NEW ISSUE – BOOK ENTRY ONLY **Ratings: S&P: "AA+"**
Moody's: "Aa2"

In the opinion of Bond Counsel, interest on the 2014 Bonds (as defined hereafter) is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the condition described in "TAX MATTERS" herein and interest on the 2014 Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual and corporate alternative minimum taxes. However, under the Code, such interest may be subject to certain other taxes affecting corporate holders of the 2014 Bonds. Under existing law, the 2014 Bonds, interest on the 2014 Bonds and their transfer shall be exempt from taxation by the State of Delaware and its political subdivisions except for estate, inheritance or gift taxes imposed by the State of Delaware. For a more complete discussion, see "TAX MATTERS" herein.

DELAWARE TRANSPORTATION AUTHORITY
$108,760,000
Transportation System Senior Revenue Bonds, Series 2014

Dated: Date of Issuance **Due: July 1, as shown below**

The Transportation System Senior Revenue Bonds, Series 2014 (the "2014 Bonds") will be issued in book-entry only form. Beneficial owners of 2014 Bonds will not receive physical delivery of Bond certificates. Principal and interest payments on the 2014 Bonds are to be made to The Depository Trust Company or its nominee as record owner of the 2014 Bonds. Interest will be payable January 1, 2015 and thereafter semi-annually on each January 1 and July 1.

The 2014 Bonds maturing on and after July 1, 2025 are subject to optional redemption prior to maturity, at the option of the Delaware Transportation Authority (the "Authority"), in whole or in part at any time on or after July 1, 2024, in any order of maturity selected by the Authority and within any maturity by lot, at a redemption price equal to 100% of the principal amount of the 2014 Bonds to be redeemed plus interest accrued and unpaid to the redemption date.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES

Due (July 1)	Principal Amount ($)*	Interest Rate (%)	Price	Yield (%)	Due (July 1)	Principal Amount ($)*	Interest Rate (%)	Price	Yield (%)
2015	14,195,000	5.000	105.462	0.150	2021	12,330,000	5.000	120.794	1.870
2016	13,685,000	5.000	109.825	0.360	2022	8,060,000	5.000	121.812	2.070
2017	9,670,000	5.000	113.446	0.650	2023	8,465,000	5.000	122.667	2.240
2018	4,500,000	5.000	116.134	1.000	2024	195,000	2.250	99.000	2.361
2019	14,965,000	5.000	118.295	1.300	2025	12,045,000	3.250	106.211*	2.550*
2020	10,650,000	5.000	119.833	1.590					

* Priced/yield to first optional redemption date of July 1, 2024.

The 2014 Bonds are limited obligations of the Authority, payable solely from and secured by a pledge and assignment of Pledged Revenue (as defined hereafter). See "SECURITY FOR THE BONDS." The 2014 Bonds are secured on a parity with other Transportation System Senior Revenue Bonds which have been issued by the Authority and remain outstanding. The Authority may issue additional bonds which are secured on a parity with all such Senior Bonds. THE 2014 BONDS DO NOT CONSTITUTE A DEBT OF THE STATE OF DELAWARE OR OF ANY POLITICAL SUBDIVISION, AGENCY OR INSTRUMENTALITY THEREOF, OTHER THAN THE AUTHORITY, OR A PLEDGE OF THE GENERAL TAXING POWER OR THE FAITH AND CREDIT OF THE STATE OF DELAWARE OR ANY SUCH POLITICAL SUBDIVISION, AGENCY OR INSTRUMENTALITY.

The 2014 Bonds are offered when, as and if issued and received by the underwriters, subject to the issuance of a legal opinion as to validity by Bond Counsel, Saul Ewing LLP, Wilmington, Delaware ("Bond Counsel") and certain other conditions. A Deputy Attorney General of the State of Delaware will opine as to certain legal matters for the Authority. It is expected that the 2014 Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about May 15, 2014.

Dated: May 6, 2014

No dealer, broker, salesman or other person has been authorized by the Delaware Transportation Authority or the underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2014 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the State of Delaware since the date hereof. This Official Statement is distributed in connection with the sale of securities referred to herein and may not be reproduced or used in whole for any other purpose. In no instance may this Official Statement be reproduced or used in part.

IN CONNECTION WITH THE OFFERING OF THE 2014 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT 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.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE 2014 BONDS SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED. THE ANNUAL FINANCIAL REPORT OF THE AUTHORITY MAY BE OBTAINED BY WRITTEN REQUEST TO THE DEPARTMENT OF TRANSPORTATION, FINANCE, P.O. BOX 778, DOVER, DELAWARE 19903.

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OFFICIAL STATEMENT
Delaware Transportation Authority

$108,760,000
Transportation System Senior Revenue Bonds, Series 2014

INTRODUCTION

This Official Statement (including the cover page, graphs and the appendices hereto, the "Official Statement") sets forth information in connection with the issuance of $108,760,000 aggregate principal amount of Transportation System Senior Revenue Bonds, Series 2014 (the "2014 Bonds") by the Delaware Transportation Authority (the "Authority"), a body corporate and politic constituting a public instrumentality of The State of Delaware (the "State"). The 2014 Bonds, together with the Authority's other Transportation System Senior Revenue Bonds which have been or may be issued in the future on a parity with the 2014 Bonds, and remain outstanding from time to time, are herein referred to collectively as the "Senior Bonds". The Authority also has the power to issue Transportation System Junior Revenue Bonds (the "Junior Bonds"). As hereinafter more fully described, the Junior Bonds would have a lien on the Pledged Revenue, subordinate to the lien of the Senior Bonds. There are no Junior Bonds outstanding.

The 2014 Bonds are being issued pursuant to the Delaware Transportation Authority Act, Chapter 13, Title 2, Delaware Code, as amended, and the Transportation Trust Fund Act, Chapter 14, Title 2, Delaware Code, as amended (collectively, the "Act") and a Trust Agreement, dated as of August 1, 1988, by and between the Authority and Wilmington Trust Company, Wilmington, Delaware ("WTC") (WTC, not in its individual capacity but solely as trustee, the "Trustee"), as supplemented and amended (the Trust Agreement as so supplemented and amended is hereinafter referred to as the "Agreement").

This Official Statement contains, among other topics, a description of the current Capital Transportation Program and the sources of funding therefor; the security for the 2014 Bonds; the terms of the 2014 Bonds; and the powers, responsibilities, membership and projected operations of the Authority and the Delaware Department of Transportation (referred to herein as either the "Department" or "DelDOT").

Capitalized words and terms used in this Official Statement and not defined herein, if defined in the Agreement, shall have the same meanings herein as are ascribed to such words and terms in the Agreement. See APPENDIX B, "Definitions". References herein to the Agreement, the Act and the Bonds do not purport to be complete. Copies of the Agreement are available upon request to the Authority.

DELAWARE TRANSPORTATION AUTHORITY

General; Relation to the Department of Transportation

The Authority is a body corporate and politic constituting an instrumentality of the State which has been established and is authorized to create an economical, efficient and unified system of air, water, vehicular, public and specialized transportation in the State. The Act, however, specifically excludes the following from the jurisdiction of the Authority: the New Castle County Airport, the Sussex County Airport, the Port of Wilmington and the Wilmington Parking Authority facilities. Actions by the Authority, including the issuance of debt, are taken by resolution of the Secretary of the Department, the Director of Finance of the Department and the Transportation Trust Fund Administrator. The Department has overall responsibility for coordinating and developing comprehensive, multi-modal transportation planning and policy for the State. The Department is headed by the Secretary of Transportation who is appointed by the Governor, subject to confirmation by the State Senate.

Powers and Responsibilities of the Authority

The Act gives the Authority broad powers in order to effectuate its statutory purposes of creating a unified transportation system for the State. It has the power to make and enforce rules and regulations; and to establish, fix and revise, and charge and collect charges, fares, fees, rates, rentals and tolls for the use of any transportation facility it operates. The Authority is empowered to create subsidiaries to perform its duties and functions. The Authority also has the power to issue bonds, with the approval of the State, and the State's Bond Issuing Officers (the Governor, the Secretary of Finance, the Secretary of State and the State Treasurer) (the "Bond Issuing Officers"), to finance improvements to the State's transportation systems. Approval by the General Assembly of the State (the "General Assembly") is not required for the Authority to issue bonds to refund any of its bonds provided that a present value debt service savings is achieved in such refunding. The Authority also has the power to pledge its revenue to secure its obligations. To assist the Authority in carrying out its responsibilities, the State has created the Transportation Trust Fund ("TTF"), which the Authority administers. See "THE TRANSPORTATION TRUST FUND".

Acting pursuant to its powers, the Authority owns the Delaware Turnpike, an 11.3 mile limited access highway which is part of Interstate 95. The Authority also owns the Route 1 Toll Road which consists of a 41-mile fully controlled access highway extending from a connection with the southern terminus of the new Route 1 freeway just south of Wilmington to points south of Dover on U.S. Routes 13 and 113. See "SOURCES OF REVENUE FOR THE TRUST FUND - Toll Revenue" and "THE TRANSPORTATION TRUST FUND".

In addition, the Authority, through its subsidiary, the Delaware Transit Corporation, owns, operates and subsidizes numerous transportation services and facilities throughout the State, including a public bus system which operates primarily in and around Wilmington, the State's largest city; a public bus system in and around Dover, the State's capital; a public bus system which operates on a seasonal basis in Eastern Sussex County during the summer resort season; statewide specialized transportation services for the elderly and handicapped; passenger rail service between Newark and Philadelphia; freight rail and aviation and various statewide and local transit services.

Management of the Department and the Authority

The following persons fill key management positions in the Department and the Authority:

SHAILEN P. BHATT, serves as Cabinet Secretary for the Department. His responsibilities consist of managing the day-to-day operations of the State's transportation system, including transit, motor vehicles, project construction, maintenance, planning, IT and human resources functions. He is also charged with directing a billion dollar budget and nearly 2,800 employees. Secretary Bhatt's background includes working on transportation issues at the local, state and federal levels. Prior to his confirmation by the Delaware State Senate as Secretary, he served as an Associate Administrator at the Federal Highway Administration (FHWA) in Washington, DC where he was charged with setting policy and managing relationships with members of Congress and leading FHWA's efforts in reauthorizing the nation's surface transportation legislation. At FHWA, Secretary Bhatt played a key role in establishing FHWA's Every Day Counts, an initiative on accelerated project delivery.

Before joining FHWA, Secretary Bhatt served as Deputy Executive Director with the Kentucky Transportation Cabinet (KYTC) where he was responsible for advancing transportation projects and addressing regional transportation needs. During his time at KYTC, he helped oversee a record construction letting period for the Commonwealth of Kentucky. Prior to that, he was Director of the Bowling Green/Warren County Metropolitan Planning Organization. Secretary Bhatt is a graduate of Western Kentucky University with a Bachelor of Arts in Economics.

Secretary Bhatt currently serves on the Board of Directors for the American Association of State Highway and Transportation Officials (AASHTO) and Diamond State Port Corporation. Additionally, he currently serves as Chair of AASHTO's Standing Committee on Public Transportation, Co-Chair of the Communication and Public Outreach Committee to the Northeast Corridor Commission, Member of the Advisory Committee for the State Smart Transportation Initiative and was recently named Chair of the Executive Committee of the I-95 Corridor Coalition.

