



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA TURNPIKE COMMISSION
HARRISBURG PA 17106-7676

JOSEPH G. BRIMMEIER
CHIEF EXECUTIVE OFFICER

December 4, 2008

The Honorable Joseph F. Markosek
House of Representatives
314 Irvis Office Building
P.O. Box 202025
Harrisburg, PA 17120-2025

The Honorable Richard A. Geist
House of Representatives
147 Main Capitol
Harrisburg, PA 17120

The Honorable Roger A. Madigan
Senate of Pennsylvania
286 Main Capitol Building
Harrisburg, PA 17120-3023

The Honorable J. Barry Stout
Senate of Pennsylvania
10 East Wing, Main Capitol Building
Harrisburg, PA 17120

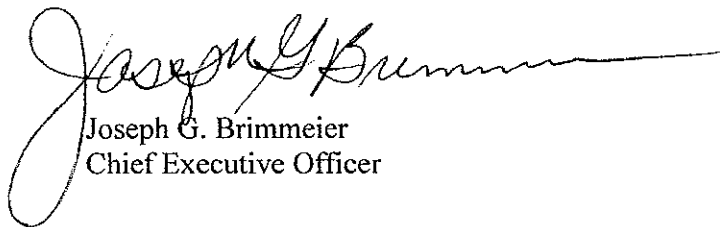
RE: Fifth Quarterly Report

Dear Gentlemen:

Attached please find the Fifth Quarterly Report for the period ending October 31, 2008 with respect to the conversion of Interstate 80 to a toll facility, as required by Act 44 of 2007.

Thank you for your continuing interest in this initiative.

Sincerely,


Joseph G. Brimmeier
Chief Executive Officer

**Fifth Quarterly Report
To Transportation Committee Co-Chairs**

October 31, 2008



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**Fifth Quarterly Report to Transportation Committee Co-Chairs
October 31, 2008**

In accordance with our ongoing statutory obligation to file quarterly reports and periodic updates regarding the conversion of Interstate 80, we provide the fifth of those quarterly reports.

1. Payments in Fiscal Years 2008 and 2009

The Commission made payments to PennDOT totaling \$750 million for Fiscal Year 2008. In addition, on July 30, 2008 and October 30, 2008, the Commission made payments to PennDOT of \$212.5 million each, the first two quarterly payments for Fiscal Year 2009. A payment of \$212.5 million is due on the last business day of January 2009 and April 2009. All such payments are provided solely from tolls collected on the existing Turnpike system, and debt primarily secured by such tolls.

2. Application to FHWA to Convert Interstate 80 to a Toll Road

On August 17, 2007, the Commission, in cooperation with PennDOT, submitted a Preliminary Expression of Interest to the Federal Highway Administration ("FHWA"), describing the purpose and proposed structure of the conversion of Interstate 80 to a toll road, and subsequently met with FHWA on August 29, 2007. The FHWA responded to the Expression of Interest on September 26, 2007, advising that the Interstate System Reconstruction and Rehabilitation Pilot Program (the "Pilot Program") is the federal tolling initiative that would best meet the goals of the proposal. On October 13, 2007, the formal Phase 1 application was submitted to FHWA to toll Interstate 80 under the Pilot Program. Subsequently, on October 16, 2007 Governor Rendell sent a letter to USDOT Secretary Mary Peters in support of the application.

On December 12, 2007, the Commission and PennDOT received a memorandum from the FHWA requesting additional information with respect to the application. Among FHWA's requests were a clearer identification of the rehabilitation, reconstruction and improvement projects currently being planned for Interstate 80 by the Commission after the Conversion Date, further information on the plan of finance for meeting the operating and capital requirements of Interstate 80, and evidence of consultations held with affected metropolitan and rural planning organizations.

Turnpike Chief Executive Officer Brimmeier and PennDOT Secretary Biehler confirmed their intent to respond to FHWA questions and continue seeking Federal approval to toll I-80 by letter dated December 20, 2007.

On July 22, 2008, at the request of Governor Rendell, the Commission and PennDOT submitted an amended Phase 1 application to FHWA which responded to the various issues raised by FHWA. On August 29, 2008, the Commission and PennDOT filed an addendum to the I-80 application with FHWA. The addendum summarized the results of the consultations with nine metropolitan and rural planning organizations concerning the proposed toll rates and potential toll collection locations on I-80.

