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

In the opinion of Edwards Wildman Palmer LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the 2012 Series Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the 2012 Series 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 2012 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 2012 Series Bonds. See "Tax Exemption" herein.

$42,115,000
STATE OF NEW HAMPSHIRE
Turnpike System Revenue Bonds
2012 Refunding Series
(Delayed Delivery)

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

The 2012 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 2012 Series Bonds, principal and semiannual interest (payable April 1 and October 1, commencing April 1, 2012 are payable by The Bank of New York Mellon Trust Company, N.A., as Trustee and Paying Agent (the "Trustee"), to Cede & Co., as nominee for DTC. (See *Book-Entry Bonds* herein.) Purchasers shall acquire beneficial ownership interests in the 2012 Series Bonds in the denominations of $5,000 or integral multiples thereof. The 2012 Series Bonds are not subject to redemption prior to maturity as described herein.

The 2012 Series Bonds are being issued for the purposes of refunding a portion of the outstanding Turnpike System Revenue Bonds, 2002 Refunding Series and paying costs of issuance.

The 2012 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 2012 Series Bonds. (See *Security for the Bonds* herein.)

The 2012 Series Bonds are being sold on a delayed delivery basis, with delivery of the 2012 Series Bonds to be made on or after January 5, 2012. The market value of the 2012 Series Bonds on the date of delivery may differ significantly from the purchase price due to a variety of factors. See *The 2012 Series Bonds – Delayed Delivery of the 2012 Series Bonds* herein.

MATURITY SCHEDULE - See Inside Cover

The 2012 Series Bonds are offered when, as and if issued and accepted by the Underwriters subject to the final approving opinion of Edwards Wildman Palmer LLP, Boston, Massachusetts, Bond Counsel (see *Legal Matters* herein), and to certain other conditions referred to herein. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. Delivery of the 2012 Series Bonds to DTC or its custodial agent is expected on or about January 5, 2012.

Barclays Capital **Wells Fargo Securities**

January 3, 2012

MATURITY SCHEDULE

$42,115,000
STATE OF NEW HAMPSHIRE
TURNPIKE SYSTEM REVENUE BONDS
2012 Refunding Series
(Delayed Delivery)

Due	Principal Amount	Interest Rate	Yield	CUSIP*
October 1, 2013	$5,085,000	4.00%	1.35%	644693KX0
October 1, 2014	5,315,000	4.00	1.70	644693KY8
October 1, 2015	5,565,000	5.00	2.00	644693KZ5
October 1, 2016	5,135,000	5.00	2.25	644693LA9
October 1, 2017	2,985,000	5.00	2.64	644693LB7
October 1, 2018	7,815,000	5.00	3.01	644693LC5
October 1, 2019	4,890,000	5.00	3.33	644693LD3
April 1, 2020	5,325,000	5.00	3.56	644693LE1

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.

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondowners and the State is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

STATE OF NEW HAMPSHIRE

Governor
John H. Lynch

Executive Council
Raymond S. Burton
Daniel St. Hilaire
Christopher T. Sununu
David K. Wheeler
Raymond J. Wieczorek

State Treasurer
Catherine A. Provencher

Secretary Of State
William M. Gardner

Attorney General
Michael A. Delaney

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Assistant Commissioner
David J. Brillhart, P.E.

Deputy Commissioner
Michael P. Pillsbury, P.E.

Division Of Operations
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Director

Bureau Of Turnpikes
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Administrator

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Assistant Administrator

Nasser Yari, P.E.
Turnpike Project Manager

Margaret S. Blacker
Business Administrator

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

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Assistant Administrator

Dix E. Bailey
Maintenance Superintendent

Robert A. Christensen
Toll Manager

Bond Counsel

Edwards Wildman Palmer 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 2012 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 2012 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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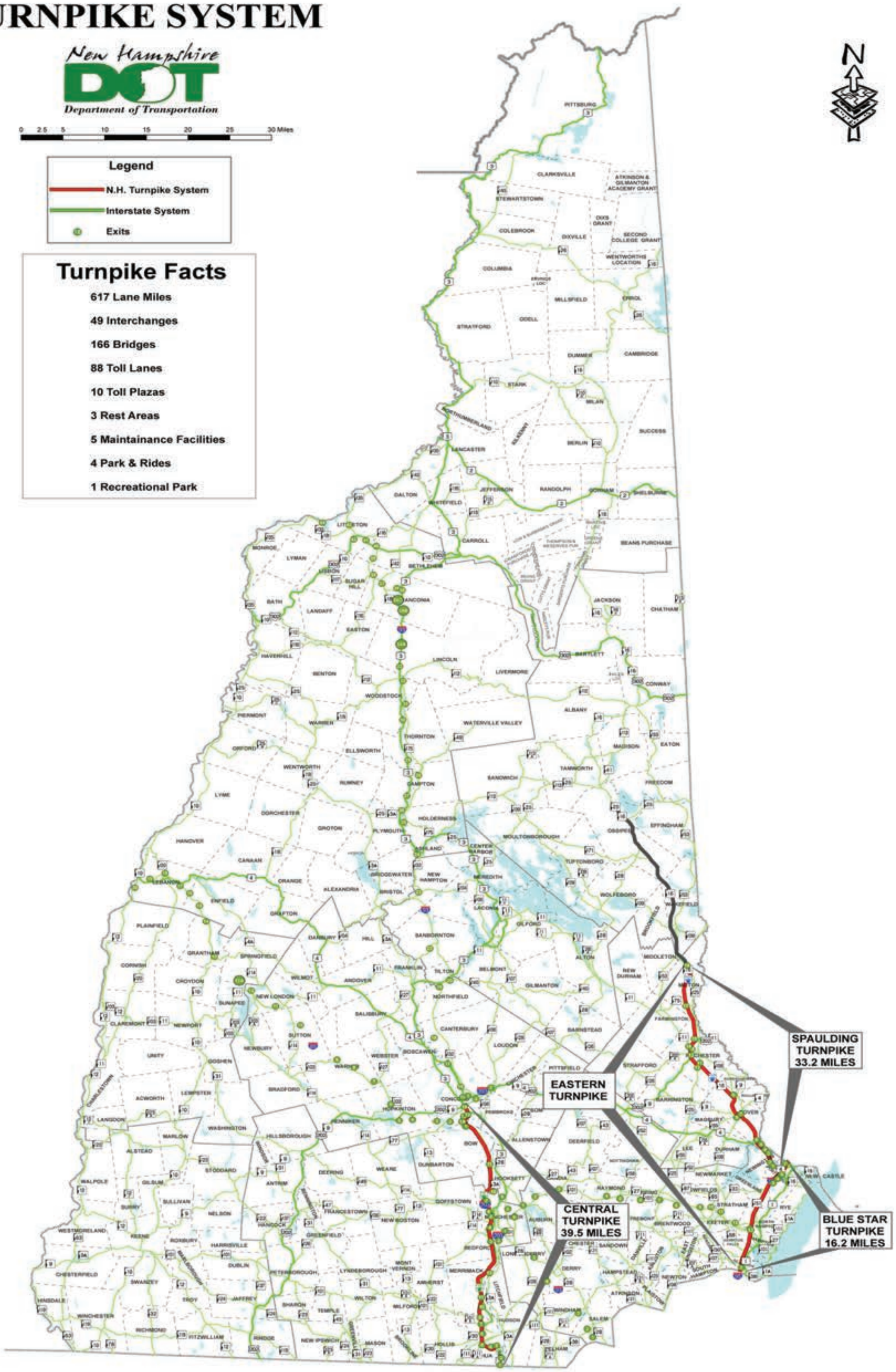
TURNPIKE SYSTEM



June, 2011

OFFICIAL STATEMENT

OF

THE STATE OF NEW HAMPSHIRE

$42,115,000

TURNPIKE SYSTEM REVENUE BONDS

2012 Refunding Series
(Delayed Delivery)

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, 2012 Refunding Series, in the aggregate principal amount of $42,115,000 (the "2012 Series Bonds").

The 2012 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 June 22, 2011 (the "2012 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 $545,000,000 have been issued to date. See *Program Responsibility and Management – The Act*.

The 2012 Series Bonds are being issued for the purpose of refunding $45,870,000 of the Outstanding 2002 Refunding Series Bonds that are due October 1 in the years 2013 through 2019 and April 1, 2020 (the "Refunded Bonds") in order to provide debt service savings to the New Hampshire Turnpike System (the "Turnpike System") and paying the costs of issuance of the 2012 Series Bonds. See *Plan of Refunding*.

Following the issuance of the 2012 Series Bonds on January 5, 2012, the 2012 Series Bonds will be on parity with the Outstanding Turnpike System Revenue Bonds, as follows:

Series	Principal Amount Outstanding
2002 Refunding Series	$ 4,915,000*
2003 Refunding Series	78,545,000
2006 Refunding Series	16,610,000
2009 Series A	150,000,000
2009 Refunding Series B	60,085,000
Total	$310,155,000

As used herein, except as otherwise noted, 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*.

* Consists of the October 1, 2012 maturity of the 2002 Refunding Series Bonds which will be paid at maturity. The balance of the 2002 Refunding Series Bonds will be refunded with the proceeds of the 2012 Series Bonds. See *Plan of Refunding*.

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 I-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. The payment schedule in the resulting Transfer Agreement called for annual level payments of $5.9 million through fiscal year 2029 accrued at an interest rate of 4%. In anticipation of the I-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 generates approximately $11.6 million annually. See *The Turnpike System – Eastern Turnpike – I-95 Acquisition and Turnpike System – Historical Revenues and Expenditures*. The Operating Budget for fiscal years 2012 and 2013 includes plans to expedite the payments from the Turnpike System to the State Highway Fund by an additional $20.1 million in each year. The Transfer Agreement permits prepayment of any portion of the total remaining amount due and the Commissioner and Treasurer expect to make the expedited payments, provided there are sufficient funds in the General Reserve Account to sustain the expedited payments. If these expedited payments are made in fiscal years 2012 and 2013, the remaining amounts due will be paid in full in fiscal year 2019.

The Spaulding Turnpike 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, 2011 a total of $627 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 $1,006 million through Fiscal Year 2018. See *Capital Improvement Program.*

The 2012 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 2012 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 2012 Series Bonds. Additional Bonds ranking on a parity with or subordinate to the 2012 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 E. Statements made herein with respect to the Act, the Bond Resolution and the 2012 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*.

Except as otherwise expressly noted herein, all financial information pertaining to Fiscal Years through 2011 has been derived from audited financial statements of the Turnpike System. Information for later years is estimated and subject to change.

THE 2012 SERIES BONDS

Description of the 2012 Series Bonds

The 2012 Series Bonds are being issued in the aggregate principal amount of $42,115,000 maturing in the years and amounts, and shall bear interest at rates per annum (calculated on the basis of a 360-day year of 30-day months) as shown on the inside front cover of this Official Statement. The 2012 Series Bonds will be dated their date of issuance. Interest on the 2012 Series Bonds will be paid on April 1 and October 1 of each year, commencing April 1, 2012. The record date for the payment of interest shall be the fifteenth day of the calendar month preceding each interest payment date.

The 2012 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 2012 Series Bonds. Purchases of beneficial interests in the 2012 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 2012 Series Bonds purchased. So long as DTC or its nominee, Cede & Co., is Bondholder, payments of the principal of and interest on the 2012 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*.

The 2012 Series Bonds are not subject to redemption prior to maturity.

Delayed Delivery of the 2012 Series Bonds

Subject to the terms of the purchase agreement with respect to the 2012 Series Bonds, the State expects that the 2012 Series Bonds will be delivered to the Underwriters on or about January 5, 2012, or such later date as may be mutually agreed upon by the State and the Underwriters (the "Settlement Date").