MARK ALEXANDER became Director of Maintenance and Operations for the Department in September 2013. During his 26-year career with the Department, Mr. Alexander has primarily served the geographic areas of Kent and New Castle Counties where he most recently was an Assistant Director for Maintenance and Operations' – Canal District. In that role, Mr. Alexander supervised more than 180 employees with primary responsibility for maintaining roads and bridges in the Canal District, along with Public Works duties for all of New Castle County. He was also responsible for statewide outdoor advertising and roadside control. In addition to a Bachelor of Science Degree in Civil Engineering from the University of Delaware, Mr. Alexander holds his Professional Engineer's license in the State.

DREW BOYCE has been employed by the Department for over 27 years. During his tenure, Mr. Boyce has worked in different capacities in the development of the State's capital roadway projects. In 2005, he was promoted to the Assistant Director of Project Development in the Division of Transportation Solutions. In this capacity he is responsible implementing a $150 million Capital Transportation Program within the northern region of the State. In 2012, Mr. Boyce accepted the role of Director of Planning for the Department where he is responsible for statewide transportation planning, statistic and research and development coordination. Mr. Boyce received his Bachelor Degree in Civil Engineering Technology from the University of Delaware and is a registered Professional Engineer in Delaware and Pennsylvania.

JENNIFER L. COHAN, became Director of the Division of Motor Vehicles in December 2007. Her State government career has spanned nearly 20 years. She has held an array of positions with the Division of Motor Vehicles. Ms. Cohan was also a Financial/Program Analyst and Program Manager of the Clean Water Program at DNREC. Most recently she was a Senior Legislative Analyst for the Delaware Legislature – Office of the Controller General. Ms. Cohan graduated summa cum laude from Wilmington University where she received a Bachelor of Science Degree in Business Management. She also received a Master of Science Degree in Management – Public Administration from Wilmington University.

HUGH CURRAN joined the Department in July 2013 as the Director of Finance. Mr. Curran has 30 years of financial management experience in both the private and public sectors, advising leadership on strategy, planning, investments, and risk management. Prior to joining the Department, Mr. Curran held finance leadership roles at MBNA Corporation, Barclays, Morgan Stanley, and Merrill Lynch. Mr. Curran holds a Bachelor of Science degree in Finance and a Masters in Business Administration both from the University of Delaware. He is also a Certified Management Accountant.

MARTI DOBSON, Director of Technology and Support Services, joined the Department in July 2003. Ms. Dobson has over 30 years experience in Information Technology, including employment in both the public and private sector. She has worked in local and state government in the roles of government employee and consultant for the State of Tennessee; Kent County, Delaware; Northampton County, Pennsylvania; the City of Memphis, Tennessee; and the Metropolitan Government of Nashville and Davidson County, Tennessee. Ms. Dobson holds a Bachelor of Science Degree from Carson Newman College in Tennessee.

ROBERT MCCLEARY was named Chief Engineer and Director of Transportation Solutions for the Department in October, 2013. Mr. McCleary has 27 years of civil engineering experience in both the private and public sectors. He has been with the Department since 1993 and has managed a broad array of programs involving the delivery of the Department's capital program. Mr. McCleary has a broad background in civil engineering including roadway and bridge design, environmental compliance, and project management. Mr. McCleary holds a Bachelor of Civil Engineering from the University of

Delaware, is a registered Professional Engineer in the State and is a Past President of the American Society of Civil Engineers, Delaware Chapter.

BRIAN G. MOTYL, Assistant Director of Finance and Transportation Trust Fund Administrator, joined the Department in May 2006. Prior to coming to the Department, Mr. Motyl was a Fiscal Management Analyst with the Department of Natural Resources and Environmental Control where he was responsible for the financial management of the Water Pollution Control State Revolving Fund, the Wastewater Management Account and various loan/grant portfolios. He has experience working on and managing several of the Authority's issuances of revenue bonds, Build America Bonds and GARVEE Bonds. Mr. Motyl holds a Bachelor of Science Degree in Business/Public Management from the State University of New York, College of Technology at Utica/Rome.

MARY BETH PALERMO, Director of Human Resources, joined the Department in October 2006. Ms. Palermo has more than 20 years experience with state government. She holds two Bachelor of Science Degrees (Accounting and Business Administration). Prior to joining the Department, she worked in various state agencies, including serving for more than six years as the Director of Human Resources for the Department of Health and Social Services.

GEOFF SUNDSTROM, Director of Public Relations, joined the Department in December 2010 as Deputy Director of Public Relations. He was promoted to Director in September 2011. Mr. Sundstrom has a decades' long career in transportation-related media and public relations, most recently serving as Director of Public Relations for the national office of AAA in Heathrow, Florida. During 21 years with the 52 million-member AAA, Mr. Sundstrom was responsible for business line publicity and served as the lead spokesman to national print and broadcast media on a wide variety of consumer issues. Previous to joining the AAA, he was Washington, D.C.-based transportation journalist for *Automotive News* magazine and the New York Journal of Commerce. He is a recipient of the Public Relations Society of America's Silver Anvil Award for achievement in public relations and holds a Bachelor of Science Degree in Journalism from Northern Arizona University in Flagstaff.

Role of the State

General

The annual budgets for capital and operating expenditures of the Department (including the Authority) are subject to review and approval by the State. The Act provides that if the Authority's proposed annual operating budget is not approved by July 1 for the year the budget is submitted, the budget as submitted is deemed to have been adopted by the Authority until such time as the annual budget is approved by the State. The Act also provides that any obligations incurred by the Authority after July 1 pursuant to an annual operating budget so adopted by the Authority and prior to its approval by the State are binding, even if the annual operating budget is subsequently revised by the State.

The Act provides that, in approving the annual operating budget of the Authority, the State (1) may not approve an amount for debt service or for debt service reserve purposes which is less than the amount required to be provided pursuant to any resolution or trust indenture of the Authority pursuant to which any bonds are issued and (2) may not approve an amount for operating expenses of the Delaware Turnpike that is less than the amount incurred for the preceding fiscal year of the Authority plus an inflation factor based on the U.S. Consumer Price Index, unless the Authority requests a lesser amount. Although the State has the right to approve the Authority's annual budget, THE GENERAL ASSEMBLY DOES NOT HAVE TO APPROVE THE TOLLS AND OTHER CHARGES THE AUTHORITY IMPOSES FOR USE OF THE DELAWARE TURNPIKE OR ROUTE 1 TOLL ROAD.

Each year the Department revises a six-year Capital Transportation Program for the State's transportation system. The first year of the Capital Transportation Program is reflected in the Department's annual capital budget (which includes Delaware Transit Corporation's annual capital budget) and is submitted to the State for review and approval. This annual capital budget represents the Department's work program. The Authority cannot undertake, or commit to, capital projects in excess of the amounts specifically authorized by the State. See "TRANSPORTATION CAPITAL PROJECTS AND FINANCING PLANS - Capital Improvements Planning and Budgeting."

The issuance of Authority debt obligations is subject to (i) approval by the State's Bond Issuing Officers and (ii) one provision of the State's statutory debt limitations designed to control total indebtedness of the State and the Authority. The applicable debt limitation (the "15% Test") states that no "tax-supported debt obligation" of the State and no "Transportation Trust Fund debt obligation" of the Authority may be incurred if the aggregate maximum annual payments on all such outstanding obligations (plus certain lease obligations) will exceed 15% of the estimated aggregate General Fund revenue from all sources, plus Transportation Trust Fund revenue. Estimated revenue figures are for the fiscal year following the fiscal year in which such obligation is incurred, as determined by the most recent projections made by the Delaware Economic and Financial Advisory Council. Such estimated revenue figures are adjusted, if appropriate, by the fiscal impact of subsequently enacted legislation as certified by the Secretary of Finance. After the issuance of the 2014 Bonds, the applicable debt service under the 15% Test will be approximately 7.2% of the applicable revenue in fiscal 2015. The State and the Authority expect that the Bonds projected to be issued in the current Capital Transportation Program can be issued within the limits of the 15% Test.

Delaware Economic and Financial Advisory Council

Delaware Economic and Financial Advisory Council ("DEFAC") is a council comprised currently of 33 government officials and private citizens from the business and financial communities appointed by the Governor. DEFAC was established by Executive Order to provide to the General Assembly General Fund revenue forecasts and Transportation Trust Fund revenue forecasts six times each fiscal year in September, December, March, April, May and June for the current fiscal year and the succeeding two fiscal years. A forecast for the current fiscal year and the succeeding four fiscal years is generated once each year, not later than October 1. A seven-year forecast is generated for the Transportation Trust Fund. General Fund and Transportation Trust Fund expenditure forecasts are generated for the current fiscal year in September, December, March, April, May and June. These forecasts are used in the State budget process to assist State compliance with the State's constitutional limits on spending and statutory debt limitations.

Cash Management Policy Board

The Cash Management Policy Board was created by State law to establish policies for and the terms, conditions and other matters relating to, the investment of all money belonging to the State, including funds in the Transportation Trust Fund (except money in any State pension fund and money held for individuals under the State deferred compensation program). The Board is composed of nine members including the Secretary of Finance, the Secretary of State, the State Treasurer, the Controller General (serving ex officio), and five members from the private sector appointed by the Governor and confirmed by the State Senate.

THE TRANSPORTATION TRUST FUND

General

To facilitate the Authority's development of a unified transportation system in the State and to take advantage of the Authority's broad financing powers, in 1987 the Transportation Trust Fund (the "TTF") was created by law. The TTF was created to consolidate and dedicate transportation related revenue to transportation projects and to provide a flexible mechanism to handle increasing funding requirements over time for all transportation projects in the State. The TTF is the State's financing vehicle for transportation capital expenditures. Funding for such expenditures is derived from Bond proceeds, excess TTF revenue, and cash balances.

In addition, the Trust Fund has assumed the responsibility for (1) the operating expenses of the Authority (including the Delaware Transit Corporation), the Delaware Turnpike and the Route 1 Toll Road and all of the other divisions of the Department and (2) debt service on general obligation bonds previously sold by the State for transportation projects.

Initial Funding

The TTF was initially funded in fiscal 1988 with existing cash balances of $22.5 million, a special one time appropriation from the General Fund of $27.8 million plus the dedication of revenue streams (including investment earnings) then aggregating approximately $76.2 million per year. Since establishing the TTF, the State has increased fee and tax rates for existing dedicated revenue streams and has assigned to the TTF certain additional sources of transportation related revenue, as well as certain additional transportation related expenses. As a result, revenues to the TTF have increased substantially since fiscal 1988 and totaled $447.1 million in fiscal 2013. Revenues are estimated to reach $466.2 million in fiscal year 2014.