On September 11, 2008, the Division Administrator for the Harrisburg office of FHWA forwarded a memorandum from the Associate Administrator for Infrastructure of the FHWA to the Commission and PennDOT concerning the application. The FHWA stated that it was unable to approve the application at this time because of insufficient information to enable it to determine if the application satisfied the requirements of Section 1216(b)(5)(A) of the Transportation Equity Act for the 21st Century. Specifically, this provision limits the use of the toll revenues to only: (1) debt service; (2) reasonable return on the investment for a private entity financing the project; and (3) the costs necessary for the improvement and proper operation and maintenance of the facility.

At the same time, the FHWA favorably concluded that lease payments to PennDOT from the Commission using I-80 toll revenues are "an [eligible] operating cost for purposes of the federally prescribed permitted use of toll revenues." However, FHWA determined that the application did not contain sufficient evidence to support the conclusion that the lease payments bore a rational relationship to the market value of I-80, a conclusion the FHWA stated was necessary in order to find that the application met the statutory requirements.

Only one of the three Pilot Program slots is currently available. However, on January 17, 2008, the Virginia Department of Transportation, which had received Phase 1 approval from FHWA for one of the three Pilot Program slots, announced it had terminated negotiations with Kellogg Brown and Root for improvements along Interstate 81. Such improvements are required under its Pilot Program application to FHWA.

3. Turnpike Subordinate Revenue Bond Issues

On October 28, 2008, the Commission issued \$231,335,000 of tax-exempt Turnpike Subordinate Revenue Bonds, Subseries C-1 of 2008 (the "C-1 Bonds") maturing June 1, 2010 through June 1, 2038, \$77,715,000 of Turnpike Subordinate Revenue Bond Anticipation Notes, Subseries C-4 of 2008 (Federally Taxable) (the "C-4 Notes") maturing June 1, 2010, and \$102,060,000 of tax-exempt Turnpike Subordinate Revenue Bond Anticipation Notes, Subseries C-3 of 2008 (the "C-3 Notes," and together with the C-1 Bonds and C-4 Notes, the "Series C Obligations") maturing July 31, 2009, under a Subordinate Trust Indenture dated as of April 1, 2008, as amended and supplemented.

The proceeds of the Series C Obligations were used to provide funds to (a) make payments to PennDOT in accordance with Act 44 and pursuant to the I-80 Lease and Funding Agreement to fund certain grants to mass transit agencies and various road, highway, bridge and capital projects of PennDOT, (b) reimburse the Commission for an interest payment on its Bond Anticipation Notes, Series 2007, (c) fund a deposit to a Debt Service Reserve Fund for the C-1 Bonds, (d) obtain one or more credit facilities in connection with the C-1 Bonds, (e) pay capitalized interest on the Series C Obligations, and (f) pay the costs of issuance of the Series C Obligations.

The Series C Obligations, along with prior and additional Subordinate Indenture Bonds of the same class, and certain other Parity Obligations, are equally and ratably secured primarily by Commission Payments from amounts released from the General Reserve Fund under the Commission's Senior Indenture after payment of all Senior Indenture Obligations thereunder.

Capitalized terms used in this section and not defined herein have the meaning set forth in the Official Statements dated October 21, 2008, the cover pages of which are attached hereto as Exhibit A.

4. Governor's Initiative to Lease the Turnpike

In early September 2007, Governor Rendell and PennDOT announced a Request for Qualifications from firms interested in leasing the Mainline of the Pennsylvania Turnpike and the Northeast Extension. Responses were received from 14 firms. Such a proposed lease of the Turnpike would require a change in law, and may involve the repeal of all or part of Act 44.

On April 16, 2008, Governor Rendell's office released a document entitled "Proposed Lease of the Pennsylvania Turnpike – Terms and Conditions" (the "Lease Proposal"). The Lease Proposal provided a brief overview of certain of the proposed terms of a 75-year concession lease of the Mainline and the Northeast Extension sections of the Turnpike, and a description of the process for receipt of bids. Binding bids were stated to be due on or about the end of April and were to remain valid pending legislative approval until June 10 or such later date as mutually agreed to by the Commonwealth and the winning bidder. The Lease Proposal provided that legislation authorizing bid acceptance and a final concession agreement would be presented to the legislature with the announcement of the winning bid. On April 30, 2008, the Governor's office announced that the deadline for the receipt of bids had been postponed.

On May 19, 2008, Governor Rendell announced that three bids had been submitted, and that the winning bidder was a partnership of Abertis Infraestructuras, Citi Infrastructure Investors and Criteria CaixaCorp, with a gross bid of \$12.8 billion. Originally, the bid was due to expire June 20, 2008. The bid was extended twice by the winning bidders, first to July 20, 2008, and then to September 30, 2008.

On September 30, 2008, the Abertis consortium determined not to extend further its bid for the Pennsylvania Turnpike, allowing its bid to expire. In response, a spokesman for the Governor stated that he remains committed to pursuing legislation to allow a lease of the Turnpike.