The obligation of the Underwriters to accept delivery of the 2012 Series Bonds on the Settlement Date and to pay the purchase price thereof is conditioned upon the State's performance of its obligations under the purchase agreement with respect to the delivery of certain documents, including without limitation:

(i) delivery of an opinion of Bond Counsel in substantially the form of Appendix D attached hereto;

(ii) delivery of supplemental opinions of Bond Counsel;

(iii) delivery of a certificate of the State dated the Settlement Date, to the effect that (i) the Official Statement of the State, as updated, supplemented and delivered to the Underwriters as of the Settlement Date, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, (ii) since the date of the Closing, there has been no material adverse change in the financial position or the results of operations of the Turnpike System except as set forth in or contemplated by this Official Statement of the State, as updated; and

(iv) an opinion of the Attorney General of the State to the effect that the statements contained or incorporated by reference in the Official Statement, as updated, under the caption *Litigation* are a fair and reasonable summary for the purposes of the official statement, as updated.

During the period of time between the date of this Official Statement and the issuance and Settlement Date, certain information contained in this Official Statement could change in a material respect. The State has agreed to provide an updated Official Statement (an "Updated Official Statement") prior to the Settlement Date and certificates of the State dated the Settlement Date with respect thereto. Any changes in such information will not permit the Underwriters to terminate their obligation to purchase the 2012 Series Bonds unless the representative of the Underwriters determines that market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially adversely affected by the occurrence of any of the following:

(i) (1) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in this Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein and (2) Bond Counsel determines, in its sole discretion, that compliance therewith will require a modification to the form of Bond Counsel Opinion attached as Appendix D to this Official Statement; or

(ii) there shall have occurred any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof; or

(iii) a material disruption in securities settlement, payment or clearance services shall have occurred.

The market value of the 2012 Series Bonds as of the Settlement Date may be affected by a variety of factors and could be substantially higher or lower than the price to be paid by the initial purchasers of the 2012 Series Bonds. Neither the State nor the Underwriters make any representation as to the expected market price of the 2012 Series Bonds as of the Settlement Date.

The 2012 Series Bonds will be sold only to investors who execute the Delayed Delivery Contract in substantially the form of Appendix F attached hereto. The Delayed Delivery Contract restricts the ability of purchasers of the 2012 Series Bonds to transfer their interests in the 2012 Series Bonds prior to the Settlement Date and no representation is made that any such transfer will be permitted. No assurances can be given that a secondary market will exist for the 2012 Series Bonds even if such a transfer is permitted. The Underwriters are not obligated to make a secondary market in the 2012 Series Bonds prior to the Settlement Date or at any time thereafter.

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 2012 Series Bonds. The 2012 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 2012 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 2012 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 2012 Series Bonds for all purposes, including payments, notices and voting.

Because DTC is treated as the Owner of the 2012 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 2012 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 2012 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 2012 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, any 2012 Series Bond; or

(iv) 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 2012 Series Bonds as hereinabove described, the State and the Trustee may treat DTC as, and deem DTC to be, the absolute Owner of the 2012 Series Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of principal of, premium, if any, and interest on the 2012 Series Bonds;

(ii) giving notices of redemption and other matters with respect to the 2012 Series Bonds;

(iii) registering transfers with respect to the 2012 Series Bonds; and

(iv) the selection of 2012 Series Bonds for redemption.

PLAN OF REFUNDING

Upon delivery of the 2012 Series Bonds, the State will enter into a Refunding Trust Agreement with The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Refunding Trustee"), to provide for the refunding of the Refunded Bonds. Upon receipt of the requisite proceeds of the 2012 Series Bonds, and amounts held in the Debt Service Fund and Debt Service Reserve Fund for the Refunded Bonds, the Refunding Trustee will deposit irrevocably in the Refunding Trust Fund established under the Refunding Trust Agreement the amount sufficient to pay, when due, the interest on, and upon redemption, the outstanding principal of and redemption premium on the Refunded Bonds without further reinvestment. The Refunding Trust Fund 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 April 1, 2012 at a redemption price of 101%. Upon issuance of the 2012 Series 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.

Following the redemption of the Refunded Bonds, any funds remaining in the Refunding Trust Fund (including any interest earned) will be deposited into the Debt Service Account.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the 2012 Series Bonds are expected to be applied as follows:

Sources	
Par Amount of 2012 Series Bonds	$42,115,000.00
Net Original Issue Premium	4,196,333.35
Available Funds of the Turnpike System*	1,652,276.67
Total Sources of Funds	$47,963,610.02
Uses	
Deposit to Refunding Trust Fund	$47,522,062.51
Underwriters' Discount	237,412.05
Costs of Issuance	204,135.46
Total Uses of Funds	$47,963,610.02

*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 in the amount of $596,681.25 and $1,055,595.42 currently held in the Debt Service Reserve Fund.

SECURITY FOR THE BONDS

Pledge of Revenues

The 2012 Series Bonds are limited obligations of the State. The principal of, redemption premium, if any, and interest on the 2012 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 2012 Series Bonds, the 2009 Series A Bonds, the 2009 Refunding Series B Bonds, the 2006 Refunding Series Bonds, the 2003 Refunding Series Bonds and the 2002 Refunding Series 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 2012 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.

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.

Build America Bonds

The State issued its $150,000,000 2009 Series A Bonds (the "2009 Series A Bonds") as "Build America Bonds" pursuant to the American Recovery and Reinvestment Act of 2009 and elected 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. To date, the State has received all Direct Payments when due and in the amounts requested by the State.

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 expected to be received with respect to the 2009 Series A Bonds.

The State covenanted in the applicable 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.

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) (A) 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 I-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 18, 2011, 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 2012 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 $545,000,000 of this $766,050,000 statutory limit will have been issued. 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, subject to the statutory debt limit.

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 4,269 miles of State highways and 2,129 bridges, including the Turnpike System.

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

Christopher D. Clement, Sr., Commissioner of the Department of Transportation. Mr. Clement took office on September 14, 2011 as Commissioner of the New Hampshire Department of Transportation. Mr. Clement has extensive leadership experience in both the private and public sectors.

Mr. Clement served as Deputy Commissioner and Chief Operating Officer of the New Hampshire Department of Transportation from July 2008 to February 2010. Prior to becoming the Commissioner, Mr. Clement was the Director of the Governor's Office of Economic Stimulus.

Mr. Clement has extensive experience in the creation and implementation of strategic approaches to business processes, working with cross-functional work teams, and the development of strategic initiatives and meaningful performance measures. His private sector experience includes 19 years with Goss International, Inc. of Dover, New Hampshire, where he began as a Design Engineer and rose to the position of Director of Global Commercial Web Product Management.

A New Hampshire native, Mr. Clement earned a Bachelor's Degree in Mechanical Engineering Technology from the University of New Hampshire, and a Master's Degree of Business Administration from the New Hampshire College Graduate School of Business.

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.

Michael P. Pillsbury, P.E., Deputy Commissioner for the Department of Transportation. Mr. Pillsbury has over 30 years of experience in the field of construction and engineering management. He is responsible for strategic planning and development of financial, administrative and human capital programs, policy development and is the Department's liaison with the Department of Information Technology. Mr. Pillsbury is a graduate of the University of New Hampshire with a B.S. degree in Civil Engineering and is a licensed professional engineer in New Hampshire.

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 three 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 25 years of experience in various design and management capacities for the Department of Transportation. He has a B.S. degree in Civil Engineering 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.

Patrick K. McKenna, Director of Finance, Department of Transportation. Mr. McKenna took office on November 17, 2010 as Director of Finance for the New Hampshire Department of Transportation. Mr. McKenna has held several leadership positions in the public, private and non-profit sectors, including, most recently, as the Chief Financial Officer of a statewide non-profit, and prior to that as the Chief Financial Officer of the United States Senate in Washington, D.C.

Mr. McKenna has a B.S. degree in Finance from Bentley University in Waltham, Massachusetts, and a M.S. in Management and Finance from the University of Maryland University College in College Park, Maryland.

Leonard L. Russell, CPA, Finance Administrator of the Department of Transportation. The Administrator directs and supervises the operations of the Division of Finance. 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.

David J. Caron, Financial Analyst. Mr. Caron joined the Finance and Contracts Bureau in April 2011. He has more than four years of experience with the Department of Transportation, having served as the Chief Right of Way Agent from 2007 to 2011. Prior to joining the Department of Transportation, he worked as a Senior Tax Analyst for a major Investment Firm for more than nine years. Mr. Caron graduated from Southern New Hampshire University with a B.S. degree in Business Administration (1993) and later earned a M.S. degree in Finance (1997) and a Graduate Certificate in Taxation (2004).

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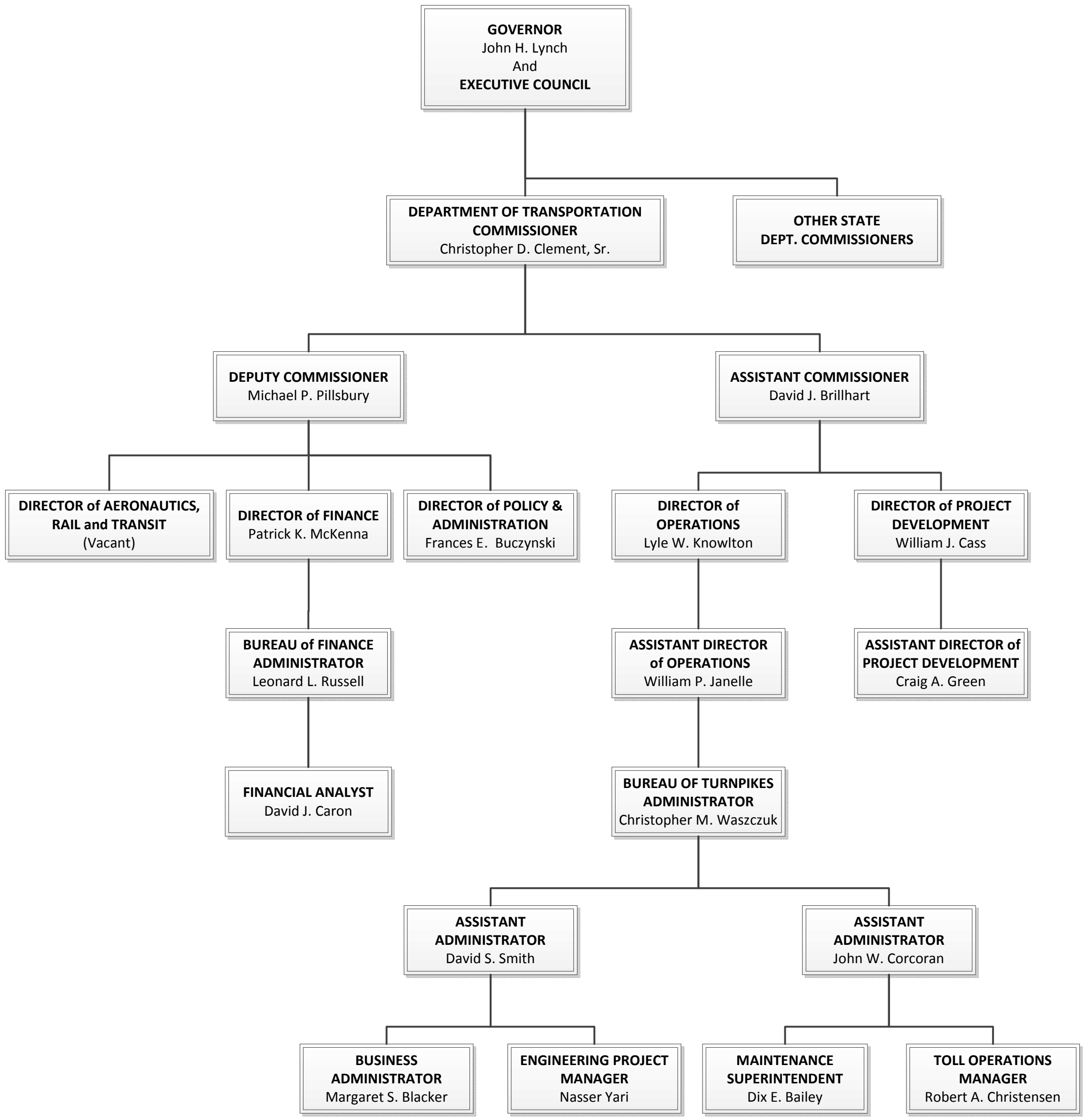
The following chart shows the organization of State government relating to the Turnpike System:

ORGANIZATION CHART



The Department of Transportation comprises five Divisions (Operations, Project Development, Finance, 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 July 1, 2011, of the 221 permanent full-time employee positions of the Bureau of Turnpikes, 141 are assigned to Toll Operations, 52 are assigned to the Maintenance section, 7 are assigned to the Engineering section and 21 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, 166 bridges, 49 interchanges and 23 facilities, consisting of: 10 toll plazas, 5 maintenance facilities, 4 Park and Rides, 3 welcome areas and 1 recreational park. The Bureau of Turnpikes coordinates with the Project Development Division of the Department of Transportation, which is responsible for the Capital Improvement Program Projects relating to the Turnpike System.