Summary of Revenue Dedicated to the TTF

The following table and chart summarize the revenue which is currently dedicated to the TTF, and identify that revenue which is pledged to secure the Bonds:

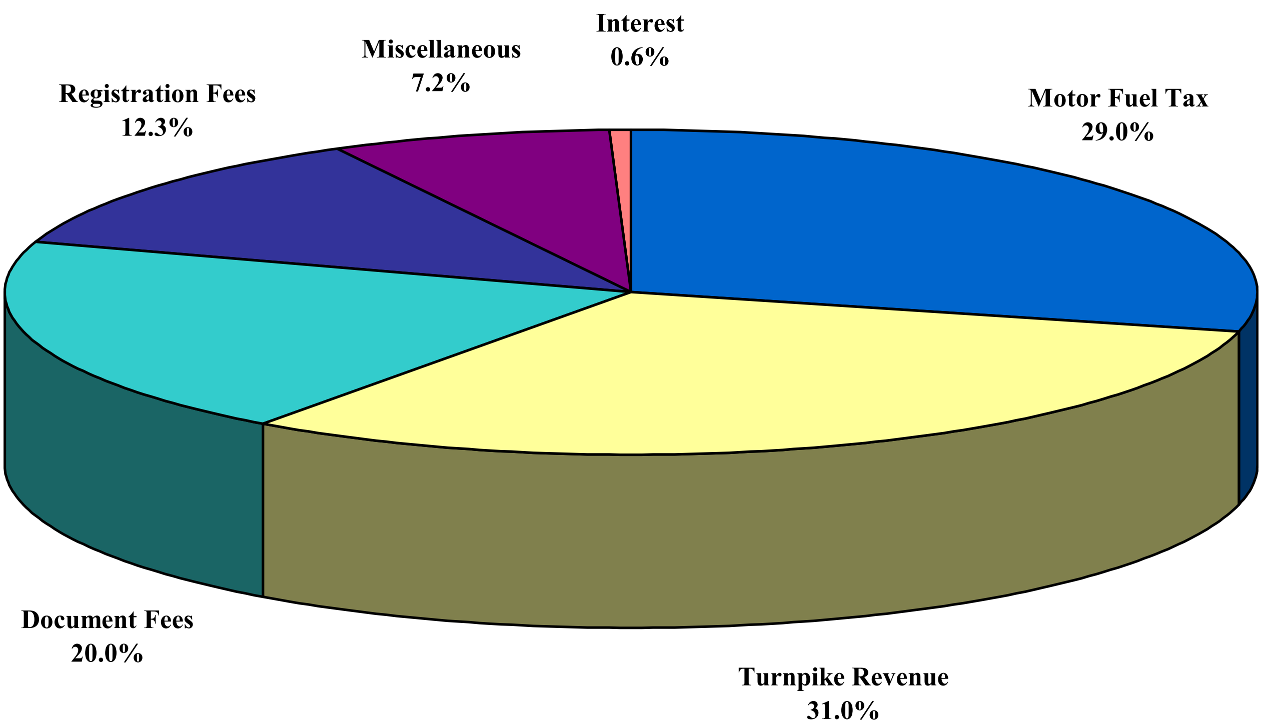
	Fiscal Year 2013 (in $ millions)		Percentage of Total Fiscal 2013 Pledged Revenue
Pledged to the Bonds:			
Motor Fuel Taxes	$112.6		29.0%
Delaware Turnpike Toll/Concession	120.1		31.0%
Motor Vehicle Document Fees	77.6		20.0%
Motor Vehicle Registration Fees	47.6	(1)	12.3%
Miscellaneous Transportation Revenue	27.9	(2)	7.2%
Investment Earnings	2.2		0.6%
Total Pledged Revenue	$388.0		100.0%
Not Pledged to the Bonds:			
Route 1 Toll Road Revenue	46.2		
Non-pledged Miscellaneous Revenue	12.9	(3)	
Total Non-Pledged Revenue	$ 59.1		
Total TTF Revenues	$447.1		

(1) Net of refunds to other states under the International Registration Plan ($0.02 million).

(2) Net of refunds to other jurisdictions under the International Motor Fuel Tax Agreement ($0.7 million) and transfers to the General Fund ($0.5 million).

(3) Traffic violation surcharge revenue, general fund transfers including motor vehicle dealer handling fee, motor vehicle dealer annual licensing fee, development plan review fees, motor vehicle use tax on vehicle lease payments, real estate lease fees, and property sales. Does not include General Fund contribution of $40 million.

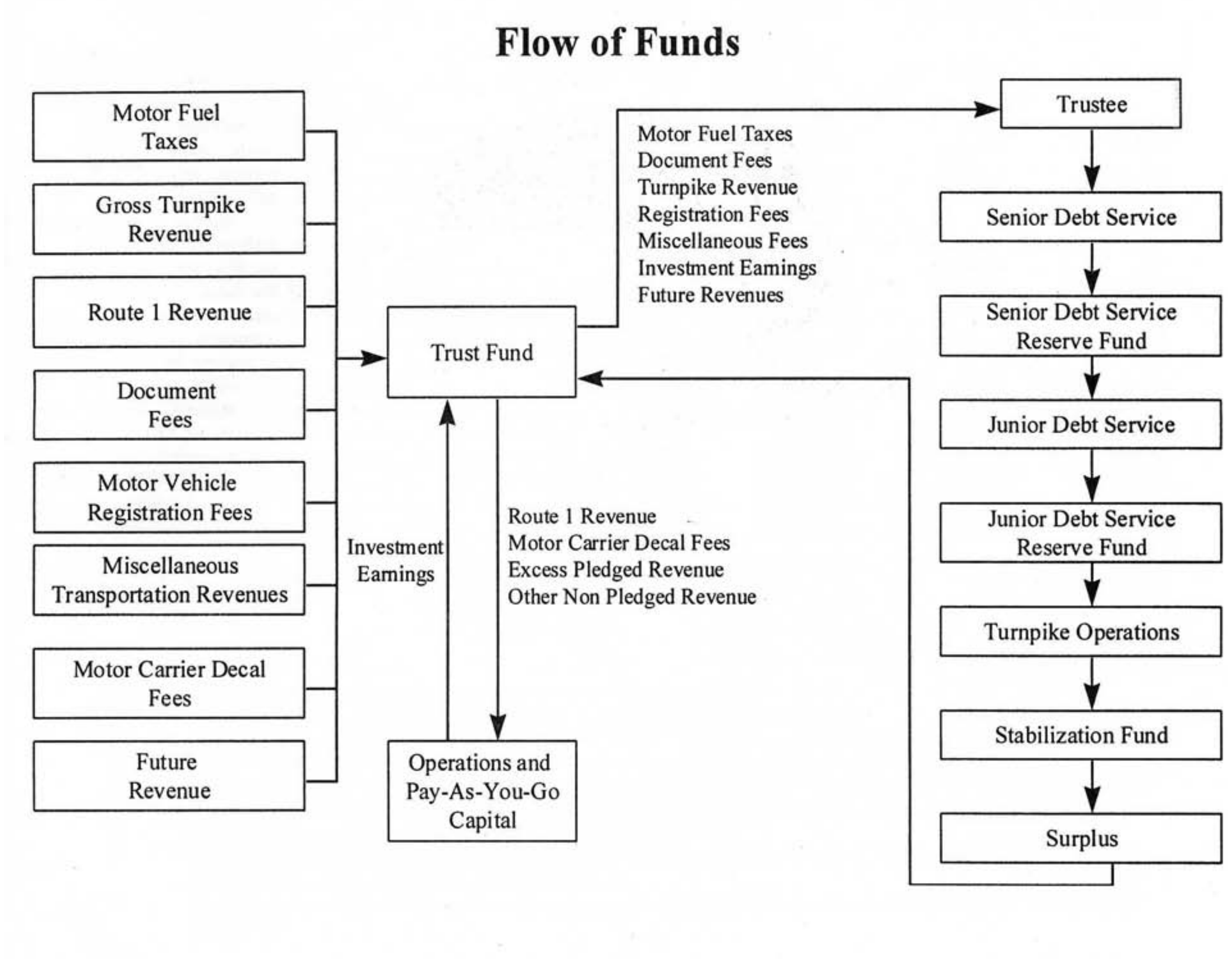
Sources of Pledged Revenue
Transportation Trust Fund - Fiscal 2013



Uses of Funds in the Transportation Trust Fund

Funds in the TTF are applied to meet the funding requirements of the Agreement including debt service on the Bonds, operating expenses of the Authority and the Department, debt service on existing State general obligation bonds issued for transportation projects and the costs of capital projects of the Authority and the Department.

The flow of funds to the TTF and under the Agreement is summarized in the following diagram:



Sources and Uses of Funds for Fiscal Years 2010, 2011, 2012 and 2013

The following summary of the results of the Sources and Uses of Funds are for fiscal years ended June 30, 2010, 2011, 2012 and 2013 (Audited financial statements for the fiscal years 2012 and 2013 are included in APPENDIX A). The summary reflects the flow of funds required by the Agreement as illustrated in the Flow of Funds diagram above.

Summary Results
Fiscal Years Ended
(dollars in thousands)

Sources of Funds:	**2010**	**2011**	**2012**	**2013**
Existing Pledged Revenue				
I-95 Tolls & Concessions [1]	119,399	115,895	117,133	120,089
Motor Fuel Tax Admin. [2]	115,740	116,612	115,877	115,008
DMV Fees	125,693	140,106	142,790	150,601
Interest Income	2,302	3,573	3,160	2,220
Total Pledged Revenue	**363,134**	**376,186**	**378,960**	**387,918**
Non-Pledged Revenues				
SR 1 Tolls	45,502	44,429	44,889	46,224
Continuing General Fund Support	0	24,000	40000	40,000
DE Transit (Farebox, FTA, & Other)	16,543	16,874	17,687	18,785
Port of Wilmington - Refinancing	0	1628	1,628	1,628
Build America Bond Subsidy	0	0	2,026	1,242
Other Miscellaneous Revenue	11,032	11,794	11,324	11,158
Total Non-Pledged Revenue	**73,077**	**98,725**	**117,554**	**119,037**
Total Revenue	**436,211**	**474,911**	**496,514**	**506,955**
Borrowing [3]	0	102,909	0	0
TOTAL SOURCES	**436,211**	**577,820**	**496,514**	**506,955**
Uses of Funds:				
Debt Service				
DTA Bonds & Notes	120,713	123,103	123,366	116,197
State G.O. Bonds	742	720	377	213
Debt Service	**121,455**	**123,823**	**123,743**	**116,410**
Operations				
Department Operations	145,055	141,817	141,818	142,792
Delaware Transit Corp. Operations	90,069	90,400	95,203	99,122
Total Operations	**235,124**	**232,217**	**237,021**	**241,914**
State Capital Spending	**170,337**	**127,486**	**191,479**	**188,000**
TOTAL USES	**526,916**	**483,526**	**552,243**	**546,324**
Additional Senior Bonds Test	2.99	3.03	3.05	3.32
Additional Junior Bonds Test	N/A[4]	N/A[4]	N/A[4]	N/A[4]

(1) Includes toll, concession and other revenue on the Delaware Turnpike.
(2) Includes motor carrier fees.
(3) Based on the assumption that July 1 payments are made on the previous June 30.
(4) There are no Junior Bonds Outstanding.

REFUNDING PROGRAM

The Authority will use a portion of the proceeds of the 2014 Bonds to provide for the current and advance refunding of the Senior Bonds identified below (the "Refunded Bonds"). The Refunded Bonds are being refunded for debt service savings.

Senior Bonds Being Refunded

Series	Maturities (July 1)	Principal Amount	Call Date
2004	2015, 2016, 2017	$ 35,525,000	July 1, 2014
2005	2016, 2019, 2020, 2021, 2025	$ 30,810,000	July 1, 2015
2006	2017, 2018, 2019, 2020, 2021, 2022, 2023	$ 51,670,000	July 1, 2016

ESTIMATED SOURCES AND USES OF FUNDS

The following table summarizes the estimated sources and uses of money which the Authority estimates will be available to refund the Refunded Bonds and to pay costs of issuance of the 2014 Bonds.