5. Pertinent State Legislation

Subsequent to Act 44 being signed into law on July 18, 2007, there have been various amendments proposed by members of the General Assembly that would amend or repeal Act 44, or put new restrictions on the operations of the Commission. At this time, none have been reported out of committee for a vote. These various amendments will expire on December 31, 2008, if not enacted before then.

On June 5, 2008, State Representatives Dwight Evans and Steven Cappelli introduced House Bill 2593 authorizing the leasing of the Turnpike to a private entity and repealing portions of Act 44. House Bill 2593 was referred to the House Transportation Committee on June 5, 2008. The House of Representatives took no action on House Bill 2593 before recessing in October 2008.

On June 18, 2008, an amendment to a House bill was offered authorizing approval of the Governor's Turnpike lease plan with Abertis and Citi. The amendment was defeated by a vote of 185-12.

On June 26, 2008, Senate Bill 1158, which authorizes private-public partnerships but specifically prohibits the leasing of the Turnpike without a grant of specific authority by the General Assembly, was approved by the Senate by a vote of 49-0. It has been introduced in the House of Representatives and is under consideration in the House Transportation Committee.

Exhibit A

Cover Pages of Official Statements dated October 21, 2008

In the opinion of Co-Bond Counsel, interest on the 2008C-1 Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS." Interest on the 2008C-1 Bonds will not be a specific preference item for purposes of the individual and corporate alternative minimum taxes; however, such interest may be subject to certain other federal taxes affecting corporate holders of the 2008C-1 Bonds. In the opinion of Co-Bond Counsel, under existing law, interest on the 2008C-4 BANs is includable in gross income for purposes of federal income taxation. Under the laws of the Commonwealth of Pennsylvania, the 2008C Bonds are exempt from personal property taxes in Pennsylvania, and interest on the 2008C Bonds is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" and "TAX MATTERS - State Tax Matters".

\$231,335,000

**PENNSYLVANIA TURNPIKE COMMISSION
TURNPIKE SUBORDINATE REVENUE BONDS,
SUBSERIES C-1 OF 2008**

\$77,715,000

**PENNSYLVANIA TURNPIKE COMMISSION
TURNPIKE SUBORDINATE REVENUE
BOND ANTICIPATION NOTES,
SUBSERIES C-4 OF 2008 (FEDERALLY TAXABLE)**

Dated: Date of Delivery

Due: See inside cover

The Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Subseries C-1 of 2008 (the "2008C-1 Bonds") and the Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bond Anticipation Notes, Subseries C-4 of 2008 (Federally Taxable) (the "2008C-4 BANs" and, together with the 2008C-1 Bonds, the "2008C Bonds") are being issued, together with the 2008C-3 BANs (hereinafter defined), pursuant to that certain Subordinate Trust Indenture dated as of April 1, 2008 (the "Original Subordinate Indenture") between the Pennsylvania Turnpike Commission (the "Commission") and TD Bank, National Association, as successor Trustee (the "Trustee"), as heretofore amended and supplemented (collectively, the "Original Indenture"), and as further supplemented and amended by that certain Supplemental Trust Indenture No. 3 dated as of October 1, 2008 ("Supplemental Subordinate Indenture No. 3" and, collectively with the Original Indenture, the "Subordinate Indenture"), all pursuant, among other things, to an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No. 44 ("Act 44") and various other acts of the General Assembly of Pennsylvania. The 2008C Bonds are being issued simultaneously with \$102,060,000 aggregate principal amount of the Commission's Turnpike Subordinate Revenue Bond Anticipation Notes, Subseries C-3 of 2008 (the "2008C-3 BANs") which, together with the 2008C Bonds, constitute the Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series C of 2008 (the "Series C Bonds"). The 2008C-3 BANs are being offered pursuant to a separate Official Statement and not pursuant to this Official Statement. The Commission is not issuing any Series C Bonds designated as "Subseries C-2."

The 2008C Bonds will be dated the date of initial issuance and delivery thereof, will bear interest at the rates shown on the inside front cover at fixed rates set for the maturity dates thereof, calculated on the basis of a year of 360 days consisting of twelve 30-day months. Interest on the 2008C Bonds is payable on each June 1 and December 1, commencing June 1, 2009. The principal of the 2008C Bonds will be payable on their respective maturity dates as set forth on the inside front cover hereof subject to prior redemption in the case of the 2008C-1 Bonds, as described herein. So long as Cede & Co. is the registered owner of the 2008C Bonds, payments of principal of and interest on the 2008C Bonds will be made directly by the Trustee, as paying agent ("Paying Agent") under the Subordinate Indenture, as described herein. See "DESCRIPTION OF THE 2008C BONDS," and "APPENDIX D-- SECURITIES DEPOSITORY."