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 in October of 2006. He is responsible for overseeing the Toll Operations and Maintenance sections of the Bureau. 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.

David S. Smith, P.E., Assistant Administrator of the Bureau of Turnpikes. Mr. Smith became the Assistant Administrator of the Bureau of Turnpikes in August 2010. He is responsible for the Engineering and Business Administration sections within the Bureau. Prior to joining the Bureau of Turnpikes, he served for 18 years in various capacities within the Bureau of Highway Design in the Project Development Division of the Department. He received his B.S. degree in Civil Engineering from the University of New Hampshire and is a registered Professional Engineer in the State of New Hampshire. In July 2010, he received his M.S. degree in Finance from the Southern New Hampshire University.

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.

Nasser 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 full and part-time 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.

<u>Toll Operations Section</u>. 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 ten toll plazas comprised of five main line plazas and five ramp plazas. There are a total of 88 lanes of toll operation on the Turnpike System of which 24 are dedicated E-ZPass lanes and four Open Road Tolling (ORT) lanes. The number of E-ZPass lanes is predicated on the expected E-ZPass usage. The Turnpike System has 94 lane sets of equipment, including equipment providing the capability for reversible lanes.

<u>Maintenance Section</u>. The Maintenance Section is responsible for the year-round maintenance of the entire Turnpike System and the operation of three welcome areas, two of which are located in Hooksett on the F.E. Everett Turnpike and one located in Seabrook on I-95. In addition, the Turnpike System maintains Hilton Park on the Spaulding Turnpike in Dover and four Park and Rides located in Hampton, Hooksett, Dover, and Nashua.

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 maintenance improvement projects.

The Bureau of Turnpikes owns its own fleet of vehicles for maintenance activities. The Bureau of Turnpikes manages and operates approximately 230 pieces of motorized equipment, including, but not limited to, 46 plow trucks, 9 wheel-loaders, 3 skid steer 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, which are located in Hooksett, Merrimack, Nashua, Hampton, and Dover. 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.

<u>Engineering Section</u>. 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. The section also undertakes design and plan reviews, and manages smaller-scale projects on the System. In addition, the Engineering section manages and coordinates the granting of encroachment permits on the Turnpike System.

<u>Administration Section</u>. The Administration section is responsible for the 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.

<u>Other Services</u>. Other Divisions and Bureaus in the Department of Transportation provide assistance and support to the Bureau of Turnpikes for its operations, particularly for the construction projects 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 166 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.

Administration

The Division of Policy and Administration is responsible for the development and coordination of policies and performance metrics to support and enhance the mission of the Department. The Human Resources Bureau, Office of Stewardship and Compliance, Office of Federal Labor Compliance, Office of Hearings and Legislation, Office of Public Information and Executive Office Administration are the programs assigned to the Division of Policy and Administration.

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 as Local 1984, AFL-CIO, CLC (Canadian Labor Council). All Bureau of Turnpikes employees may join this organization. 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 State has reached agreement with the SEA, the New Hampshire Troopers Association (NHTA) and the six New England Police Benevolent Association (NEBPA) bargaining units, including: Probation Parole Officers, Local 265; Probation Parole Officer Supervisors, Local 270; and NH Fish and Game Conservation Officers, Local 40; and NH Fish and Game Supervisory Officers, Local 45; Corrections Officers, Local 250; and Liquor Investigators, Local 260. The complete text of the current collective bargaining agreements with the SEA, the NHTA and the NEPBA can be found on the Division of Personnel website under Labor Relations, at the following link: http://admin.state.nh.us/hr/sea.html

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"). In addition, the State makes contributions to the Retirement System based on percentage rates for each member's annual earnable compensation. These rates include a "normal contribution" rate and an "accrued liability contribution" rate and are based on biennial actuarial valuations.

Detailed information regarding the Retirement System, including, in particular, its funded status and aggregate unfunded liabilities are set forth in the State's Information Statement dated October 20, 2011 (the "Information Statement") under the heading "STATE RETIREMENT SYSTEM". Specific reference is made to portion of the Information Statement entitled "STATE RETIREMENT SYSTEM." The Information Statement was filed with EMMA on October 21, 2011 as Part II of the Official Statement for the State's $100,000,000 General Obligation Capital Improvement Bonds, 2011 Series B.

The Information Statement also contains information regarding other post-employment benefits, principally retiree health insurance costs. See "HEALTH CARE COVERAGE FOR RETIRED EMPLOYEES" therein. Chapter 224:342 and 343, Laws of 2011 also increased the retiree premium contribution from a fixed dollar amount of $65 per month to 12.5% of the total monthly premium.

The Turnpike System incurred and is expected to incur the following approximate costs related to pension and health insurance in the Fiscal Years shown below:

Expenses Payable During the Fiscal Year Ending June 30	**Permanent Employee Pension**	**Permanent Employee Health**	**Permanent Employee Dental**	**Retiree Health**	**Total**
2011 (Actual)	$938,286	$2,835,842	$172,253	$609,279	$4,555,660
2012 (Est.)	$1,117,987	$3,143,882	$210,716	$1,070,628	$5,543,213
2013 (Est.)	$1,094,413	$3,480,732	$221,254	$1,247,202	$6,043,601

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 *State Demographic and Economic Data* within *Turnpike System Audited Financial Statements for Fiscal Year 2011*, included by reference herein as 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.

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 which are operated by a private vendor and a state licensing agency for the Blind and Visually Impaired. 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 (I-93) 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 Liquor Commission, but receives nominal revenue from the vending installations.

Eastern Turnpike

Blue Star Turnpike (I-95)

The Blue Star Turnpike segment extends from the Massachusetts state line in Seabrook, New Hampshire to the Maine state border in Portsmouth, New Hampshire. It is 16.2 miles long and constitutes a portion of I-95. 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 at NH Route 101.

Hampton also has both a maintenance facility and a Park and Ride facility to encourage car pooling. The Seabrook Welcome Center provides a modern rest area, vending machines, and parking for motorists and commercial vehicles, allowing for the convenience of Turnpike System patrons. An evaluation is currently on-going into the feasibility of a proposal to develop high volume discount gasoline facilities at existing liquor store locations on I-95 owned by the State Liquor Commission. The proposal, if pursued, would involve the issuance of a request for proposals (RFP) to procure a Gas Station Developer/Operator through a ground lease arrangement. The gasoline dispensation facilities are expected to include a small convenience food store and sell gasoline at a competitively discounted rate.

I-95 Acquisition

Chapter 144 of the Laws of 2009 ("Chapter 144") authorized the Department of Transportation to convey a 1.6-mile section of I-95, including the Piscataqua River Bridge, 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. The Governor and Council approved a $.50 toll increase on the Hampton main line plaza effective July 1, 2009 that generates approximately $11.6 million annually that partially funded this acquisition in Fiscal Years 2010 and 2011.

The original plan for the $120 million I-95 acquisition included payments of $30 million and $20 million in Fiscal Years 2010 and 2011, respectively, to be made from the excess cash in the General Reserve Account with subsequent annual payments of $5.9 million through Fiscal Year 2029. The current budget advances the I-95 payments by providing an additional $20.1 million in both Fiscal Years 2012 and 2013 for total payments in each year of $26 million. These advanced payments are expected to be made from excess cash in the General Reserve Account at fiscal year-end. This will result in a reduced payment term of 10 years with annual payments of $5.9 million due Fiscal Years 2014 through 2018 and a final payment of $2.2 million due in Fiscal Year 2019. To date, $50 million has been paid as scheduled in Fiscal Years 2010 and 2011 and $13 million has been paid to date in Fiscal Year 2012. 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.

This section of I-95 provides a critical link to the Maine Turnpike, and the traffic is principally turnpike traffic with the expectation that this segment would be maintained to the same standard as the rest of the Blue Star Turnpike (I-95).

Concurrent with the transfer, the Department advertised two projects to rehabilitate and renew the newly acquired section of I-95. The first project (Portsmouth 15648) involved pavement rehabilitation and resurfacing, replacement of existing deficient guardrail, modifications to the median drainage, and rehabilitation and preservation work on four I-95 bridge decks. Work started in July 2009 and is complete. The project cost totaled $5.6 million and was funded with federal funds under the American Recovery and Reinvestment Act (ARRA) program. The second project (Portsmouth 14376) involves painting the Piscataqua River Bridge approaches carrying I-95 over the Pan Am Railroad, Ranger Way, and Preble Way. This project was completed in December 2011. The project is estimated to cost $9 million and is funded with federal bridge aid funds. In accordance with the provisions in Chapter 144, the Piscataqua River Bridge 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. The Bureau of Turnpikes is responsible for the routine maintenance of the bridge. This section of highway remains eligible for federal funds because no new toll plazas were constructed.

Open Road Tolling

The new highway speed electronic tolling lanes at the Hampton Toll Plaza on I-95 (Blue Star Turnpike) opened permanently for motorists on June 17, 2010. In Fiscal Year 2011 nearly 62% of all vehicles used the ORT lanes at the Hampton Toll Plaza.

During its first year of operation, the ORT lanes at the Hampton Tolls have reduced traffic backups and improved service for E-ZPass customers, improved air quality by reducing emissions caused by idling, and reduced diversion to alternate routes by improving traffic flow. E-ZPass utilization growth at the Hampton plaza continues to lead the system.

The $17.6 million ORT project converted six plaza lanes to four ORT lanes (two in each direction) while also adding one additional tollbooth in each direction. ORT lanes can process nearly five times as many vehicles as a conventional cash toll lane and 60 percent more traffic than a dedicated E-ZPass lane where motorists must slow down to pass through the lane. In addition to the ORT lanes, there are a total of 12 toll lanes in use (six northbound and six southbound) for both cash paying and E-ZPass customers.

The project was selected as the regional winner in the 2011 America's Transportation Awards competition under the On Time Small Project category. The America's Transportation Awards were created to acknowledge transportation improvements delivered by state departments of transportation "On Time", "Under Budget", and with "Innovative Management." Subsequent to the selection as a regional winner, the ORT project was identified as one of the "Top Ten" projects nationwide.

Route 107 Seabrook

Final design engineering work is nearly complete for the planned widening of the Route 107 bridge over I-95 in Seabrook. The expansion is expected to greatly improve the evacuation capacity of Route 107 and reduce traffic backups and improve air quality. The Town of Seabrook and a private developer have agreed to fund approximately 45% of the $5.6 million project.

Spaulding Turnpike

The Spaulding Turnpike segment of the Turnpike System, including the 11.2 mile Spaulding Turnpike extension, extends from the traffic circle in Portsmouth, New Hampshire to Exit 18 in Milton, New Hampshire. It is 33.2 miles long and is a part of the major north-south artery connecting the three major urban centers on the eastern side 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 also 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 and Ride is located at Exit 9 in Dover and a park with picnic facilities is provided at Hilton Park, also 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. The Central Turnpike also had a Welcome Center at Exit 6 in Nashua, which was closed in November 2010 to be reconstructed to provide a satellite Department of Safety, Division of Motor Vehicle (DMV) office and an E-ZPass Walk-In-Center (WIC). Although bus service to Boston was available from this facility as well as from the Park and Ride at Exit 8 via a trailer, both sites have been redeveloped. With the removal of the Exit 6 bus service, a new bus station was constructed at Exit 8 and opened in December of 2010. The new satellite DMV office and E-ZPass WIC was opened in June 2011.