Sources of Funds

Principal amount of 2014 Bonds	$ 108,760,000.00
Net Original Issue Premium/Discount	15,983,075.50
Other Sources of Funds	1,750,800.42
Total	$ 126,493,875.92

Uses of Funds

Escrow Deposit for Refunded Bonds	$ 125,898,575.06
Financing and Other Expenses	
Underwriting discount	230,114.41
Other financing expenses	365,186.45
Total	$ 126,493,875.92

DESCRIPTION OF THE 2014 BONDS

The 2014 Bonds are to be issued in the total aggregate principal amount of $108,760,000. The 2014 Bonds are dated and bear interest from their date of delivery payable commencing January 1, 2015, and thereafter semi-annually on each January 1 and July 1 at the rate or rates per annum and shall mature, all as set forth on the cover page of this Official Statement.

The 2014 Bonds will be payable as to principal upon presentation and surrender thereof to the Trustee at the principal office of Wilmington Trust Company, Wilmington, Delaware. The 2014 Bonds will be issued as fully registered bonds, and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests in the 2014 Bonds will be made in book-entry form (without certificates) in the denomination of $5,000 or any whole multiple thereof. Under certain limited circumstances described herein, the Authority may determine to foregо immobilization of the 2014 Bonds at DTC, or another securities depository, in which case, such beneficial interests are expected to become exchangeable for one or more fully registered bonds of like principal, series and maturity in the denomination of $5,000 or any whole multiple thereof.

So long as DTC or its nominee, Cede & Co., is the registered owner of the 2014 Bonds, payments of the principal of and interest on the 2014 Bonds are to be made by the Trustee directly to Cede & Co. Distribution of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to owners of beneficial interests in the 2014 Bonds is the responsibility of the DTC participants. See "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption

The 2014 Bonds maturing on or after July 1, 2025 are subject to redemption, at the option of the Authority, in whole or in part at any time on or after July 1, 2024, in any order of maturity selected by the Authority and within a maturity by lot, at a redemption price equal to 100% of the principal amount of the 2014 Bonds to be redeemed plus interest accrued and unpaid to the redemption date.

Notice of Redemption

The Agreement provides that at least 30 days but not more than 60 days before the redemption date of any of the 2014 Bonds, the Trustee shall mail notice of such redemption to all owners of 2014 Bonds or portions thereof to be redeemed at their addresses as they appear on the registration books held by the Trustee. Each such notice will set forth the 2014 Bonds or portions thereof to be redeemed, the date for such redemption, the redemption price to be paid, and if less than all of the 2014 Bonds will be called for redemption and the maturities of the 2014 Bonds to be redeemed. So long as DTC is the registered owner of the 2014 Bonds, this notice is required to be mailed by the Trustee to DTC only. Any failure of DTC to mail such notice to any participant will not affect the validity of the redemption of the 2014 Bonds.

SECURITY FOR THE BONDS

Pledge and Assignment of Revenue and Funds

The Bonds are limited obligations of the Authority payable solely from and secured by a pledge and assignment of motor fuel tax revenue, motor vehicle document fees, motor vehicle registration fees, certain miscellaneous transportation related fees ("Pledged Miscellaneous Transportation Revenue"), revenue of the Delaware Turnpike, certain funds held by the Trustee under the Agreement and investment earnings on all funds of the Authority, all as more fully described below (the "Pledged Revenue").

Tax and Fee Revenue

The State has pledged and assigned to the TTF, for the use of the Authority, (i) all motor fuel tax revenue imposed and collected by the State, (ii) all motor vehicle document fees imposed and collected by the State, (iii) all motor vehicle registration fees imposed and collected by the State, (iv) the Pledged Miscellaneous Transportation Revenue plus certain other miscellaneous transportation revenue and reimbursement which have not been pledged as security for the Bonds and (v) certain escheat revenues, which escheat revenues have not been pledged as security for the Bonds. Since 1999, escheat revenues have been appropriated by the General Assembly on a year-by-year basis and transferred to the TTF. Those appropriations have ranged from $0 to $40,000,000. For fiscal 2014, $25,000,000 of the $40,000,000 appropriation has been received through April. The Governors Recommended budget for fiscal 2015 included the elimination of the escheat transfer. The Department has decided for planning purposes, it will assume that all future escheat payments will be discontinued. The Authority and the Department emphasize that the appropriation of the escheat monies to the TTF each year is subject to the discretion of the General Assembly and cannot be considered a reliable source of funds. See footnote (1) to the Base Financial Plan – Capital table under "TRANSPORTATION CAPITAL PROJECTS AND FINANCING PLANS – Current Financial Plan" herein. In the Agreement the Authority has, in turn, pledged and assigned motor fuel tax revenue, motor vehicle document fees, motor vehicle registration fees, investment earnings and the Pledged Miscellaneous Transportation Revenue to secure the Bonds. The Pledged Miscellaneous Transportation Revenue and the Non-Pledged Miscellaneous Transportation Revenue (hereinafter defined) are hereafter collectively referred to as the "Miscellaneous Transportation Revenue".

The State has covenanted in the Act that it will not repeal or reduce the motor fuel taxes, the motor vehicle document fees, the motor vehicle registration fees or the fees constituting Pledged Miscellaneous Transportation Revenue, which are pledged to secure the Bonds, below the levels in effect on the date of issuance of the 2014 Bonds until such Bonds are paid or provision for their payment is made. The State, however, has not authorized nor does it have any obligation to increase the rates of those taxes or fees to generate revenue to meet debt service on the 2014 Bonds. The above covenant does not apply to the Non-Pledged Miscellaneous Transportation Revenue, or other non-pledged revenue.

Delaware Turnpike Revenue

All revenue received by the Authority from the operation of the Delaware Turnpike (including toll and concession revenue) is pledged by the Authority in the Agreement to secure the Bonds.

The Authority covenants in the Agreement that it will fix and revise from time to time, and charge and collect charges, fares, fees, rentals and tolls for the use of the Delaware Turnpike and that it will not reduce the tolls on the Delaware Turnpike below the level in effect on the date of issuance of the 2014 Bonds, except as provided in the Agreement. The Authority may increase tolls, reduce tolls and make certain other adjustments or reclassifications of toll rates or establish special toll rates for the Delaware Turnpike as provided in the Agreement.

Bond Proceeds

All proceeds of Bonds which are deposited in the Capital Fund under the Agreement to be applied to pay for improvements to the State's transportation system are pledged by the Authority in the Agreement to secure the Bonds.

Debt Service Fund; Stabilization Fund

Under the Agreement there is established a Debt Service Fund and within that fund there is a separate Principal and Interest Account, and Redemption Account, for the Senior Bonds and the Junior Bonds. All funds held by the Trustee in such Senior Bonds accounts are pledged to secure only the Senior Bonds, and all funds held by the Trustee in such Junior Bonds accounts are pledged to secure only the Junior Bonds, all as hereinafter more fully described. See "Flow of Funds" and APPENDIX B, "Flow of Funds" and "Events of Default and Remedies; Respective Rights of Senior and Junior Bondholders." All funds held by the Trustee in the Debt Service Stabilization Fund (the "Stabilization Fund") are also pledged to secure the Bonds. The Authority is required to fund the Stabilization Fund (in such amount as the Authority determines at the time of the funding of the Stabilization Fund) if it determines that Test Revenue (hereinafter defined) based on the applicable historical test for issuing additional Bonds (hereinafter described) is less than 3.5 times the maximum Principal and Interest Requirements on Senior Bonds, including any Senior Bonds proposed to be issued. In the event sufficient funds are not otherwise available in the Debt Service Fund when required to pay debt service, the Trustee is required to draw upon the Stabilization Fund to pay debt service, first on the Senior Bonds and next on the Junior Bonds. See APPENDIX B, "Flow of Funds."

Debt Service Reserve Fund

Under the Agreement there is established a Debt Service Reserve Fund and within that fund there is a separate Debt Service Reserve Account for the Senior Bonds and the Junior Bonds. All funds held by the Trustee in the Debt Service Reserve Fund are pledged to secure the Senior Bonds and the Junior Bonds, as the case may be, as hereinafter more fully described. If there are insufficient funds otherwise available in the Senior Bonds or Junior Bonds debt service account, or in the Stabilization Fund, as applicable, when required to pay debt service on the Bonds, the Trustee is required to draw on the applicable Debt Service Reserve Account to make up the deficiency. The Authority is required to maintain funds in the Debt Service Reserve Fund at least equal to the Senior and Junior Bonds Debt Service Reserve Account Requirements.

The Debt Service Reserve Account Requirements with respect to the Senior and Junior Bonds are one half of the maximum Principal and Interest Requirements with respect to Senior and Junior Bonds, respectively. The Senior Bonds Debt Service Reserve Account Requirement is subject to increase as described below.

Two months prior to each July 1 (as of a date during such two-month period), the Authority must prepare the certificate required to be prepared in connection with the issuance of additional Bonds. In the event that the certificate shows that Test Revenues do not cover maximum Principal and Interest Requirements of the Senior Bonds Outstanding by 2.00 times, then the Authority will file the certificate with the Trustee and (i) the Senior Bonds Debt Service Reserve Account Requirement shall become an amount equal to the maximum Principal and Interest Requirements on Senior Bonds Outstanding and (ii) the Authority shall commence to make deposits to the Senior Bonds Debt Service Reserve Account on at least an equal monthly basis to fund fully the Senior Bonds Debt Service Reserve Account Requirement on or by the second anniversary of the date of calculation. On any subsequent July 1, if such coverage exceeds 2.25 times, the Senior Bonds Debt Service Reserve Account Requirement may be reduced to an amount equal to one-half maximum Principal and Interest Requirements on Senior Bonds Outstanding, subject to increase as provided above.

Two months prior to each October 1 (as of a date during such two-month period) unless the Authority has filed with the Trustee the certificate described above during the two-month period prior to the next preceding July 1, the Authority shall prepare such certificate. In the event that the certificate shows that Test Revenues do not cover maximum Principal and Interest Requirements of the Senior Bonds Outstanding by 2.00 times, then the Authority will file the certificate with the Trustee and (i) the Senior Bonds Debt Service Reserve Account Requirement shall become an amount equal to the maximum Principal and Interest Requirements on Senior Bonds Outstanding and (ii) the Authority shall commence to make deposits to the Senior Bonds Debt Service Reserve Account on at least an equal monthly basis to fund fully the Senior Bonds Debt Service Reserve Account Requirement on or by the second anniversary of the date of calculation. On any subsequent July 1, if such coverage exceeds 2.25 times, the Senior Bonds Debt Service Reserve Account Requirement may be reduced to an amount equal to one-half maximum Principal and Interest Requirements on Senior Bonds Outstanding, subject to increase as provided above. The foregoing certificate shall also be filed by the Authority with the Trustee at the time of issuance of additional Bonds.

The Debt Service Reserve Account Requirements may be satisfied by the acquisition of a Credit Facility as provided in the Agreement. See APPENDIX B, "Additional Bonds; Debt Service Reserve Fund".