The 2008C-1 Bonds are subject to optional redemption prior to maturity at the option of the Commission, in whole or in part by lot as described herein. The 2008C-1 Bonds are subject to mandatory sinking fund redemption prior to maturity as described herein. See "DESCRIPTION OF THE 2008C BONDS - Redemption of 2008C Bonds." The 2008C-4 BANs are not subject to optional or mandatory redemption.

As more particularly described herein, the proceeds of the 2008C Bonds will be used to finance the costs of (i) making payments in accordance with Act 44 to fund (a) certain grants to mass transit agencies and (b) various road, highway, bridge and capital projects; (ii) reimbursing the Commission for the October 15, 2008 interest payment on its Bond Anticipation Notes, Series 2007 (the "2007 BANs"); (iii) funding the Debt Service Reserve Fund for the 2008C-1 Bonds; (iv) obtaining one or more credit facilities in connection with the 2008C-1 Bonds; (v) paying capitalized interest; and (vi) paying the costs of issuing the 2008C Bonds (collectively, the "Project"). See "PLAN OF FINANCING".

The scheduled payment of principal of and interest on the 2008C-1 Bonds maturing on June 1 of the years 2012 through 2038, inclusive (collectively, the "Insured Bonds") when due will be guaranteed under a financial guaranty insurance policy (the "Policy") to be issued by Assured Guaranty Corp. ("Assured Guaranty" or the "Bond Insurer") simultaneously with the delivery of the Insured Bonds. See "BOND INSURANCE" herein. The 2008C-1 Bonds maturing June 1, 2010 and June 1, 2011 and the 2008C-4 BANs (collectively, the "Uninsured Bonds") are NOT insured by the Policy.



THE 2008C BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. THE 2008C BONDS WILL BE EQUALLY AND RATABLY SECURED, ALONG WITH ADDITIONAL SUBORDINATE INDENTURE BONDS ISSUED PURSUANT TO THE SUBORDINATE INDENTURE (INCLUDING THE 2008C-3 BANs) AND CERTAIN OTHER PARITY OBLIGATIONS, PURSUANT TO THE PLEDGE BY THE COMMISSION OF THE TRUST ESTATE, SUBJECT HOWEVER IN ALL RESPECTS TO THE TERMS, LIMITATIONS, PRIORITIES AND SUBORDINATIONS SET FORTH IN THE SUBORDINATE INDENTURE. THE SUBORDINATE INDENTURE PLEDGES TO THE TRUSTEE FOR THE BENEFIT OF THE 2008C BONDS, TOGETHER WITH ALL ADDITIONAL SUBORDINATE INDENTURE BONDS (INCLUDING THE 2008C-3 BANs) AND PARITY OBLIGATIONS, COMMISSION PAYMENTS FROM AMOUNTS PAID FROM THE GENERAL RESERVE FUND AFTER THE PAYMENT OF ALL OUTSTANDING SENIOR INDENTURE OBLIGATIONS ISSUED UNDER THE SENIOR INDENTURE; AND THUS THE 2008C BONDS ARE SUBORDINATE TO THE PAYMENT OF SUCH SENIOR INDENTURE OBLIGATIONS.

THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF THE 2008C BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE 2008C BONDS. THE COMMISSION HAS NO TAXING POWER.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The 2008C Bonds are being offered when, as and if issued and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to certain legal matters being passed upon by Dilworth Paxson LLP and Walker Bowman PC, Philadelphia, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Cohen & Grigsby, P.C., Pittsburgh, Pennsylvania, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire. It is anticipated that the 2008C Bonds will be available for delivery in New York, New York on or about October 28, 2008.

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GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

Banc of America Securities LLC

Boenning & Scattergood, Inc.

Janney Montgomery Scott LLC

PNC Capital Markets, LLC

In the opinion of Co-Bond Counsel, interest on the 2008C-3 BANs is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS." Interest on the 2008C-3 BANs will not be a specific preference item for purposes of the individual and corporate alternative minimum taxes; however, such interest may be subject to certain other federal taxes affecting corporate holders of the 2008C-3 BANs. Under the laws of the Commonwealth of Pennsylvania, the 2008C-3 BANs are exempt from personal property taxes in Pennsylvania, and interest on the 2008C-3 BANs is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" and "TAX MATTERS - State Tax Matters".