Hooksett Rest Area Redevelopment

In two successive transactions in June 2010, and June 2011, the Turnpike System purchased land at both the northbound and southbound portions of the Hooksett Rest Area from the New Hampshire Liquor Commission. The Liquor Commission retained ownership of the land (approximately 20,000 square feet) beneath the current liquor store buildings and the planned expansion of those buildings. The project proposes to redevelop the existing rest areas and State liquor stores, located north of the Hooksett Toll Plaza, into new full service area facilities with new State liquor stores. A request for proposals (RFP) to procure a developer/operator through a ground lease arrangement was issued in March 2011. The new service areas are envisioned to offer major branded and/or locally recognized food concepts and to be anchored with new State liquor stores. Although these facilities are expected to be an attractive option for travelers on the Turnpike, the project is not expected to have an effect on traffic. Any potential added revenue to the Turnpike System is expected to be determined through the RFP process. In response to the RFP, one proposal was received that ultimately was determined to be inadequate and rejected by the Selection Committee on October 26, 2011. On December 20, 2011, the one bidder filed suit under RSA 91-A, the State's right-to-know law, arguing that the State failed to comply with the law in not producing documents and requested an injunction on the re-issuance of the RFP. This bidder also threatened to sue the State for failure to award the bid to it. The outcome of this matter cannot be predicted at this time. The Turnpike System is presently evaluating various redevelopment approaches. It is anticipated that the project will be re-started in the spring of 2012 with the issuance of a new RFP.

New Bridges

Two new bridges have been added to the Turnpike system as a result of the construction of the Manchester Airport Access Road improvements. The bridges carry the F. E. Everett Turnpike over the airport access road (just to the south of the Bedford Toll Plaza) and the Toll Plaza Access Road (which permits access to the Bedford Toll Plaza building) over the northbound on-ramp to the F. E. Everett Turnpike. The new structures were completed in the spring of 2011 and bring the total number of Turnpike bridges to 166; both bridges are located in Bedford.

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 budgeted appropriations at levels based on independent engineer recommendations. In addition to the appropriations set aside for renewal and replacement, the balance of the Turnpike General Reserve Account as of June 30, 2011 was $61.9 million, of which $13 million has been and a total of $20.1 million will be used to fund the accelerated Fiscal Year 2012 I-95 payment referenced above. See *Introduction*. The General Reserve Account is used to fund Capital Construction Expenditures and can be used 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 continues with these recommendations proceeding into the future.

For Fiscal Years 2011 through 2014, the Turnpike System's proposed budget for Renewal and Replacement Costs currently totals $45,930,000, including $6,630,000 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 2011 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 one (1) bridge on the Blue Star Turnpike.
- Toll plaza rehabilitation
- Guard rail upgrades and replacements.
- Safety rumble strips on roadway shoulders.
- Toll plaza building rehabilitations
- 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 through 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.

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The following table indicates the funds expended on a GAAP basis since Fiscal Year 2000 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 2014 for bridge maintenance renewal work associated with the five I-95 Bridges transferred as part of the I-95 1.6-mile acquisition. All information for Fiscal Years 2000 through 2011 is audited.

RENEWAL AND REPLACEMENT EXPENDITURES
Fiscal Years 2000 through 2014
GAAP Basis and Budget ($000's)

Fiscal Year	Amount
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	7,805
2010	7,793
2011	14,309
2012	12,191*
2013	9,800**
2014	10,500***

* Fiscal Year 2012 includes authorized budget amount of $9,200 and a carryover from Fiscal Year 2011 of $2,991

** Authorized budget amount

*** Recommended by HNTB R&S Assessment October 13, 2006

Renewal and Replacement expenditures in Fiscal Year 2009 and 2010 were lower as compared to prior years due primarily to contract award and payment timing issues. Fiscal Year 2011 expenditures were higher as a result of the delayed spending. Pursuant to New Hampshire Revised Statue Annotated 237:49-a, unspent budgeted amounts do not lapse and are carried forward into future fiscal years. Renewal and replacement expenditures for Fiscal Year 2011 were $14,309 (in thousands) through June 30, 2011, GAAP basis. An additional $2,991 (in thousands) in outstanding encumbrances and available balance are expected to be paid in Fiscal Year 2012.

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 166 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 one scheduled for painting in Fiscal Years 2011-2014 (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 Years 2009 and 2010 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 2011, 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 1998 and ending with Fiscal Year 2011, with toll revenue presented on a cash basis, which differs from the Turnpike System Comprehensive Annual Financial Reports, which are reported on a GAAP basis.

ANNUAL TRAFFIC AND TOLL REVENUE TRENDS
New Hampshire Turnpike System

Fiscal Year	Annual Toll Transactions	Percent Change from Prior Year	Annual Toll Revenues*	Percent Change from Prior Year
2011	108,723,856	0.4%	$116,659,180	0.5%
2010	108,336,576	0.6	116,036,026	11.7
2009	107,653,154	-4.9	103,907,003	3.4
2008	113,186,722	-2.0	100,406,992	22.2
2007	115,457,650	0.8	82,175,322	7.2
2006	114,562,787	4.1	76,633,131	16.2
2005†	110,040,272	-0.5	65,956,309	0.3
2004†	110,573,506	0.5	65,780,607	2.2
2003	109,978,691	2.1	64,367,301	0.0
2002	107,729,932	4.0	64,371,208	4.6
2001	103,583,561	4.2	61,536,675	2.3
2000	99,363,028	5.7	60,166,815	5.4
1999	94,017,638	5.7	57,080,882	5.1
1998	88,987,246	4.7	54,298,452	4.1

* Excludes charge account interest and miscellaneous income.
† Hampton toll plaza: One-way tolls September-October 2003 and July-October 2004.

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 was 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 has reduced congestion and traffic delays as well as harmful vehicle emissions.

The Hampton main line toll rate increase drove a 11.7% increase in toll revenues on a modest 0.6% increase in toll transactions for Fiscal Year 2010 over Fiscal Year 2009.

The total toll transactions for Fiscal Year 2011 resulted in a gain of 0.4% in traffic and a gain of 0.5% in revenue over the previous Fiscal Year. Robust traffic growth in the first half of Fiscal Year 2011 was eroded in the second half by the impact of winter storms in January and February, along with high gas prices that materialized in April.

Traffic and Revenue Study

In connection with the issuance of the 2009 Series A Bonds, Jacobs Engineering Group ("Jacobs") conducted a traffic and revenue study for the 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. The original study was included in the Official Statement for the 2009 Series A Bonds and filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. Since that time, Jacobs has provided to the Bureau three updates to its original study in May 2010, March 2011 and June 2011.

Specific reference is made to the original study dated November 6, 2009, included as Appendix A to the Official Statement of the State pertaining to its $217,215,000 Turnpike System Revenue Bonds, 2009 Series A and 2009 Refunding Series B and to each of the updates dated May 17, 2010, March 7, 2011 and June 24, 2011. Copies of all of these documents were voluntarily filed by the State with EMMA on July 14, 2011.

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 opened for traffic on November 11, 2011 and is expected to be completed by 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 28% loss in traffic from the toll plazas in the Bedford-Merrimack corridor. This equates to a $4.6 million (or 23%) 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 – Subject to receipt of full funding, this 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. Construction is anticipated to begin in the spring of 2013. All construction is estimated to be completed in May 2015. 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 was completed in July 2011. Based on the experience to date, traffic was not 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 April 2015 to May 2017, 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 is expected to be implemented at the Hooksett and Bedford main line toll plazas. Construction is anticipated to begin in the spring of 2012. Hooksett ORT is expected to be completed and open in June of 2013 and Bedford in May of 2015. 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. Legislation has been filed for the 2012 legislative session relative to the location of open road tolling on the F. E. Everett Turnpike, that may affect the location of the Bedford ORT plaza and the schedule of the project.

- Hooksett Rest Area Redevelopment — In two successive transactions in June 2010, and June 2011, the Turnpike System purchased land at both the northbound and southbound portions of the Hooksett Rest Area from the New Hampshire Liquor Commission. The Liquor Commission retained ownership of the land (approximately 20,000 square feet) beneath the current liquor store buildings and the planned expansion of those buildings. The project proposes to redevelop the existing rest areas and State liquor stores, located north of the Hooksett Toll Plaza, into new full service area facilities with new State liquor stores. A request for proposals (RFP) to procure a developer/operator through a ground lease arrangement was issued in March 2011. The new service areas are envisioned to offer major branded and/or locally recognized food concepts and to be anchored with new State liquor stores. Although these facilities are expected to be an attractive option for travelers on the Turnpike, the project is not expected to have an effect on traffic. Any potential added revenue to the Turnpike System is expected to be determined through the RFP process. In response to the RFP, one proposal was received that ultimately was determined to be inadequate and rejected by the Selection Committee on October 26, 2011. On December 20, 2011, the one bidder filed suit under RSA 91-A, the State's right-to-know law, arguing that the State failed to comply with the law in not producing documents and requested an injunction on the re-issuance of the RFP. This bidder also threatened to sue the State for failure to award the bid to it. The outcome of this matter cannot be predicted at this time. The Turnpike System is presently evaluating various redevelopment approaches. It is anticipated that the project will be re-started in the spring of 2012 with the issuance of a new RFP.

- 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 is expected to begin in November 2013 with anticipated completion in October 2016. This project could temporarily decrease traffic on the Blue Star Turnpike as all traffic lanes would be impacted during construction.

- Route 1 Bypass – Improvements to the Route 1 Bypass in Portsmouth – These projects may divert traffic to the Turnpike during construction. The Department expects construction to begin in the fall of 2012 and work to be completed in the spring of 2015.

- 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 proposed project would develop high volume discount gasoline facilities at existing liquor store locations on I-95. The proposal would involve the issuance of an RFP to procure a gas station developer/operator through a ground lease arrangement. The gasoline dispensation facilities are expected to include a small convenience food store and sell to gasoline at a competitively discounted rate. Although these gasoline facilities are expected to be an attractive option for travelers on the Turnpike, the project is not expected 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.

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 October of 2013. As of November 2011, the project's construction was estimated to be approximately 77% complete. Although construction had an effect of reducing traffic at the Rochester Toll plaza by approximately 3.5% in Fiscal Year 2010, Fiscal Year 2011 data show traffic has been increasing with the truck levels returning to normal levels. The majority of work that impacted traffic has been completed.

- Newington-Dover Turnpike Widening – This project involves the widening of the Spaulding Turnpike between Exit 3 and Exit 6. Construction began in September 2010 and is targeted to be completed in July 2018. It is anticipated that Turnpike traffic will not be adversely affected during the construction phases as two lanes will be required to be maintained in each direction at all times, except as specifically authorized. Minimal losses in traffic at the Dover Toll plaza are envisioned.

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 Turnpike System originally entered into a three year contract, renewable through 2016, with Affiliated Computer Services (ACS) of Newark, New Jersey to process E-ZPass transactions. In August 2011, the contract with ACS was extended through September 30, 2016. 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 64% in June 2011. The Turnpike System will deploy E-ZPass lanes and attended lanes in accordance with the traffic 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 has successfully deployed Open Road Tolling at the Hampton main line toll plaza with implementation on June 17, 2010.

In June 2008, Chapter 84 of the Laws of 2008 was enacted 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 65% of expected toll revenue. The process is revenue neutral when the administrative fees and E-ZPass costs are included.