Investment Earnings

All investment earnings on the Revenue Fund, the Capital Fund, the Debt Service Fund, the Stabilization Fund and the Debt Service Reserve Fund, net of any amounts required to be paid to the Internal Revenue Service in order to preserve the tax-exempt status of the 2014 Bonds, are to be retained in or deposited by the Trustee in the Revenue Fund and are pledged by the Authority in the Agreement to secure the 2014 Bonds. The Authority is also required to cause the investment earnings on all of its other funds not held by the Trustee, including particularly the TTF, to be paid to the Trustee for deposit in the Revenue Fund at least once a year (the "TTF Investment Earnings"). These investment earnings are also pledged by the Authority in the Agreement to secure the Bonds; however, such earnings shall not be treated as Additional Revenue for purposes of satisfying the coverage test which must be met as a condition of issuing additional bonds in the Agreement (See "SECURITY FOR THE BONDS - Additional Senior Bonds" and "SECURITY FOR THE BONDS - Additional Junior Bonds").

Non-Pledged Revenue

The Authority has not pledged to secure the Bonds (i) the toll revenue from the Route 1 Toll Road (the "Route 1 Toll Revenue"), (ii) the federal subsidy payments the Authority receives from bonds issued as "Build America Bonds," and (iii) certain other miscellaneous transportation revenue and reimbursements which includes various amounts which may not be transferred in future fiscal years. Since 1999, escheat revenues have been appropriated by the General Assembly on a year-by-year basis and transferred to the TTF. Those appropriations have ranged from $0 to $40,000,000. For fiscal 2014, $25,000,000 of the $40,000,000 appropriation has been received through April. The Governor's recommended budget for fiscal 2015 included the elimination of the escheat transfer. The Department has decided for planning purposes that it will assume that all future escheat payments will be discontinued. The Authority and the Department emphasize that the appropriation of the escheat monies to the TTF each year is subject to the discretion of the General Assembly and cannot be considered a reliable sorce of funds. See footnote (1) to the Base Financial Plan – Capital table under "TRANSPORTATION CAPITAL PROJECTS AND FINANCING PLANS – Current Financial Plan" herein. The revenue described in clause (ii) above, together with any escheat revenues, are hereinafter sometimes referred to as "Non-Pledged Miscellaneous Transportation Revenues". Certain components of the Non-Pledged Miscellaneous Transportation Revenue are not projected to be recurring in future fiscal years. See "SOURCES OF REVENUE FOR THE TRUST FUND -- Miscellaneous Transportation Revenue - Non-Pledged Miscellaneous Transportation Revenues" for a discussion of revenue sources transferred to the TTF but which have not been pledged by the Authority to secure the Bonds.

Flow of Funds

The State is required to transfer all motor fuel tax revenue, motor vehicle document fees, motor vehicle registration fees and Miscellaneous Transportation Revenue to the TTF from where such revenue is required to be immediately transferred to the Trustee for deposit in the Revenue Fund to the extent that such revenues constitute "Revenues and Receipts of the Authority". The Agreement requires the Authority to collect tolls and other charges, fares, fees, and concessions for use of the Delaware Turnpike and its facilities and to deposit this revenue, upon receipt, in the Revenue Fund. On or before the fifteenth day of each month, the Trustee is required under the Agreement to withdraw all funds from the Revenue Fund on deposit on the tenth day of that month and to deposit these funds in the following order of priority:

(i) to fund debt service and debt service reserve requirements with respect to all Senior Bonds;

(ii) to fund debt service and debt service reserve requirements with respect to all Junior Bonds;

(iii) to pay Operating Expenses of the Delaware Turnpike;

(iv) to make up any deficiency in the Operating Reserve Fund;

(v) to make up any deficiency in the Stabilization Fund; and

(vi) the remainder to be transferred to the TTF, free of the lien of the Agreement, subject to an obligation to transfer investment income on the TTF, if any, to the Revenue Fund.

See APPENDIX B, "Flow of Funds" and the flow of funds diagram under "THE TRANSPORTATION TRUST FUND -- Uses of Funds in the Transportation Trust Fund".

Senior Lien for Senior Bonds

The lien of the Junior Bonds against the Pledged Revenue, with certain limited exceptions, is subordinate to the lien of the Senior Bonds. If there is an event of default resulting from a failure in payment of debt service on the Senior Bonds or from an insolvency of the Authority or if there is an event of default which the Trustee attempts to remedy by acceleration, no payment of debt service may be made on the Junior Bonds except from certain Junior Bonds Priority Funds -- funds already on deposit in the Junior Bonds Principal and Interest Account, the Junior Bonds Redemption Account (but not any funds held for optional redemption) or the Junior Bonds Debt Service Reserve Account -- until the default with respect to the Senior Bonds is cured.

Credit of the State Not Pledged; Certain Covenants of the State

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY SECURED ONLY BY THE PLEDGED REVENUE OF THE AUTHORITY AS DESCRIBED ABOVE UNDER "PLEDGE AND ASSIGNMENT OF REVENUE AND FUNDS". THE BONDS DO NOT CONSTITUTE A DEBT OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, NOR A PLEDGE OF THE GENERAL TAXING POWER OR THE FAITH AND CREDIT OF THE STATE OR OF ANY SUCH POLITICAL SUBDIVISION.

The State has covenanted in the Act that it will not repeal or reduce the motor fuel taxes, the motor vehicle document fees, the motor vehicle registration fees or the fees constituting Pledged Miscellaneous Transportation Revenue, which are pledged to secure the Bonds, below the levels in effect on the date of issuance of the 2014 Bonds until such Bonds are paid or provision for their payment is made. The State has not, however, authorized nor does it have any obligation to increase the rates of those taxes or fees to generate revenue to meet debt service on the 2014 Bonds.

The State has also covenanted in the Act that it will not (i) limit or alter the rights or powers vested in the Authority by the Act in any way that would jeopardize the interest of the holders of the Bonds or inhibit or prevent performance or fulfillment by the Authority of the terms of any agreement made with the holders or (ii) prevent the Authority from obtaining revenue which, together with other available funds, shall be sufficient to meet all expenses of the Authority and fulfill the terms of any agreement made with the holders of Bonds and all costs and expenses in connection with any action or proceedings by or on behalf of the holders, or (iii) prevent the Authority from receiving payment of funds as provided in any agreement, until the Bonds together with interest and premium, if any, thereon are fully met and discharged or provided for.

The State has also covenanted in the Act that it will not limit or restrict the rights granted to the Authority by the Act to construct, reconstruct, improve, extend, alter, modernize, repair, operate and maintain any transportation facilities, or to establish and collect such charges, fares, fees, rates, rentals and tolls as may be convenient or necessary to produce sufficient revenue to meet the expenses of maintenance and operation thereof and to fulfill the terms of any agreements made with the holders of bonds authorized by the Act or in any way impair the rights or remedies of the holders of such bonds until all of such bonds are fully paid or discharged.

Additional Senior Bonds

The Agreement and the Act permit the Authority to issue additional Senior Bonds (or to convert outstanding Junior Bonds to Senior Bonds) secured on a parity with the other Senior Bonds issued and outstanding under the Agreement for any purpose permitted under the Act, provided that there is satisfied the Senior Bonds Historical Test (described in (i)(A) below) and the Junior Bonds Historical Test (described in (i)(B) below) or the Senior Bonds Alternate Test (described in (ii)(A) below) and the Junior Bonds Alternate Test (described in (ii)(B) below).

(i)(A) The Senior Bonds Historical Test is satisfied if the aggregate amount of motor fuel tax revenue, motor vehicle document fees, motor vehicle registration fees, revenue from the Delaware Turnpike, Pledged Miscellaneous Transportation Revenue and Additional Revenue pledged to secure the Bonds (excluding TTF Investment Earnings) (the "Test Revenue") for any 12 consecutive month period of the preceding 15 months ending not later than three months prior to the date of the additional Senior Bonds, which date shall not be more than 90 days prior to the date of issuance of the additional Senior Bonds (adjusted to reflect adjustments in the tax rates, fees and tolls as if such adjustments had been in effect for the entire period) equals or exceeds 2.00 times the maximum Principal and Interest Requirements for all Senior Bonds, including the Senior Bonds proposed to be issued.

(B) The Junior Bonds Historical Test is satisfied if the aggregate amount of Test Revenue, calculated in the same manner and for the same 12 month period as in (i)(A) above, reduced by the maximum Principal and Interest Requirements for the Senior Bonds, equals or exceeds 3.0 times the maximum Principal and Interest Requirements for all Junior Bonds, including the Junior Bonds proposed to be issued.

(ii)(A) The Senior Bonds Alternate Test is satisfied if estimated Test Revenue (assuming for each fiscal year described below, that Test Revenue is equal to the aggregate amount of Test Revenue for the same 12 month period as in (i)(A) above as adjusted in subsequent fiscal years for any increase in tolls, taxes or fees from the date such increase is to be in effect) (I) for the current fiscal year and each of the following four fiscal years equals or exceeds 2.00 times the Principal and Interest Requirements for all Senior Bonds Outstanding during each such year and (II) for the fifth following fiscal year equals or exceeds 2.00 times the maximum Principal and Interest Requirements for all Senior Bonds for that year or any subsequent fiscal year.

(B) The Junior Bonds Alternate Test is satisfied if estimated Test Revenue (assuming for each fiscal year described below, that Test Revenue is equal to the aggregate amount of Test Revenue for the same 12 month period as in (i)(A) above as adjusted in subsequent fiscal years for any increase in tolls, taxes or fees from the date such increase is to be in effect), less (x) for the current and each of the next four fiscal years, the Principal and Interest Requirements on the Senior Bonds for each such year, and (y) for the fifth following fiscal year, the maximum Principal and Interest Requirements on the Senior Bonds for that year or any subsequent fiscal year, (I) for the current fiscal year and each of the following four fiscal years equals or exceeds 3.0 times the Principal and Interest Requirements for all Junior Bonds Outstanding during each such year and (II) for the fifth following fiscal year equals or exceeds 3.0 times the maximum Principal and Interest Requirements for all Junior Bonds for that year or any subsequent fiscal year.

The Authority may also issue additional Senior Bonds to refund any Senior Bonds, without meeting the coverage tests described above, if the maximum Principal and Interest Requirements for the refunding bonds is less than the maximum Principal and Interest Requirements for the Bonds to be refunded.

Additional Junior Bonds

The Agreement and the Act permit the Authority to issue additional Junior Bonds secured on a parity with all other Junior Bonds issued and outstanding under the Agreement for any purpose permitted under the Act, provided that either the Junior Bonds Historical Test or the Junior Bonds Alternate Test, as described above, is satisfied.

The Authority may also issue additional Junior Bonds to refund any Junior Bonds or Senior Bonds, without meeting the coverage tests described above, if the maximum Principal and Interest Requirements for the refunding bonds are less than the maximum Principal and Interest Requirements for the Bonds to be refunded.

Additional Revenue Considered in Additional Bonds Tests

For the purposes of the additional bonds coverage tests described above, Additional Revenue (excluding the TTF Investment Earnings) may be included and taken into account as Test Revenue provided that (1) a Supplemental Agreement is duly adopted by the Authority providing for the pledge of such Additional Revenue under the Agreement for the benefit of the holders of Bonds, (2) the Authority receives a written opinion of nationally recognized bond counsel to the effect that such pledge is valid and binding on the Authority and any pledge or assignment of such additional revenue to the Authority by the State is valid, (3) the State or the Authority, as the case may be, shall have covenanted not to repeal, reduce or adversely alter such Additional Revenue below rates in effect at the time of such pledge and assignment, (4) all approvals and authorizations necessary to effect such pledge and assignment have been obtained and (5) the Supplemental Agreement evidencing the pledge of Additional Revenues shall incorporate all of the covenants, terms and conditions contained in the Agreement.

