are paid or to be paid from proceeds of bonds or other obligations maturing after the end of the Fiscal Year or other period) payable from Revenues during the Fiscal Year or other period and the additional amount, if any, required to be paid from the General Reserve Account to satisfy the Renewal and Replacement Requirement for the Fiscal Year or other period.

"Net Revenues" means the Revenues (excluding (a) proceeds of Bonds and notes issued in anticipation of Bonds or of Revenues and (b) the proceeds of the sale or other disposition of all or any part of the Turnpike System, proceeds of insurance and condemnation awards received with respect to the Turnpike System (other than proceeds of use and occupancy insurance or any other insurance against loss of Revenues) and other items of an extraordinary and non-recurrent nature) after deducting Operating Expenses.

"Operating Expenses" means the ordinary costs and expenses of the State for the operation, maintenance and repair of the Turnpike System, including working capital as provided in the Bond Resolution. Operating Expenses do not include the principal of and interest on bonds, notes or other evidences of indebtedness issued by the State for the purposes of the Turnpike System. Operating Expenses also do not include Renewal and Replacement Costs and depreciation.

"Option Bonds" means Bonds which by their terms may be tendered by and at the option of the Bondholder for payment by the State prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Bondholder.

"Original Issue Discount Bonds" means bonds originally reoffered to the public at a price (excluding accrued interest) of less than 98% of their principal amount.

"Outstanding", when used to modify Bonds, refers to Bonds issued under the Bond Resolution, excluding: (a) Bonds which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment or a sinking fund installment; (b) Bonds which have been paid; (c) Bonds which have been purchased by the Trustee from moneys held under the Bond Resolution; (d) Bonds which have become due and for the payment of which moneys have been duly provided; and (e) Bonds with respect to which the obligations of the State under the Bond Resolution have been discharged or otherwise defeased pursuant to the Bond Resolution.

"Project" means any construction, improvement, extension, addition, alteration, reconstruction, extraordinary repair, dismantling, equipping or reequipping of or to the Turnpike System, or any one or more of the foregoing, which is designated as a Project by Supplemental Resolution.

"Project Costs" means all costs of carrying out a Project and, without limiting the generality of the foregoing, may include (a) preliminary expenses, (b) the cost of acquiring property, franchise, easements, rights-of-way and other property rights necessary or convenient for the Project, (c) engineering architectural and legal expenses, (d) expenses for estimates of cost and revenues, (e) expenses for plans, specifications, traffic estimates, studies and surveys, (f) other expenses incident or necessary to determining the feasibility or practicability of the Project, (g) administrative expenses, (h) construction costs, (i) interest prior to the Completion Date of any Project, (j) the establishment of or contribution to such reserves as may be required by the Bond Resolution, and (k) such other expenses as may be incurred in the financing of the Project or in carrying it out and placing it in operation.

"Rebate Account" means the Turnpike System Revenue Bond Rebate Account established by the Bond Resolution.

"Renewal and Replacement Costs" means costs associated with major reconstruction, rehabilitation, renewals, replacements and extraordinary repairs necessary to the sound operation of the Turnpike System or to prevent the loss of Revenues, but not costs associated with new construction, additions or extensions.

"Renewal and Replacement Requirement" means, with respect to each Fiscal Year, an amount to be set forth in the Annual Budget for Renewal and Replacement Costs for that Fiscal Year.

"Revenue Account" means the Turnpike System Revenue Account established by the Bond Resolution.

"Revenues" means all tolls, rates, fees, charges, receipts or other income derived or to be derived by the State from the ownership or operation of the Turnpike System, and all rights to receive the same. Without limiting the generality of the foregoing, Revenues include rentals, proceeds of insurance or condemnation or other disposition of Turnpike System assets (except as provided below), proceeds of use and occupancy insurance or any other insurance against loss of Revenues, proceeds of bonds issued under the Act for the Turnpike System, proceeds of notes issued in anticipation of operating Revenues (unless set aside to pay notes of the same character), grants, loans and other contributions from any governmental unit (except as provided below) and earnings from the investment of Revenues. Unless otherwise provided by Supplemental Resolution, Revenues do not include the proceeds of other borrowings by the State or the proceeds of grants for limited purposes or of the disposition of property financed by such grants.

"Series" or **"Series of Bonds"** or **"Bonds of a Series"** means a series of Bonds authorized by the Bond Resolution.

"Special Redemption Account" means the Turnpike System Revenue Bond Special Redemption Account established by the Bond Resolution.

"State" means the State of New Hampshire.

"Supplemental Resolution" means a resolution adopted by the Governor and Executive Council under the Bond Resolution.

"Treasurer" means the Treasurer of the State.

"Trustee" means the Trustee appointed pursuant to the Bond Resolution and any successor Trustee.

"Turnpike System" means the complete turnpike system of the State as defined in Chapters 237 and 237-A of the New Hampshire Revised Statutes Annotated, as amended, together with any improvement or addition constructed or acquired after the adoption of the Bond Resolution.

"Variable Rate Bonds" means Bonds issued with a variable, adjustable, convertible or other similar rate that is not fixed in percentage for the entire term of thereof at the date of issue of the Bonds.