On July 1, 2010, the Turnpike System instituted a new invoicing system to supplant the violation-based system. Unpaid transactions would be invoiced to customers and include the toll amount, as well as a processing fee of $1.00 payable within 30 days. If payment is not received, a second invoice is forwarded to the customer for the toll amount and a $1.50 processing fee payable within 30 days. If payment is not received after the subsequent 30 day period, the unpaid transaction becomes a violation subject to an administrative fee of $25. Based on data for the first half of Fiscal Year 2011, the collection rate for unpaid transactions prior to becoming violations exceeds 66%.

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 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, and again to 13 lanes in December 2008. 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 all obligations under the Bond Resolution, including 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 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-1970s 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 $11.6 million allowed 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 have helped fund 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 in 2010 and 2011. See *The Turnpike System – Eastern Turnpike – I-95 Acquisition* and *Turnpike System – Historical Revenues and Expenditures*.

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

TURNPIKE SYSTEM TOLL RATE SCHEDULE
EFFECTIVE July 1, 2009

		2 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. The financial information below is derived from audited financial statements of the Turnpike System.

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

	2007	2008	2009	2010	2011
Operating Revenues					
Tolls and Other Operating Revenue	$85,718	$104,204	$106,757	$118,403	$118,688
Operating Expenses					
Personnel Services	10,409	10,623	11,135	11,352	11,438
Payroll Benefits	4,947	4,706	5,100	5,464	5,611
Enforcement	5,016	5,230	5,368	5,025	4,926
Renewal & Replacement	8,552	11,842	7,805	7,793	14,309
Supplies, Materials & Other	2,823	2,518	3,743	3,545	3,861
Equipment & Repairs	3,071	3,049	3,187	2,667	3,261
Indirect Costs	1,756	1,825	2,069	2,010	2,058
Heat, Light & Power	1,311	1,501	1,233	1,215	1,317
Bank & Credit Card Fees	1,421	1,689	1,734	2,037	2,293
Rentals	696	873	983	771	1,013
E-ZPass Processing Fees	3,758	4,287	5,117	5,259	5,771
Transponder Expense	950	821	693	769	790
Depreciation	13,719	17,575	15,179	15,970	21,004
Total Operating Expenses	58,429	66,539	63,346	63,877	77,652
Operating Income	27,289	37,665	43,411	54,526	41,036
Non-Operating Revenues (Expenses)					
Investment Income	3,283	2,546	836	2,108	164
Miscellaneous Income	407	325	140	194	3,589
Intra-entity Acquisition of Land and Bridge from Highway Fund (for Notes Payable)	0	0	0	(116,566)	0
Intra-entity Acquisition of Land and Improvements from Another State Agency	0	0	0	(6,222)	(2,082)
Loss on the Sale of Other Capital Assets		0	(3,995)	(952)	(166)
Interest on Bonds and Note	(13,707)	(13,602)	(12,953)	(16,223)	(14,792)
Amortization on Bond Issuance Costs	0	(270)	(279)	(972)	(228)
Total Non-Operating Revenues (Expenses)	(10,017)	(11,001)	(16,251)	(138,633)	(13,515)
Change in Net Assets Before Capital Contributions	17,272	26,664	27,160	(84,107)	27,521
Capital Contributions	10,422	8,816	3,952	(406)	31,505
Prior Period Adjustment - Implement GASB 49		(3,600)			
Change in Net Assets	27,694	35,480	31,112	(84,513)	59,026
Net Assets - July 1	320,200	347,894	379,774	410,886	326,373
Net Assets - June 30	$347,894	$379,774	$410,886	$326,373	$385,399

Management Discussion of Historical Revenues and Expenditures

Fiscal Year 2011

Gross revenues (toll revenue, investment income, and miscellaneous) available for operating expenses, debt service, reserves and improvement projects totaled $122.4 million, a 1.4% increase from Fiscal Year 2010.

Operating revenues (primarily toll revenue) in Fiscal Year 2011 were $118.6 million an increase of 0.2% from Fiscal Year 2010.

Operating expenses (excluding depreciation and funds for renewal and replacement and debt service) in Fiscal Year 2011 were $42.3 million an increase of 5.5% from the prior year. This increase is primarily attributable to the heavy winter storms in 2011.

Renewal and replacement expenses were $14.3 million, an 83.6% increase from the prior year and above the budgeted amount of $9.8 million. The increase was due to contractual obligations and available balances carried forward from prior years, and a more aggressive renewal and replacement program. Fiscal Year 2011 program expenditures included bridge rehabilitation, culvert repair, pavement resurfacing, signage, and toll plaza maintenance.

To acquire the I-95 Piscataqua River Bridge and the 1.6-mile segment of I-95 owned by the Highway System, the Turnpike System issued a long term note with payments to be made to the Highway Fund. Interest will be paid at the State's borrowing rate over a maximum period of 20 years. The current interest rate on the note is 4%. However, the Commissioner of Transportation and the State Treasurer may agree from time to time to modify the payment schedule with respect to payments due to the State from and after July 1, 2011. During Fiscal Years 2010 and 2011, cash payments of $30.0 million and $20.0 million, respectively, were made to the Highway Fund. The annual maturities are as follows:

DEBT SERVICE ON I-95 ACQUISITION FROM HIGHWAY FUND
(Amounts in thousands)

Payable During the Fiscal Year Ending June 30,	Principal	Interest	Total
2011	$15,350	$4,650	$20,000
2012	23,317	2,684	26,001
2013	24,262	1,738	26,000
2014	4,814	1,056	5,870
2015	5,009	861	5,870
2016	5,213	657	5,870
2017 through 2019	13,162	699	13,861
Total	$91,127	$12,255	$103,472

See *The Turnpike System – Eastern Turnpike – I-95 Acquisition* for a description of the accelerated payment plan contained in the current budget but not reflected in the table above.

During Fiscal Year 2011, Capital Improvement Program expenditures paid from Turnpike funds totaled $52,076,351.

For Fiscal Year 2011, the State will report the financial results of the Turnpike System as an enterprise fund within the State's Comprehensive Annual Financial Report for the fiscal year ending June 30, 2011.

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

	2011	2010
Revenue Bond Interest Debt Service Account	$ 4,021,129	$ 5,523,175
Revenue Bond Principal Debt Service Account	6,487,176	6,518,333
Revenue Bond Debt Service Reserve Account	34,376,930	34,376,637
Revenue Bond Construction Account	13,433,789	57,582,412
Revenue Bond Insurance Reserve Account	3,000,978	3,000,000
Revenue Bond General Reserve Account	*	2,000,000
Total Restricted Assets	$61,320,002	$109,000,557

* Beginning in Fiscal Year 2011, the General Reserve Account is properly classified as an unrestricted asset with a balance of approximately $61.9 million of Cash and Cash Equivalents at June 30, 2011.

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

Based upon Gross Revenues, Direct Operating Expenses, Revenue Bond Debt Service Requirements, and Renewal and Replacement budgeted expenditures, the Revenue Bond Coverage Ratio was 2.28 and the All Obligations Coverage Ratio was 1.74. The required Fiscal Year 2011 payment on the note issued in connection with the I-95 acquisition (referenced above) did not require current year revenues because unrestricted net assets at June 30, 2010 ($59.5 million) exceeded the amount of the payment. Accordingly, the payment was not included in the All Obligations Coverage Ratio for Fiscal Year 2011.

Fiscal Year 2010

Gross revenues (toll revenue, investment income, and miscellaneous) available for operating expenses, debt service, reserves and improvement projects totaled $120,705,375, a 12.0% increase from Fiscal Year 2009.

Operating revenues in Fiscal Year 2010 were $118,403,066, an increase of 10.9% from Fiscal Year 2009. The increase in operating revenues was driven largely by the toll rate increase at the Hampton main line plaza implemented on July 1, 2009. Investment income increased by $1,271,812 primarily due to the interest rebate on the 2009 Series A Build America Bonds.

Operating expenses (excluding depreciation and funds for renewal and replacement) in Fiscal Year 2010 were $40,114,120, a decrease of 0.6% from the prior year.

Renewal and replacement expenses were $7,792,725, a 0.2% decline from the prior year and below the budgeted amount of $9,600,000. The decline was 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. Fiscal Year 2010 program expenditures included bridge rehabilitation, pavement resurfacing, signage, median barrier installation, bridge painting, and toll plaza maintenance. The increase in depreciation expense as compared to Fiscal Year 2009 was primarily due to the addition of the open-road tolling assets.

In Fiscal Year 2010, the Turnpike System recorded three non-operating expenses that included: (1) the purchase of the I-95 bridge from the State of New Hampshire (Highway Fund) which resulted in an intra-entity expense of $116,564,606; (2) the purchase of the North and South Bound Hooksett Rest Areas from the State of New Hampshire (Liquor Commission) which resulted in an intra-entity expense of $6,222,406 and (3) the sale of three contiguous parcels of Turnpike System owned land in Manchester, which resulted in a loss of $953,200. The I-95 and Hooksett Rest Area asset values were recorded at the related party's net book value of $3,435,394 ($15,782,909 in cost and $12,347,515 in accumulated depreciation) and $277,594 (in cost), respectively.

To acquire the 1.6-mile segment of I-95 owned by the Highway System, the Turnpike System entered into a long term note with payments to be made to the Highway Fund. Interest will be paid at the State's borrowing rate over a maximum period of 20 years. The current interest rate on the note is 4%. However, the Commissioner of Transportation and the State Treasurer may agree from time to time to modify the payment schedule with respect to payments due to the State from and after July 1, 2011. During Fiscal Year 2010, a cash payment of $30.0 million was made to the Highway Fund.

During Fiscal Year 2009, the Turnpike System sold a portion of land in Hudson (formerly known as Benson's), known to be contaminated with hazardous waste. As part of the sale, the Turnpike System agreed to remediate the hazardous waste at the site. For this pollution remediation obligation, the Turnpike System recognized a liability of $3.0 million at June 30, 2009, which was reduced to $2.2 million at June 30, 2010 as a result of a re-estimate by an independent consulting firm. There were no Pollution Remediation Obligation (PRO) payments made during Fiscal Year 2010 because the property owner, the Town of Hudson, has not determined the best use of the property.

Also during Fiscal Year 2010, the Turnpike System recognized a PRO liability of $413,325 due to groundwater pollution at the Hampton Toll Plaza. Estimates used to quantify the cost of remediation include the cubic yards of material to be excavated and removed from the landfill and the removal of hazardous material.

During Fiscal Year 2010, Capital Improvement Program expenditures totaled $70,220,523, including $(406,432) reimbursed to State and federal highway sources and paid from Turnpike funds.

For Fiscal Year 2010, the State reported the financial results of the Turnpike System as an enterprise fund within the 2010 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:

	2010	2009
Revenue Bond Interest Debt Service Account	$ 5,523,175	$ 3,608,424
Revenue Bond Principal Debt Service Account	6,518,333	5,425,417
Revenue Bond Debt Service Reserve Account	34,376,637	26,455,334
Revenue Bond Construction Account	57,582,412	0
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	$109,000,557	$40,489,175

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

The State Highway and Safety Departments, on behalf of the Turnpike System, have performed certain engineering and safety patrol activities. The Turnpike System reimbursed the cost of these activities, amounting to approximately $7.0 million and $6.7 million for Fiscal Years 2010 and 2009, respectively.

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. 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 State 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 2010 and 2009 are presented in the following table. This liability is the Turnpike System's best estimate based on available information.

	2010	2009
Liability, beginning of year	$2,045,000	$2,318,000
Provisions for claims	36,000	0
Payments	(181,000)	(273,000)
Liability, end of year	$1,900,000	$2,045,000

Fiscal Year 2009

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 $40,361,386, an increase of 8.7% 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 $7,805,786, a 34.1% 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

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 2010* 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.

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Debt Service Coverage

The following table shows debt service coverage for Fiscal Years 1995 through 2011.