Subordinate Indebtedness

Under the Agreement, the Authority may also issue additional obligations secured by a lien on the Pledged Revenue which is subordinate to the lien of the Senior Bonds and the Junior Bonds. Such obligations may be issued without regard to any additional bonds debt service coverage test. The rights of holders of any Subordinate Indebtedness will be limited, however, as follows: all principal and interest on all Senior and Junior Bonds must be paid before any payment of debt service may be made on any Subordinate Indebtedness if any of the following occur (i) insolvency, bankruptcy, receivership or any similar proceeding with respect to the Authority or its property; (ii) the acceleration of principal and interest on the Subordinate Indebtedness; (iii) an Event of Default with respect to Senior or Junior Bonds resulting in acceleration of principal of and interest on the Senior Bonds and/or the Junior Bonds; or (iv) an Event of Default resulting from the failure in payment of Principal and Interest Requirements on any Bond. An event of default with respect to Subordinate Indebtedness shall not in itself create the right to declare an Event of Default with respect to the Senior Bonds or the Junior Bonds.

SOURCES OF REVENUE FOR THE TRUST FUND

General

The TTF receives the motor fuel taxes, the Delaware Turnpike toll and concession revenue, Route 1 Toll Revenue, the motor vehicle document fee revenue, the motor vehicle registration fee revenue, Miscellaneous Transportation Revenue and the interest earnings on the TTF's balances. All of the revenue derived from these sources, except the Route 1 Toll Revenue and the Non-Pledged Miscellaneous Transportation Revenue (which includes, among others, the escheat revenues), is pledged to secure the Bonds.

The Delaware Economic and Financial Advisory Council ("DEFAC") forecasts revenue of the TTF applying various assumptions and forecasts provided to it by the Department. A new traffic report entitled "Traffic and Revenue Study" has been completed by Stantec Consulting Services Inc. (the "Transportation Consultant") and is attached hereto as APPENDIX E. The forecasts of toll and concession revenue for the Delaware Turnpike and the Route 1 Toll Road contained herein reflect the DEFAC forecasts.

Motor Fuel Tax Revenue

General

Motor fuel tax revenue is derived from taxes imposed by the State on gasoline and special fuels. This revenue totaled $112.6 million (net of refunds) in fiscal 2013. Motor fuel tax revenue provided 29.0% of the revenue pledged to secure the Bonds in fiscal 2013 and is the second largest component of such pledged revenue.

The term "gasoline" includes all products commonly or commercially known as gasoline but does not include liquefied gases. The term "special fuel" means all combustible gases and liquids, except gasoline, suitable for the generation of power for propulsion of motor vehicles. Gasoline taxes are payable by licensed distributors and special fuel taxes are remitted by licensed special fuel suppliers, users and dealers based on the sale or use of special fuels. Distributors, licensed special fuel users, dealers and suppliers are required to file tax reports monthly and remit the taxes due for the preceding month. Failure to file reports or remit taxes subjects the distributor, dealer, user or supplier to monetary penalties plus civil or criminal proceedings. Exemptions from the motor fuel tax are provided to the United States or any government agencies thereof and to the State and its political subdivisions, among other entities.

Motor fuel taxes were imposed at the rate of 16 cents per gallon for gasoline and special fuels for the period from September 1, 1987 to December 31, 1990. On January 1, 1991 the motor fuel tax increased to 19 cents per gallon. In June, 1993, the General Assembly enacted increases in both the gasoline and special fuels tax rates as follows: (1) the gasoline tax rate increased to 22 cents per gallon on September 1, 1993 and to 23 cents per gallon on January 1, 1995; and (2) the special fuels tax rate increased to 22 cents per gallon on January 1, 1995.

The fiscal 2015 Governor's Recommended Budget proposes a $0.10 increase to both gasoline and special fuels. The increase would generate an estimated $50,000,000 in additional motor fuel tax revenues. The proposal is subject to General Assembly approval and will be voted on prior to July 1, 2014. Because some opposition to this proposal currently exists, passage of the proposed motor fuel tax increase is uncertain. The proposal also has an annual indexing where annual increases to the tax rate will be based on the prior year's increase in the consumer price index. Details regarding the indexing proposal are still being negotiated and passage of this provision is also uncertain at this time.

Historical Summary of Gallonage and Revenue from Motor Fuel Taxation

The following table summarizes certain historical information pertaining to motor fuel taxes and motor fuel usage in the State.

History of Gallonage and Revenue from Motor Fuel Taxes
(dollars and gallonage in millions; percent change calculated from unrounded data)

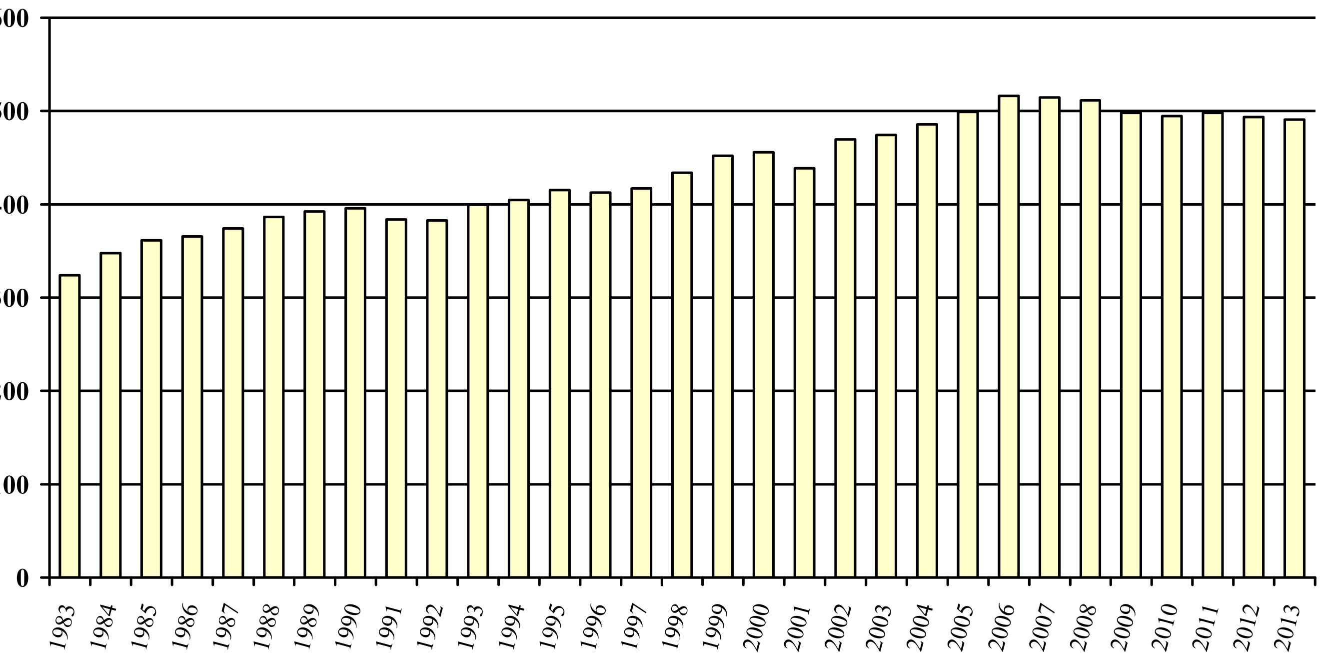
	Gallonage	Change	Revenue (1)	Change
1983	323.9	--	35.3 (2)	--
1984	347.8	7.4 %	38.0	7.7 %
1985	361.5	3.9	39.4	3.7
1986	365.6	1.1	40.2	2.0
1987	374.2	2.4	45.7 (3)	13.7
1988	386.4	3.3	59.2 (4)	29.5
1989	392.5	1.6	62.6	5.7
1990	395.8	0.8	63.4	1.3
1991	383.9	(3.0)	66.0 (5)	4.1
1992	382.8	(0.3)	72.5	9.9
1993	399.7	4.4	75.6	4.3
1994	404.8	1.3	84.7 (6)	12.0
1995	415.5	2.6	91.7 (7)	8.3
1996	412.7	(0.7)	94.1	2.6 (8)
1997	417.2	1.1	95.1	1.1
1998	433.8	4.0	98.5	3.6
1999	451.9	4.1	102.5	4.0
2000	455.7	0.8	103.9	1.4
2001	438.8	(3.7)	98.9	(4.8)
2002	469.6	7.0	107.7	8.9
2003	474.2	1.0	107.3	(0.4)
2004	485.7	2.4	112.4	4.8
2005	499.2	2.8	113.7	1.1
2006	516.2	3.4	120.1	5.7
2007	514.6	(0.3)	117.5	(2.2)
2008	511.4	(0.6)	117.7	0.2
2009	498.1	(2.6)	114.6	(2.6)
2010	494.5	(0.7)	112.9	(1.5)
2011	498.1	0.7	113.8	0.8
2012	493.5	(0.9)	112.9	(0.7)
2013	490.7	(0.6)	112.6	(0.3)

(1) Net of motor carrier fees and refunds for non-highway use.
(2) Rate increased from 9 to 11 cents per gallon on August 1, 1981.
(3) Rate increased from 11 to 13 cents per gallon on October 1, 1986.
(4) Rate increased from 13 to 16 cents per gallon on September 1, 1987.
(5) Rate increased from 16 to 19 cents per gallon for gasoline on January 1, 1991.
(6) Rate increased from 19 cents to 22 cents per gallon for gasoline on September 1, 1993.
(7) Rate increased from 22 cents to 23 cents per gallon for gasoline and from 19 to 22 cents per gallon for special fuels on January 1, 1995.
(8) Reflects full year impact of fiscal 1995 rate increase.

The following graph plots the taxable motor fuel consumed in the State from fiscal 1983 through fiscal 2013.

Motor Fuel Consumption 1983-2013

(in millions of gallons)



Motor Fuel Consumption

Motor fuel consumption is affected by various factors, including population growth, stages of the business cycle, cost and availability of fuel, the requirements of the Federal Energy Act and the Federal Clean Air Act Amendments of 1991 and the fuel efficiency of the vehicle fleet.

During the thirty-one year period from fiscal 1983 through fiscal 2013, motor fuel consumption has risen from a low of 323.9 million gallons during the fiscal 1983 to an all time high of 516.2 million gallons during fiscal 2006. Motor fuel consumption has declined in every year since 2007, except for a 0.7% increase in fiscal 2011 which is attributed to the re-opening of the I-95 service plaza that had been closed for most of fiscal 2010. In fiscal 2013, the I-95 service plaza sold over 9.8 million gallons of gasoline and over 4.0 million gallons of diesel fuel.

Special fuel consumption has increased significantly since fiscal 1980 primarily because of the increased use of diesel engines. Special fuel's percentage of total consumption has increased from 9.2% in fiscal 1980 to 12.8% in fiscal 2013.