\$102,060,000

**PENNSYLVANIA TURNPIKE COMMISSION
TURNPIKE SUBORDINATE REVENUE BOND ANTICIPATION NOTES,
SUBSERIES C-3 OF 2008**

Dated: Date of Delivery

Due: See inside cover

The Pennsylvania Turnpike Commission Subordinate Revenue Bond Anticipation Notes, Subseries C-3 of 2008 (the "2008C-3 BANs") are being issued, together with the 2008C Bonds (hereinafter defined), pursuant to that certain Subordinate Trust Indenture dated as of April 1, 2008 (the "Original Subordinate Indenture") between the Pennsylvania Turnpike Commission (the "Commission") and TD Bank, National Association, as successor Trustee (the "Trustee"), as heretofore amended and supplemented (collectively, the "Original Indenture"), and as further supplemented and amended by that certain Supplemental Trust Indenture No. 3 dated as of October 1, 2008 ("Supplemental Subordinate Indenture No. 3" and, collectively with the Original Indenture, the "Subordinate Indenture"), all pursuant, among other things, to an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No. 44 ("Act 44") and various other acts of the General Assembly of Pennsylvania. The 2008C-3 BANs are being issued simultaneously with \$231,335,000 aggregate principal amount of the Commission's Turnpike Subordinate Revenue Bonds, Subseries C-1 of 2008 (the "2008C-1 Bonds") and \$77,715,000 aggregate principal amount of the Commission's Turnpike Subordinate Revenue Bond Anticipation Notes, Subseries C-4 of 2008 (the "2008C-4 BANs" and, together with the 2008C-1 Bonds, the "2008C Bonds") which, together with the 2008C-3 BANs, constitute the Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series C of 2008 (the "Series C Bonds"). The 2008C Bonds are being offered pursuant to a separate Official Statement and not pursuant to this Official Statement. *The Commission is not issuing any Series C Bonds designated as "Subseries C-2."*

The 2008C-3 BANs will be dated the date of initial issuance and delivery thereof, will bear interest at the rates shown on the inside front cover at fixed rates set for the maturity dates thereof, calculated on the basis of a year of 360 days consisting of twelve 30-day months. Interest on and principal of the 2008C-3 BANs will be payable on the maturity date as set forth on the inside front cover hereof, as described herein. So long as Cede & Co. is the registered owner of the 2008C-3 BANs, payments of principal of and interest on the 2008C-3 BANs will be made directly by the Trustee, as paying agent ("Paying Agent") under the Subordinate Indenture, as described herein. See "DESCRIPTION OF THE 2008C-3 BANs," and "APPENDIX D - SECURITIES DEPOSITORY."

The 2008C-3 BANs are not subject to optional or mandatory redemption. See "DESCRIPTION OF THE 2008C-3 BANs - Redemption of 2008C-3 BANs."

As more particularly described herein, the proceeds of the 2008C-3 BANs will be used to finance the costs of (i) making payments in accordance with Act 44 to fund (a) certain grants to mass transit agencies and (b) various road, highway, bridge and capital projects; (ii) paying capitalized interest; and (iii) paying the costs of issuing the 2008C-3 BANs (collectively, the "Project"). See "PLAN OF FINANCING".

THE 2008C-3 BANs ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. THE 2008C-3 BANs WILL BE EQUALLY AND RATABLY SECURED, ALONG WITH ADDITIONAL SUBORDINATE INDENTURE BONDS ISSUED PURSUANT TO THE SUBORDINATE INDENTURE (INCLUDING THE 2008C BONDS) AND CERTAIN OTHER PARITY OBLIGATIONS, PURSUANT TO THE PLEDGE BY THE COMMISSION OF THE TRUST ESTATE, SUBJECT HOWEVER IN ALL RESPECTS TO THE TERMS, LIMITATIONS, PRIORITIES AND SUBORDINATIONS SET FORTH IN THE SUBORDINATE INDENTURE. THE SUBORDINATE INDENTURE PLEDGES TO THE TRUSTEE FOR THE BENEFIT OF THE 2008C-3 BANs, TOGETHER WITH ALL ADDITIONAL SUBORDINATE INDENTURE BONDS (INCLUDING THE 2008C BONDS) AND PARITY OBLIGATIONS, COMMISSION PAYMENTS FROM AMOUNTS PAID FROM THE GENERAL RESERVE FUND AFTER THE PAYMENT OF ALL OUTSTANDING SENIOR INDENTURE OBLIGATIONS ISSUED UNDER THE SENIOR INDENTURE; AND THUS THE 2008C-3 BANs ARE SUBORDINATE TO THE PAYMENT OF SUCH SENIOR INDENTURE OBLIGATIONS.

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Janney Montgomery Scott LLC

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