SCHEDULE OF DEBT SERVICE COVERAGE RATIO
For the Fiscal Years 1996 - 2011
(Amounts in thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	(A) Net Revenue Available for Debt Service	(B) Revenue Bond Debt Service Requirements	(A / B) Revenue Bond Coverage Ratio	(C) G.O. Bond Debt Service Requirements	(D) Renewal & Replacement	(B+C+D) Total	(A / (B+C+D)) All Obligations Coverage Ratio
2011	$119,314	$42,339[1]	$76,975	$33,745[2]	2.28	$ 599	$ 9,800	$44,144	1.74[3]
2010	119,407	40,171[1]	79,236	29,656[2]	2.67	669	9,600	39,925	1.98[3]
2009	107,660	40,361[1]	67,299	25,873[2]	2.60	1,597	10,040	37,510	1.79
2008	106,814	37,122[1]	69,692	25,710	2.71	1,713	8,300	35,723	1.95
2007	89,054	36,158[1]	52,896	28,078	1.88	2,985	6,047	37,110	1.43
2006	83,054	41,784[1]	41,270	25,831	1.60	4,219	5,871	35,921	1.15
2005	68,318	30,041	38,277	27,003	1.42	4,246	5,700	36,949	1.04
2004	66,463	26,568	39,895	23,865	1.67	4,842	5,600	34,307	1.16
2003	67,086	24,505	42,581	24,749	1.72	5,183	5,700	35,632	1.20
2002	66,218	23,877	42,341	26,452	1.60	5,415	5,365	37,232	1.14
2001	63,981	21,352	42,629	25,352	1.68	5,696	5,431	36,479	1.17
2000	63,034	22,064	40,970	26,452	1.55	5,973	5,308	37,733	1.09
1999	59,257	18,794	40,463	22,286	1.82	6,304	4,119	32,709	1.24
1998	58,033	16,352	41,681	21,678	1.92	6,519	3,990	32,187	1.29
1997	55,714	17,231	38,483	21,597	1.78	6,747	3,000	31,344	1.23
1996	53,231	17,024	36,207	21,595	1.68	6,975	3,000	31,570	1.15

1. Fiscal years 2006 through 2011 calculations of Direct Operating Expenses subtract out the entire amount of current year depreciation expense (Turnpikes, Federal, & Highway match portions). However, prior year calculations still reflect the historical practice of subtracting only the Turnpikes portion of depreciation expense.

2. Beginning in Fiscal Year 2009, debt service requirement consists of total payments to the Debt Service Account as required by the bond resolution. Debt service requirement calculations in the previous fiscal years consisted of the actual principal and interest paid over the fiscal year. See independent auditors' report included by reference herein as set forth in Appendix B.

3. The Fiscal Year 2011 payment on the long-term note issued to acquire the I-95 Piscataqua River Bridge and a 1.6 mile segment of I-95 did not require current year revenues because unrestricted net assets at June 30, 2010 ($59.5 million) exceeded the amount of the payment. Accordingly, the payment was not included in the Fiscal Year 2011 All Obligations Coverage Ratio.

TURNPIKE SYSTEM INDEBTEDNESS

As of June 30, 2011, the Turnpike System had $360,695,000 of Turnpike System Revenue Bonds Outstanding and no 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. In addition to the amounts listed below, beginning in State Fiscal Year 2012 through Fiscal Year 2029, 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. The State's operating budget for Fiscal Years 2012 and 2013 accelerates these payments by adding a $20.1 million payment each year for a total payment of $26 million in each of Fiscal Years 2012 and 2013. The accelerated payments will result in this debt being paid off in Fiscal Year 2019. The original schedule of payments agreed to between the Commissioner of Transportation and the State Treasurer was adjusted accordingly. These amounts are in addition to a total of $50 million paid for this acquisition in Fiscal Years 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 – Fiscal Year 2011* and *The Turnpike System – Eastern Turnpike – I-95 Acquisition*. 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)
For Fiscal Years 2011 through 2040
(on an Accrual Basis)

Fiscal Year Ending June 30	Existing Debt Service[2]	Debt Service on 2012 Bonds	General Obligation Debt Service Payable by Turnpike	Total Debt Service Payable By Turnpike[3]
2011	$ 33,524,936	$ 0	$598,969	$ 34,123,905
2012	32,342,409	978,633		33,321,042
2013	27,303,143	5,815,500		33,118,643
2014	26,010,813	7,106,700		33,117,513
2015	25,980,903	7,141,400		33,122,303
2016	26,500,318	6,619,563		33,119,880
2017	26,817,366	4,637,438		31,454,803
2018	19,559,332	7,546,313		27,105,645
2019	19,546,343	7,560,938		27,107,280
2020	19,528,828	5,477,063		25,005,891
2021	20,413,329			20,413,329
2022	20,611,954			20,611,954
2023	20,434,849			20,434,849
2024	20,374,922			20,374,922
2025	14,138,852			14,138,852
2026	14,153,693			14,153,693
2027	14,168,239			14,168,239
2028	14,184,573			14,184,573
2029	14,203,617			14,203,617
2030	8,654,557			8,654,557
2031	8,663,313			8,663,313
2032	8,668,611			8,668,611
2033	8,676,136			8,676,136
2034	8,680,433			8,680,433
2035	8,689,575			8,689,575
2036	8,697,976			8,697,976
2037	8,703,578			8,703,578
2038	8,714,390			8,714,390
2039	8,721,427			8,721,427
2040	2,909,364			2,909,364
	$499,577,778	$52,883,546	$598,969	$553,060,292

* *Numbers may not add due to rounding.*

(1) *Net of direct payments expected to be received from the United States Treasury in the amount of 35% of the taxable interest payable by the State in connection with its $150,000,000 Turnpike System Revenue Bonds, 2009 Series A (Federally Taxable - Build America Bonds - Direct Payment).*

(2) *Excludes debt service on the Refunded Bonds after January 5, 2012 and excludes debt service on the 2012 Series Bonds.*

(3) *Does not include obligations payable from the General Revenue Account with respect to acquisition of a portion of I-95. See The Turnpike System – Management Discussion of Historical Revenues and Expenditures – Fiscal Year 2011* above.

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 $1,005 million 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, 2011, over $627 million had been expended on the Capital Improvement Program, of which amount, approximately $545 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 or complete and open to traffic 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). *(complete and open to traffic)*
- 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).

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 sound wall on I-95 in Portsmouth (C7).

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

System-wide

- Implementation of Open Road Tolling at Hampton *(complete and open to traffic)*, 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.

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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).	$1.3	December 1989[(1)]
Project A2	Construction of new interchange at Exit 8 to relieve traffic congestion at Interchange 7 (Nashua).	$10.1	June 1988[(1)]
Project. A3	Preliminary engineering and right-of-way acquisition for Exits 1 and 2 (Nashua).	$26.2	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).	$5.4	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).	$21.6	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).	$8.2	December 1994[(1)]
Project A8	Preliminary engineering and right-of-way acquisition for widening the Central Turnpike between Exits 3 and 7 (Nashua).	$22.8	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.	$42.3	July 2001[(2)]
Project A11	Engineering and right-of-way acquisition of the northern segment of the circumferential highway (Nashua/Hudson/Litchfield).	$32.1	June 2005[(1)]
Project A12	Reconstruction of Exits 1 and 2 and construction of connector to the circumferential highway (Nashua).	$59.4	August 2002 [(1)]
Project A13	Widening and reconstruction of Central Turnpike between Exits 3 and 7 (Nashua).	$84.7	May 2002[(1)]
Project A14	Engineering, right-of-way acquisition, and construction of Bedford Road Interchange including toll facilities (Merrimack).	$6.9	November 1990[(1)]
Project A15	Reconstruction of the Exit 5 Granite St Bridge with two new ramps (Manchester).	$22.8	June 2006[(1)]
Project A16	Study of feasibility of widening Central Turnpike between I-89 Interchange and Interchange I-393 (Bow/Concord).	$0.1	August 1992[(1)]
Project A17	Construction of southbound only toll facilities of Central Turnpike and southbound on-ramp at Exit 1 (Nashua).	$0.4	[(3)]
Project A18	Engineering, right-of-way, and construction of F.E. Everett bridge over the Souhegan River in Merrimack.	$16.0	July 2011

Central Turnpike	Description	Estimated Cost (Millions)	Completion Date
Project A19	Engineering and construction of the roadway approaches including expansion of the Bedford toll plaza (Merrimack-Bedford).	$7.4	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.	$12.6	June 2013
Project A21	I-93 bridge re-decking for 4 bridges in Bow and Concord.	$25.7	June 2015
Project A22	Rehabilitation of 5 bridges in the Manchester mill yard.	$37.8	July 2016
Project A23	I-293 bridge rehabilitation over Black Brook between exit 6 and exit 7.	$4.1	May 2017[8]
Spaulding Turnpike			
Project B1	Engineering, right-of-way acquisition and reconstruction of the Gosling Rd Interchange (Newington/Portsmouth).	$13.4	November 1993[1]
Project B2	Safety improvements on the Spaulding Turnpike to include median guardrail and safety improvements (Dover/Rochester).	$6.6	June 2002[1]
Project B3	Expansion of Dover Toll Plaza (Dover).	$1.5	July 2000[4]
Project B4	Right-of-way acquisition in median of Spaulding Turnpike (Newington).	$2.7	March 1993[1]
Project B5	Engineering of by-pass around North Conway.	$0.1	December 1990[1]
Project B6	Dover/Somersworth Weeks traffic circle.	$1.0	December 1994[1]
Project B7	Engineering for design of Exit 10 on the Spaulding Turnpike (Dover).	$4.1	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).	$1.0	November 1997[1]
Project B10	Engineering, right-of-way acquisition, and construction of Exits 11 through 16 (Rochester).	$129.2	October 2013
Project B11	Engineering, right-of-way acquisition, and construction of the Turnpike ramps at Exit 4 associated with NH 16/US (Newington/Dover).	$13.4	June 2006[1]
Project B12	Engineering, right-of-way acquisition, and construction of Newington-Dover; Little Bay Bridge widening and Newington construction	$144.9	October 2017
Project B13	Dover, General Sullivan Bridge Construction[6]	$73.2	July 2018
Blue Star (Route I-95) Turnpike			
Project C1	Expansion of Hampton Toll Plaza (Hampton/North Hampton).	$2.4	July 1991[1]
Project C2	Engineering and Construction of roadway widening of the approaches to the Hampton main line toll plaza (Hampton).	$2.5	June 2003[1]

Blue Star (Route I-95) Turnpike	**Description**	**Estimated Cost (Millions)**	**Completion Date**
Project C3	Engineering and construction for the widening of the Hampton ramp toll plaza and approaches (Hampton).	$7.1	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	$10.8	October 2016
Project C6	Repair and Improve bridge on Route 107 over I-95 in Seabrook	$3.1	September 2013
Project C7	Construction of sound wall in Portsmouth	$3.2	September 2012
Project D1	Administrative	$37.1	on-going
Project D2	Consultant Studies.	$0.8	on-going
Project D3	Electronic Toll Collection equipment including signs.	$25.3	December 2005(1)
Project D4	Intelligent Transportation deployment on the Blue Star and Spaulding Turnpikes.	$2.3	on-going
Project D5	Construction of Open Road Tolling at the following locations:		
a)	Hampton	$17.6	June 2011(1)
b)	Hooksett	$24.6	June 2013
c)	Bedford	$18.7	October 2015
Total		$1,005.5(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) A toll increase will be required to help fund these projects.

(7) Numbers may not add due to rounding.

(8) Project delayed pending completion of engineering study for exits 6 and 7 in Manchester.

CAPITAL IMPROVEMENT PROGRAM EXPENDITURES
Fiscal Years 1986 Through 2013

Set forth below is a table of Capital Improvement Program expenditures on an unaudited cash basis for Fiscal Years 1986 through 2009, on a GAAP basis for Fiscal Years 2010 and 2011, and on a forecasted basis for Fiscal Years 2012 and 2013. The timing and amounts of capital expenditures are subject to change.