Projections of Gallonage and Revenue from Motor Fuel Taxes

Based on the historical data regarding motor fuel consumption, current economic conditions and some of the factors referenced below, DEFAC has provided projections of fuel revenues through fiscal 2020. An important factor which will affect future motor fuel consumption and revenues, both nationally and in Delaware, is the shift in consumer purchasing toward smaller more fuel-efficient vehicles. Increases in vehicle fuel efficiency will also impact consumption. New vehicles entering the fleet have increased the average number of gallons for all vehicles and future changes in vehicle technology may affect gasoline consumption.

Revenues and fuel consumption are impacted by several factors which contribute to increases and decreases in both the price and availability of gasoline. Such factors taken into consideration are:

- U.S. dependency on imported crude oil has been decreasing due to continued domestic development of light oil and increased offshore development. Based on estimates from the Department of Energy - U.S. Energy Information Administration (EIA), by 2020, domestic oil production could be at the high levels previously seen in 1994;
- Use of other fuel types, such as biofuel, has increased in the U.S., reducing the need for gasoline;
- Demand for fuel remains uncertain based on domestic and world economic recovery and future economic conditions. A potential slowing of domestic demand could result in lower prices; however, price decreases could be offset by increased demand overseas as global economic conditions improve;
- Political unrest in oil-producing countries creates price uncertainty;
- Vehicle Miles Traveled (VMT) on a national level decreased by 2.5% between 2007 and 2008 and by 2.2% between 2010 and 2011. Delaware VMT patterns from 2006 to 2011 reflected a 6.3% decrease (from a high of 9.5 billion miles in 2006 down to 8.9 billion in 2011). Since 2011, Delaware VMT has increased by 3.4%, reaching an annual level of 9.2 billion in 2013. Fuel price increases could decrease future Delaware VMT, as seen when gasoline prices increased in 2008 and 2011.
- Vehicle fuel efficiency continues to increase. The latest data available from the U.S. Environmental Protection Agency shows that the adjusted 2012 composite model year fuel economy was at a high of 23.6 miles per gallon (mpg). It is assumed that fuel efficiency of vehicles will continue to increase. Total fleet federal Corporate Average Fuel Economy (CAFE) requirements are set at 34.1 mpg for 2016 (37.8 mpg average for passenger cars / 28.8 mpg for light trucks).

The forecasted motor fuel consumption and revenue from motor fuel taxation, assumes the current and approved rate structure of $.23 per gallon for gasoline and $.22 per gallon for special fuels.

Projections of Gallonage and Revenue from Motor Fuel Taxes[1]
(dollars and gallonage in millions)

Fiscal Year	Gallonage	Percent Change	Revenue[2]	Percent Change
2014	486.8	(0.8%)[3]	$111.7	(0.8%)[3]
2015	482.9	(0.8%)	$110.8	(0.8%)
2016	479.0	(0.8%)	$109.9	(0.8%)
2017	475.2	(0.8%)	$109.0	(0.8%)
2018	470.4	(1.0%)	$108.0	(1.0%)
2019	465.7	(1.0%)	$106.9	(1.0%)
2020	461.1	(1.0%)	$105.8	(1.0%)

(1) Projections provided by DEFAC from its April 21, 2014 meeting.
(2) Revenue net of motor carrier fees and refunds for non-highway use.
(3) Percent change from fiscal 2013 actual.

Toll Revenue

Delaware Turnpike Revenue

General. The toll and concession revenue of the Delaware Turnpike generated the largest source of revenue to the TTF: $120.1 million in fiscal 2013 or 31.0% of the revenue pledged to secure the Bonds. Of the total toll and concession revenue in fiscal 2013, toll revenue comprised 98.0% and concession revenue comprised 2.0%.

Electronic Tolls. In 1998, the Department joined a consortium of several transportation agencies from New Jersey and New York (the "Consortium") for the purpose of installing an electronic toll collection system ("E-Z Pass System") on the toll roads and bridges operated by the members of the Consortium. Pursuant to a Contract (the "Vendor Contract"), dated March 10, 1998, between The New Jersey Turnpike Authority, as the designated representative of the Consortium, and Adesta Communications (formerly MFS Network Technologies, Inc.) (the "Vendor"), the Department completed the installation of the E-Z Pass System on the Route 1 Toll Road and the Delaware Turnpike (which became operational on the Delaware Turnpike in November 1998, the southern section of the Route 1 Toll Road in April 1999 and the northern section in November 1999). All tolls, due to the Authority, paid by the users of the E-Z Pass System in Delaware are promptly being remitted to Delaware. Under the Vendor Contract, the Department has a contingent liability for a share of various costs to the extent that such costs are not covered by the anticipated revenues. The Department prepaid its entire liability in fiscal 2007.

For a variety of reasons, the Department determined to separate from the Consortium. In connection with that decision, the Department entered into an agreement in late March 2003 with the New Jersey Turnpike Authority, pursuant to which the Department received certain one-time payments totaling $7.6 million and a further $1 million in work effort required to complete a Fiber Optic network for the State's E-Z Pass System.

In connection with the decision to separate from the Consortium, the Department issued a Request for Proposals and subsequently entered into an Agreement with TransCore for the build-out and operation of the Department's new stand-alone E-Z Pass Customer Service Center and Violations Processing Center. The Center was completed and made operational in October 2003.

The implementation of the E-Z Pass System occurred in stages. The implementation of E-Z Pass coincided with the increase in tolls at the Delaware Turnpike in January 1999. Implementation on the southern section of State Route 1 occurred in April 1999 and implementation in the northern section occurred with the opening of the tolls at Biddles Corner, southern New Castle County, in November 1999.

The E-Z Pass System has increased the Authority's ability to track traffic and transactions at the toll barriers and has aided in the electronic transfer of funds to TTF accounts. It has also increased the Authority's enforcement of violations for non-payment of tolls.

Delaware's E-Z Pass utilization rates have increased as expected. The Delaware Turnpike has a utilization rate of 66.0%, while the rate on State Route 1 was 69.9% for fiscal 2013. These rates will continue to increase as neighboring toll facilities join the E-Z Pass network. The Delaware River and Bay Authority (operator of the Delaware Memorial Bridge), started operating in the E-Z Pass network in July 2001. Delaware's toll roads are now connected to E-Z Pass participants to the north and the south, which will lead to further increases in utilization.

<u>Description of Delaware Turnpike</u>. The Delaware Turnpike comprises 11.3 miles of the nation's Interstate 95, which extends along the east coast from Maine to Florida. To the southwest, the Delaware Turnpike connects directly to the Maryland Turnpike, a similar toll facility extending southward to Baltimore.

The easterly terminus of the Delaware Turnpike is at Delaware Route 141 where the Delaware Turnpike meets the following three non-toll sections of the State's interstate road system: Interstate 95 which extends north to Wilmington, Delaware and into Pennsylvania; Interstate 495 which bypasses Wilmington to the east and rejoins I-95 at the Delaware/Pennsylvania state line; and Interstate 295 which connects with U.S. Routes 13, 40 and 301 immediately to the east, and continues across the Delaware Memorial Bridge, connecting with the New Jersey Turnpike and New Jersey I-295.

Most of the Delaware Turnpike consists of four twelve-foot wide lanes in each direction. There are four interchanges to serve communities along the route. A main barrier toll plaza consisting of 18 lanes (7 cash lanes and 2 high speed E-Z Pass lanes in each direction), the only toll collection point on the Delaware Turnpike, is located near the Maryland state line.

The Authority owns a service plaza facility containing restaurants and one service station which, through contracts with concessionaires, provides additional revenue for the Delaware Turnpike. The facility is located on I-95 near Newark, Delaware, approximately midway on the Delaware Turnpike, between the north and southbound lanes.

The Delaware Welcome Center Travel Plaza was rebuilt over a nine month period beginning September 9, 2009. The new facility opened June 24, 2010 and features a 47,000 square foot building and a new service station operated by Sunoco, with high-speed diesel pumps and a 24-hour convenience store. The $35 million complex was financed entirely with private funding by the operator, HMS Host Corporation, pursuant to a twenty-year contract which extended through June 2008, but which remained in force through carryover provisions until the plaza closed down for construction in September 2009. A new contract was negotiated and executed in July 2008 for the design, finance, construction, operation, and maintenance of a new welcome center and service plaza. The contract also requires the operator to spend, at a minimum, an additional $21 million in capital improvements over the 35-year lease term. To replace revenue lost during the closure, temporary rent payments were made each month during the closure ($170,000/month). A new revenue sharing agreement was also negotiated between the operator and the Department. In fiscal 2013, concession revenue to the Delaware Turnpike totaled $2.4 million.

Historic Traffic and Toll Summary. The average annual growth of vehicle trips since fiscal 1980 has been 2.2%. During fiscal 2012, traffic increased 2.5%, but decreased by 0.9% in fiscal 2013 (passenger traffic decreased by 0.96% and commercial traffic was down 0.36%). For the first nine months of fiscal 2014, traffic was 0.9% lower compared to fiscal 2013, taking into account a 3.2% decrease in January 2014 due to the harsh winter weather conditions.

Several factors have had a significant impact on I-95/Delaware Turnpike traffic over the last ten years. These include the recession of 2007 – 2009 and its slow recovery; toll increases in 2005 and 2007; severe weather events such as Superstorm Sandy in October 2012 and severe winter snow and ice storms over the last few years. The current fiscal year has already seen several winter storm events. Traffic has also been impacted by the increase in fuel prices in 2008 and 2011. Traffic volumes on I-95/Delaware Turnpike decreased from a high of 28.6 million in fiscal 2004 to 24.9 million in fiscal 2013.

The following table summarizes the recorded vehicle trips through the Delaware Turnpike toll barrier and the revenue derived from tolls and concessions from fiscal 1983 through fiscal 2013.

Most Recent Toll Increase (Fiscal 2008). With input from the General Assembly and the Administration, the Authority evaluated the current toll structure and found that amending the current structure for the Delaware Turnpike would be in the best interest of the Authority. Effective October 1, 2007, all vehicle class tolls increased by $1.00 and the discounts offered to commercial E-Z Pass customers during the hours of 10 p.m. to 6 a.m. was discontinued.

Recent Upgrades to the Turnpike. In fiscal 2011, the high speed E-Z Pass lane project was completed, adding two high speed E-Z Pass lanes at the toll plaza. This project will reduce backups at the toll plaza by allowing more of the E-Z Pass users to have their own high speed lanes through the facility; which will additionally free up space for cash customers.