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	66,088,919
2011	52,076,351
Actual	$627,347,917
2012	50,670,000*
2013	60,600,000*
Estimated	$110,063,000
Total	$738,617,917

* Estimated expenditures from Turnpike System Priority Capital Improvement Program (Status Report-December 2011).

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. 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, which was opened to traffic on November 11, 2011, provides direct access to the airport and other proximity destinations for travelers heading north on the Central Turnpike without passing through the Bedford Tolls. The change in traffic patterns is projected to result in a 28% 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 $4.6 million (or 23%) 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 E.

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 2012 Series Bonds, the only other Bonds then Outstanding will be $8,320,000 of the 2002 Refunding Series Bonds (to be paid at maturity on October 1, 2011 and October 1, 2012), $78,545,000 of the 2003 Refunding Series Bonds, $16,610,000 of the 2006 Refunding Series Bonds, $150,000,000 of the 2009 Series A Bonds and $60,085,000 of the 2009 Refunding Series B 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 2012 Series 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 2012 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 2012 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 2012 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 2012 Series Bonds Rebate Subaccount from the Revenue Fund.

If at the close of any bond year the amount in the 2012 Series Bonds Rebate Subaccount exceeds the amount that would be required to be paid to the United States if the 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 markedto-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 Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from the State the 2012 Series Bonds at a purchase price of $46,073,921.30 (reflecting net original issue premium of $4,196,333.35 and an Underwriters' discount of $237,412.05), and to reoffer the 2012 Series Bonds at prices no greater than or yields no lower than the initial public offering prices or yields set forth on the inside cover page hereof.

The 2012 Series Bonds may be offered and sold to certain dealers and others (including the Underwriters and other dealers depositing the 2012 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 Underwriters will be obligated to purchase all 2012 Series Bonds if any such 2012 Series Bonds are purchased.

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

Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, and Barclays Capital Inc. established a strategic alliance in May of 2009, which enables Pershing LLC to participate as a selling group member and a retail distributor for all new issue municipal bond offerings underwritten by Barclays Capital Inc., including the 2012 Series Bonds offered hereby. Pershing LLC will receive a selling concession from Barclays Capital Inc. in connection with its distribution activities relating to the 2012 Series Bonds.

TAX EXEMPTION

In the opinion of Edwards Wildman Palmer 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 2012 Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the 2012 Series Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

Bond Counsel is also of the opinion that, under existing law, interest on the 2012 Series 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 2012 Series 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 to be delivered at Settlement is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the 2012 Series Bonds is less than the amount to be paid at maturity of such 2012 Series Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2012 Series 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 2012 Series 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 2012 Series Bonds is the first price at which a substantial amount of such maturity of the 2012 Series 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 2012 Series Bonds accrues daily over the term to maturity of such 2012 Series 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 2012 Series Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2012 Series Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Series Bonds with original issue discount, including the treatment of purchasers who do not purchase such 2012 Series Bonds in the original offering to the public at the first price at which a substantial amount of such 2012 Series Bonds is sold to the public.

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.

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 2012 Series 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 2012 Series Bonds. Failure to comply with these requirements may result in interest on the 2012 Series Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2012 Series Bonds. The State has covenanted to comply with such requirements to ensure that interest on the 2012 Series Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants. Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2012 Series 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 2012 Series Bonds may adversely affect the value of, or the tax status of interest on, the 2012 Series 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 regulatory or administrative development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the 2012 Series 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 2012 Series Bonds is excluded from gross income for federal income tax purposes and is exempt from the New Hampshire personal income tax on interest and dividends, the ownership or disposition of, or the accrual or receipt of interest on, the 2012 Series 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.

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 2012 Series Bonds, or in any way contesting or affecting the validity of the 2012 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 2012 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 have assigned their municipal bonds ratings of “A” (outlook: stable), “A1” (outlook: positive), and “A+” (outlook: stable), respectively, to the 2012 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 2012 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 2012 Series Bonds.

FINANCIAL ADVISOR

Public Resources Advisory Group, New York, New York, is serving as Financial Advisor in connection with the issuance of the 2012 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 2012 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 2012 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 2012 Series Bonds are outstanding (the "Annual Report"), and to provide notices of certain enumerated, significant events. The Annual Report and notices of significant events will be filed on behalf of the State with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access. The specific nature of the information to be contained in the Annual Report or the notices of significant events is summarized in Appendix C - "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 significant events in accordance with the Rule, as defined in the Continuing Disclosure Certificate attached hereto as Appendix C.

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.

It should be further 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 2010 to the MSRB by March 27, 2011, and on March 28, 2011 the State filed its audited financial statements and a notice of its failure to file such statements by the required date.

LEGAL MATTERS

Legal matters incident to the authorization and sale of the 2012 Series Bonds are subject to the approval of Edwards Wildman Palmer 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. A form of the approving opinion of Edwards Wildman Palmer LLP is set forth in Appendix D hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts.

On October 1, 2011, Edwards Angell Palmer & Dodge LLP merged with the law firm of Wildman, Harrold, Allen & Dixon LLP. The merged firm of Edwards Wildman Palmer LLP serves as bond counsel to the State of New Hampshire.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by Public Resources Advisory Group, 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 Samuel Klein and Company, C.P.A. Such computations will be based solely upon assumptions and information supplied by Public Resources Advisory Group, on behalf of the State. Samuel Klein and Company, C.P.A. 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, 2011, presented in accordance with generally accepted accounting principles, and the report of the State's independent auditors, the State of New Hampshire Office of Legislative Budget Assistant, with respect thereto ("2011 Financial Statements"), were filed on January 2, 2012 with the MSRB through its Electronic Municipal Market Access ("EMMA") system. Specific reference is hereby made to the 2011 Financial Statements. The 2011 Financial Statements are also available on the State of New Hampshire Department of Transportation website at: http://www.nh.gov/dot/media/publications.htm. The 2011 Financial Statements will also be included in the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011, which will include the report of the State's independent auditors, KPMG LLP. Neither the Office of Legislative Budget Assistant nor KPMG LLP has been engaged to perform and, in the case of the Office of Legislative Budget Assistant, has not performed, since the date of its report referenced above, any procedures on the financial statements addressed in that report. Neither the Office of Legislative Budget Assistant nor KPMG LLP has 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 2012 Series Bonds is to be construed as a contract with the holders of the 2012 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: *_/s/ Catherine A. Provencher_*
State Treasurer

January 3, 2012

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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 2000 and 2009, primarily as a result of net migration from neighboring states. The State's population was 1,316,470 in April 2010 according to the U.S. Census Bureau. Population has increased by 6.5% since 2000. 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
2000	1,236	1.1%	13,953	0.8%	281,422	0.9%
2001	1,257	1.7	14,052	0.7	285,082	1.3
2002	1,271	1.1	14,135	0.6	287,804	1.0
2003	1,282	0.9	14,192	0.4	290,326	0.9
2004	1,293	0.9	14,216	0.2	293,046	0.9
2005	1,301	0.6	14,227	0.1	295,753	0.9
2006	1,312	0.8	14,259	0.2	298,593	1.0
2007	1,317	0.4	14,298	0.3	301,580	1.0
2008	1,322	0.4	14,363	0.5	304,375	0.9
2009	1,325	0.2	14,430	0.5	307,007	0.9
2010	1,316	-0.7	14,445	0.1	308,746	0.6
Percent Change:						
2000-2010		6.5%		3.5%		9.7%
2005-2010		1.2%		1.5%		4.4%

Source: U.S. Census Bureau.

Personal Income

The State's per capita personal income increased 37.3% between 2000 and 2010 (as contrasted with an increase of 35.3% in the per capita personal income for the United States and a 29.3% increase for the New England region). The State's per capita personal income ranked 9th in 2010 with $44,084 or 108.6% of the national average. The State's total personal income for 2010 was $58.0 billion. The following table sets forth information on personal income for New Hampshire, New England and the United States since 2000.

Comparisons of New Hampshire Personal Income to New England and United States, 2000-2010

	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	
2000	$42,283	$34,087	$36,601	$30,318	9.8%	9.0%	7.0%	6
2001	43,699	34,768	37,966	31,145	2.0	3.7	2.7	7
2002	44,711	35,173	38,096	31,461	1.2	0.3	1.0	6
2003	45,828	35,751	38,771	32,271	1.6	1.8	2.6	6
2004	48,661	37,641	40,809	33,881	5.3	5.3	5.0	6
2005	50,028	38,441	42,345	35,424	2.1	3.8	4.6	10
2006	53,765	40,982	45,585	37,698	6.6	7.7	6.4	9
2007	56,368	42,789	48,212	39,458	4.4	5.8	4.7	9
2008	57,617	43,587	49,336	40,673	1.9	2.3	3.1	10
2009	56,408	42,585	48,049	39,626	(2.3)	(2.6)	(2.6)	13
2010	58,036	44,084	49,520	40,584	3.5	3.1	2.4	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 2000 to 2010. 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
	2000	2010	2000-2010
New Hampshire	675	699	0.35%
Connecticut	1,698	1,724	0.15
Maine	650	642	-0.12
Massachusetts	3,273	3,197	-0.23
Rhode Island	521	509	-0.23
Vermont	327	338	0.33
New England	7,144	7,109	-0.05
United States	136,891	139,064	0.16

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, 2011, 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 2000.

Labor Force Trends
New Hampshire Labor Force
(In Thousands)

Year	Civilian Labor Force	Employed	Unemployed	Unemployment Rate New Hampshire	Unemployment Rate New England	Unemployment Rate United States
2000	694	675	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	733	707	26	3.5	4.5	4.6
2007	739	713	26	3.5	4.4	4.6
2008	743	714	29	3.9	5.4	5.8
2009	742	695	47	6.3	8.3	9.3
2010	744	699	45	6.1	8.5	9.6
August, 2011[1]	752	713	39	5.2	7.4	9.1

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 2010, accounting for 43.4% of nonagricultural employment, as compared to 38.4% in 2000. 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 44.2% of employment in 2010, up from 39.8% in 2000.

The second largest employment sector in New Hampshire during 2010 was wholesale and retail trade, accounting for 18.9% of total employment as compared to 15.3% nationally. In 2000, wholesale and retail trade accounted for 19.3% 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 10.6% of nonagricultural employment in 2010, down from 16.5% in 2000. For the United States as a whole, manufacturing accounted for 8.9% of nonagricultural employment in 2010, versus 13.1% in 2000. 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	
	2000	2010	2000	2010
Manufacturing	16.5%	10.6%	13.1%	8.9%
Durable Goods	12.4	8.1	8.3	5.5
Nondurable Goods	4.1	2.5	4.8	3.4
Nonmanufacturing	83.5	89.4	86.9	91.1
Construction & Mining	4.2	3.6	5.6	4.8
Wholesale and Retail Trade	19.3	18.9	16.1	15.3
Service Industries	38.4	43.4	39.8	44.2
Government	13.4	15.5	15.8	17.3
Finance, Insurance & Real Estate	5.5	5.7	5.8	5.9
Transportation & Public Utilities	2.7	2.3	3.8	3.6

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 January 2011.

Largest Employers
(Excluding Federal, State and Local Governments)

	Company	Employees	Primary New Hampshire Site	Principal Product
1.	Wal-Mart Stores, Inc.	8,421	Bedford	Retail Department Stores
2.	Dartmouth Hitchcock Medical Center	7,073	Lebanon	Acute Care Hospital
3.	DeMoulas & Market Basket	6,000	Nashua	Supermarkets
4.	BAE Systems	4,500	Nashua	Communications
5.	Fidelity Investments	4,400	Merrimack	Financial Services
6.	Dartmouth College	4,250	Hanover	Private College
7.	Liberty Mutual	4,200	Bedford	Financial Services
8.	Hannaford Brothers-Shop 'N Save	3,894	Manchester	Supermarkets
9.	Shaw's Supermarkets Inc.	3,628	Stratham	Supermarkets
10.	Elliot Hospital	3,376	Manchester	Hospital
11.	Concord Hospital	3,242	Concord	Hospital
12.	Home Depot	2,500	Manchester	Hardware Store
13.	Wentworth-Douglas Hospital	2,296	Dover	Hospital
14.	Southern New Hampshire Medical Center	2,200	Nashua	Healthcare Providers
15.	Catholic Medical Center	2,000	Manchester	Healthcare Providers
16.	Lowe's	1,917	Bedford	Hardware Store
17.	Sunbridge Healthcare NH Region	1,600	Exeter	Long Term Care Providers
18.	Exeter Hospital	1,500	Exeter	Hospital
19.	New Hampshire Motor Speedway	1,500	Loudon	Motorsports Facility
20.	Public Service Company of New Hampshire	1,450	Manchester	Electric Utility

Source: *New Hampshire Business Review*, Book of Lists 2011.

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.

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.

Housing

According to the 2010 American Community Survey 1-year estimates, housing units in the State numbered 614,996, of which 84% were occupied. The tenure of occupied housing units in the State was 72% owner occupied and 28% renter occupied. The median purchase price of all primary homes sold in 2010 was $215,000, an increase of 2.4% from 2009. The median price for primary non-condominium homes sold in 2010 was $223,500, an increase of 3.0% from 2009.

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	Percent Change	Renter-Occupied Housing Unit Median Gross Rent[1]	Percent Change
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	217,000	(13.2)	969	0.0
2010	223,500	3.0	980	1.1
2011[2]	214,900	(3.85)	984	0.4

Source: New Hampshire Housing Finance Authority.
[1] Includes utilities.
[2] January through May.

The New Hampshire Housing Finance Authority issued an updated report in September 2011 with respect to foreclosure activity in the State that included the following:

"There were 238 foreclosure deeds recorded in July 2011, a decrease of more than 30% from foreclosure deeds recorded in July 2010, and a similar decline from the number of foreclosure deeds recorded in the prior month. The cumulative total for the first seven months of 2011 is now nearly 8% below last year's record pace of foreclosures. This is a notable one month decline suggesting a 5% to 10% decline in the total number of foreclosures this year from last year's total. Nonetheless, there continue to be significant numbers of New Hampshire households that are delinquent on their mortgage. In addition, lenders have allowed the period of delinquency prior to foreclosure to extend in part due to delays in document processing and in part in hopes that the market will improve, mitigating their losses. These conditions set the stage for a protracted period during which significant numbers of foreclosed and distressed properties will negatively influence the housing market, slowing its overall recovery."

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. The number of permits and dollar value peaked in 2004 and declined in each subsequent year through 2009 and increased slightly in 2010. In 2010, building permits totaled 2,670, with a value of $462 million. This represents an increase of 16.7% in the number of permits, and an increase of 9.7% in dollar value, from 2009. 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)

New Hampshire	**2000**	**2006**	**2007**	**2008**	**2009**	**2010**
Single Family	6,097	4,826	3,772	2,333	1,662	1,890
Multi-Family	583	851	789	901	625	780
Total	6,680	5,677	4,561	3,234	2,287	2,670
Value	$937	$1,037	$856	$593	$421	$462
New England						
Single Family	38,670	33,204	26,079	15,870	13,595	14,880
Multi-Family	6,665	13,578	11,453	8,584	5,868	6,084
Total	45,335	46,782	37,532	24,454	19,463	20,964
Value	$6,442	$8,091	$7,119	$4,705	$3,560	$4,048
United States						
Single Family	1,198,067	1,378,220	979,889	575,554	441,148	447,311
Multi-Family	394,200	460,683	418,526	329,805	141,815	157,299
Total	1,592,267	1,838,903	1,398,415	905,359	582,963	604,610
Value	$185,744	$291,314	$225,237	$141,623	$95,410	$101,943

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 to date provides for continued development of the State's Turnpike System. The State issued in December, 2009, $150 million of its Turnpike System revenue bonds to finance additional capital improvements to the 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 passenger and air cargo airport, undertook a 158,000 square foot new terminal construction 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 1,393,035 enplanements in fiscal year 2011. Due to a continued soft global economy, jet fuel price uncertainty and a dramatically changing aviation industry, the Airport experienced a 4.7% decrease in enplanements in fiscal year 2011 as compared with fiscal year 2010 enplanements. Manchester – Boston Regional Airport has undertaken a number of additional 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 and December 2009. These projects are expected to enhance the airport's capacity for increased passenger and freight traffic in the future. The 1998, 2000, 2002, 2005, 2008 and 2009 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. If passed into law, House Bill 218 of the 2011 legislative session would effectively dissolve the current Rail Transit Authority and would establish a new governmental body to study various rail issues. The bill passed both houses during the legislative session and was vetoed by the Governor on June 15, 2011. Because the veto has not been voted on, the current Rail Transit Authority has not changed.

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 176 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.

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, as of 2010, the educational level of New Hampshire residents over the age of 25 was higher than that of the nation as a whole.

	2000		2010	
Level of Education	**New Hampshire**	**United States**	**New Hampshire**	**United States**
9-11 years	N/A	84.5%	97.3%	93.9%
12 years	88.1%	78.5	91.5	85.6
1-3 years post-secondary	N/A	47.5	61.7	57.1
4 or more years post-secondary	30.1	21.9	32.8	28.2

Source: 2000 U.S. Census of Population, Census Bureau.

TURNPIKE SYSTEM AUDITED FINANCIAL STATEMENTS
FISCAL YEAR 2011

(Included by Reference and Filed with the
Municipal Securities Rulemaking Board through its
Electronic Municipal Market Access system)

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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 $42,115,000 Turnpike System Revenue Bonds, 2012 Refunding Series (Delayed Delivery), 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 January __, 2012, 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. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org. "Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"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.

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 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 first paragraph under such heading on pages 24 through 25, - *Maintenance of the Turnpike System* with respect to the table captioned *Renewal and Replacement Expenditures* on page 30, – *Toll Rates* with respect to the table captioned *Turnpike System Toll Rate Schedule* on page 42, – *Turnpike System – Historical Revenues and Expenditures* with respect to the table captioned *Statement of Revenues, Expenses and Changes in Net Assets* on page 43, – *Management Discussion of Historical Revenues and Expenditures* (only with respect to the preceding fiscal year) on pages 44 through 45, *Turnpike System Indebtedness* with respect to the table captioned *Turnpike System Debt Service* on page 51, and *Capital Improvement Program* with respect to the tables captioned *Project Descriptions* on pages 54 through 56 and *Capital Improvement Program Expenditures* on page 57; 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 Significant 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:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on the credit enhancements reflecting financial difficulties;

5. substitution of the credit or liquidity providers or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. modifications to rights of Bondholders, if material;

8. (i) bonds calls, if material, and (ii) tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the State[*];

13. the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event described in subsections (a)(2), (7), (8)(i), (10), (13) or (14), the State shall as soon as possible determine if such event is material under applicable federal securities laws.

(c) Upon the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (8)(ii), (9), (11) or (12) or (xii), and in the event the State determines that the occurrence of a Listed Event described in subsections (a)(2), (7), (8)(i), (10), (13) or (14) is material under applicable federal securities laws, the State shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

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[*] As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

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. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the State chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. 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 10. 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: January __, 2012

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)

PROPOSED FORM OF OPINION

EDWARDS WILDMAN

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[Date of Delivery]

The Honorable Catherine A. Provencher
State Treasurer
State House Annex
Concord, New Hampshire 03301

$42,115,000
State of New Hampshire
Turnpike System Revenue Bonds
2012 Series 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 WILDMAN PALMER LLP

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, October 21, 2009 and June 22, 2011, 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.

FORM OF THE DELAYED DELIVERY CONTRACT

July 27, 2011

Insert Firm Name

Re: State of New Hampshire
$42,115,000 State of New Hampshire Turnpike System Revenue Bonds, 2012 Refunding Series

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from *Insert Firm Name*, when, as, and if issued and delivered to *Insert Firm Name* from State of New Hampshire, and *Insert Firm Name* agrees to sell to the Purchaser

Series	Par Amount	Maturity Date	Interest Rate	CUSIP No.	Yield	Price

of the above-referenced 2012 Series Bonds offered by State of New Hampshire under the Preliminary Official Statement dated July 15, 2011, and the Official Statement dated July 27, 2011 (the "Official Statement"), receipt and review of copies of which (including without limitation the section entitled "THE 2012 SERIES BONDS – Delayed Delivery of the 2012 Series Bonds" therein) is hereby acknowledged, at the purchase price, and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. Any capitalized term not otherwise defined herein shall have the respective meaning given to such term as set forth in the Official Statement.

The Purchaser hereby agrees to purchase and accept delivery of such 2012 Series Bonds from *Insert Firm Name* on January 5, 2012 (the "Settlement Date").

Payment for the 2012 Series Bonds, which the Purchaser has agreed to purchase on the Settlement Date, shall be made to *Insert Firm Name* or its order on the Settlement Date upon delivery to the Purchaser of the 2012 Series Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by State of New Hampshire of the 2012 Series Bonds and purchase thereof by *Insert Firm Name*, the obligation of the Purchaser to take delivery hereunder shall be unconditional except in the event that (a) the State of New Hampshire is unable to satisfy the conditions to the obligations of the Underwriters contained in Forward Delivery Purchase Contract dated as of July 27, 2011 (the "Purchase Contract") between the State of New Hampshire and Barclays Capital, as representative of the Underwriters (the "Representative"), or if the obligations of the Underwriters shall be terminated for any reason permitted by the Purchase Contract; or (b) the offering or sale of the 2012 Series Bonds would be in violation of any provision of the Securities Act of 1933, as amended (the "1933 Act"), the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, as amended, or any other applicable law, or the offering or sale of the Bonds would be subject to registration under the 1933 Act or similar federal law; or (c) Bond Counsel cannot issue an opinion to the effect that the interest on the 2012 Series Bonds is (y) not includable in the gross income of the holders thereof for federal income tax purposes by virtue of Section 103 of the Internal Revenue Code of 1986, as amended (or the comparable provisions of any successor federal income tax laws) and (z) not subject to personal income taxes imposed by the State of New Hampshire.

The Purchaser represents and warrants that it has the legal authority to purchase the Series 2012 Bonds and has obtained all consents and taken all actions necessary to purchase the Series 2012 Bonds in accordance herewith.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Representative is entering into an agreement with State of New Hampshire to purchase the 2012 Series Bonds in reliance in part on the performance by the Purchaser of its obligations hereunder.

Each of the undersigned parties represents and warrants that it has the power and authority to enter into this Delayed Delivery Contract and to perform its obligations hereunder. This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by *Insert Firm Name* of any Delayed Delivery Contract (including this one) is in *Insert Firm Name*'s sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to *Insert Firm Name*, it is requested that *Insert Firm Name* sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between *Insert Firm Name* and the Purchaser when such counterpart is so mailed or delivered by *Insert Firm Name*.

This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

[If applicable: A copy of the Declaration of Trust of ______________________ (the "Trust") is on file with the Secretary of State *Insert State*, and notice is hereby given that this Delayed Delivery Contract is not executed on behalf of the trustees of the Trust as individuals, and the obligations of this Delayed Delivery Contract are not binding upon any of the trustees, officers, or shareholders of the Trust individually, but are binding only upon the assets and property of the below-referenced fund (the "Fund"), which is a portfolio of the Trust, as though the portfolio had separately contracted with Underwriter. The parties agree that no shareholder, trustee, officer, or partner of the Trust may be held personally liable or responsible for any obligations of the portfolio arising out of this Delayed Delivery Contract, that Underwriter shall have no claim under this Delayed Delivery Contract on the assets or property of any portfolio or series of the Trust other than the assets or property of the Fund.]

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

____
Purchaser

____
Address

____

____
Telephone

By: ______________________________

Name: ______________________________

Title: ______________________________

Accepted:

Insert Firm Name

Name: ____________________________

Title: ________________________________

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