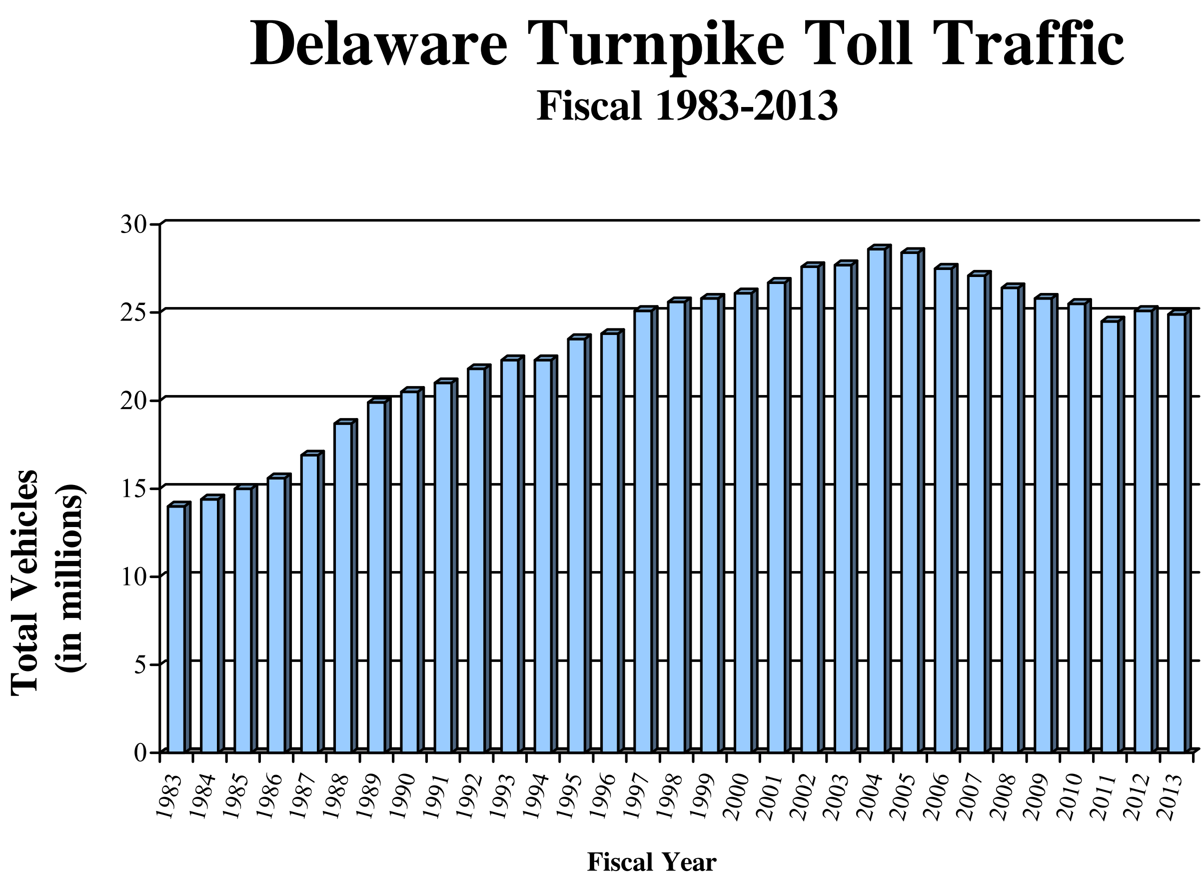
Vehicle Trips and Delaware Turnpike Revenue

(dollars and vehicles in millions, percent change and totals calculated from unrounded data)

	Vehicles Through the Toll Barrier	Change	Toll Revenue		Concession Revenue	Toll and Concession Revenue	Change
1983	14.0	--	13.1	(1)	1.0	14.1	--
1984	14.4	2.5%	18.2	(2)	1.3	20.1	42.6%
1985	15.0	4.5	19.7		1.3	21.0	4.5
1986	15.6	4.1	20.5		1.3	21.8	3.8
1987	16.9	8.3	22.3		1.4	23.7	8.7
1988	18.7	10.4	24.6		1.4	26.0	9.7
1989	19.9	6.5	26.1		1.7	27.8	6.9
1990	20.5	3.2	28.3	(3)	1.7	30.0	7.9
1991	21.0	2.1	29.0		1.7	30.7	2.3
1992	21.8	4.0	29.5		1.9	31.4	2.3
1993	22.3	2.4	30.4		2.0	32.4	3.2
1994	22.3	(0.2)	36.7	(4)	2.1	38.8	19.7
1995	23.5	5.4	40.3		2.2	42.5	9.5
1996	23.8	1.7	40.6		2.3	42.9	0.9
1997	25.1	4.7	41.8		2.4	44.2	3.0
1998	25.6	2.2	43.3		2.4	45.7	3.4
1999	25.8	0.7	51.3	(5)	2.5	53.8	17.6
2000	26.1	1.2	60.1		2.5	62.6	16.3
2001	26.7	2.2	61.6		2.6	64.2	2.6
2002	27.6	3.4	62.1		2.5	64.6	0.6
2003	27.7	0.3	60.1		2.5	62.6	(3.0)
2004	28.6	3.0	60.1		2.8	62.9	0.4
2005	28.4	(0.5)	57.9		2.8	60.7	(3.4)
2006	27.5	(3.1)	84.7	(6)	3.0	87.7	44.5
2007	27.1	(1.5)	93.6		3.1	96.7	10.3
2008	26.4	(2.6)	115.4	(7)	2.5	117.9	21.9
2009	25.8	(2.3)	118.8		2.4	121.2	2.8
2010	25.5	(1.2)	117.2		2.2	119.4	(1.5)
2011	24.5	(4.2)	114.1		1.8	115.9	(2.9)
2012	25.1	2.5	115.3		1.8	117.1	1.1
2013	24.9	(0.9)	117.7		2.4	120.1	2.5

(1) Toll increase effective April 15, 1981.
(2) Toll increase effective July 1, 1983.
(3) Toll adjustments effective October 1, 1989.
(4) Toll increase effective September 1, 1993.
(5) Toll increase for Non-E-Z Pass cars effective on January 4, 1999.
(6) Toll increase effective October 1, 2005.
(7) Toll increase effective October 1, 2007.

The following graph illustrates the growth of traffic through the toll gates of the Delaware Turnpike from fiscal 1983 through fiscal 2013.



Delaware Turnpike Toll Schedules. The Act authorizes the imposition of tolls at the main barrier of the Delaware Turnpike. The Authority has broad power to determine the levels of the tolls. The establishment of tolls does not involve public hearings, nor are the levels of tolls subject to approval by any person or entity other than the Authority itself. In general, the Authority has set tolls to meet debt service and reserve requirements on obligations sold to fund Delaware Turnpike projects, to meet operating and maintenance costs and to fund the costs of constructing and reconstructing feeder roads and related facilities used by Delaware Turnpike travelers.

The following table summarizes the recent toll history and indicates the percentage of toll revenue collected in fiscal 2013 by class of vehicle.

Delaware Turnpike Barrier Tolls

	January 4, 1999 - September 30, 2005	October 1, 2005 - September 30, 2007	October 1, 2007 to Present (4)	Toll Revenue by Vehicle Class
Commuter Vehicle	n/a	n/a	n/a	n/a
High Occupancy Vehicle (2)	$0.63	n/a	n/a	n/a
Passenger cars, pick up and panel trucks (1)	$2.00	$3.00	$4.00	27.7%
Passenger cars, pick up and panel trucks-EZP	$1.25	$3.00	$4.00	48.2%
Two axles, six tire trucks	n/a	n/a	n/a	n/a
Three axles trucks	$2.50	$5.00	$6.00	2.3%
Three axles trucks EZP 10 p.m. - 6 a.m. (3)	n/a	$1.25	n/a	n/a
Four axle trucks	$3.75	$6.00	$7.00	2.4%
Four axle trucks EZP 10 p.m. - 6 a.m. (3)	n/a	$1.50	n/a	n/a
Five axle trucks	$5.00	$8.00	$9.00	19.0%
Five axle trucks EZP 10 p.m. - 6 a.m. (3)	n/a	$2.00	n/a	n/a
Six axle trucks	$6.25	$10.00	$11.00	0.4%
Six axle trucks EZP 10 p.m. - 6 a.m. (3)	n/a	$2.50	n/a	n/a
Special permit vehicles	$10.00	$10.00	$11.00	0.0%

(1) Includes toll revenue from two axle, six tire trucks which are now in the same vehicle class as passenger cars, pick up and panel trucks.
(2) Special 50% discount applied when commuter's vehicle has two or more passengers.
(3) Commencing October 1, 2005, toll increase and discounts offered to commercial E-Z Pass customers during the hours of 10 p.m. to 6 a.m.
(4) Commencing October 1, 2007, all vehicle class tolls increased by $1.00, and the night-time discount offered to commercial E-Z Pass customers during the hours of 10 p.m. to 6 a.m. was discontinued.

Projections of Delaware Turnpike Toll and Concession Revenue. DEFAC projects toll and concession revenue which projections are set forth in the following chart.

Projected Toll and
Concession Revenue of Delaware Turnpike[(1)]
(dollars in millions)

Fiscal Year	Toll Revenue[(2)]	Concessions	Total Revenue	Percent Change
2014	116.5	2.5	119.0	1.4%[(3)]
2015	117.7	2.6	120.3	1.1%
2016	118.4	2.7	121.1	0.7%
2017	119.1	2.8	121.9	0.7%
2018	119.8	2.9	122.7	0.7%
2019	120.5	3.0	123.5	0.7%
2020	121.2	3.1	124.3	0.6%

(1) Projections provided by DEFAC from its April 21, 2014 meeting.
(2) Excludes "Other Turnpike Revenue".
(3) Percent change from fiscal 2013 actual.

Route 1 Toll Road

General. The Authority has completed a fully controlled access highway of 41 miles extending from a connection with the southern terminus of the new Route 1 Toll Road just south of Wilmington to points south of Dover on U.S. Routes 13 and 113. A new high-level bridge across the Chesapeake and Delaware Canal was opened for traffic during December 1995.

The southern portion of the project was opened for traffic during December 1993. This section is approximately 9 miles and extends from north of Smyrna southward to south of State Route 10 in the vicinity of the Dover Air Force Base. This section also includes a mainline toll plaza and one ramp toll for access to and from the City of Dover.

A portion of the northern section of approximately 4.8 miles, including a new bridge over the Chesapeake and Delaware Canal, was opened for traffic in December 1995. On November 17, 1999, this Section was extended another 9 miles south to Odessa. This section has a main-line toll plaza (the Biddle's Plaza) and tolls on the southerly interchange ramps at Route 896 (Boyd's Corner). The final section from south of Odessa to north of Smyrna was finished in May 2003.

Most Recent Toll Increase (Fiscal 2008). With input from the General Assembly and the then Governor and her Administration, the Authority evaluated the current toll structure and found that amending the current structure of the Route 1 Toll Road would be in the best interest of the Authority.

Effective October 1, 2007, passenger tolls at the Biddles and Dover plazas were increased by $1.00 on weekends (weekends are defined as the period between 7:00 p.m. ET on Friday through 11 p.m. ET on Sunday). Passenger weekday and weekend tolls at the other toll areas remained unchanged.

Commercial traffic tolls were raised by $.25 per axle at Smyrna and $.50 per axle at Denneys and Boyds. At Biddles and Dover the commercial toll was raised by $1.00 per axle on weekdays and an additional $1.00 per axle on weekends.

Effective October 1, 2007, the 15% E-Z Pass discount was eliminated. Passenger frequency discounts of 50% for travelers who meet the "30 trips in 30 days" requirement remained in place. The commercial E-Z Pass discount was reduced from 50% to 25%, and is still available without a minimum trip requirement. The High Occupancy Vehicle ("HOV") Plan discount was also eliminated. The new toll structure is listed below:

Vehicle Class	Smyrna	Denneys Road and Boyds Corner	Biddles Plaza and Dover Plazas	
	All Days	All Days	Weekday	Weekend
Two Axle	$ 0.25	$ 0.50	$ 1.00	$ 2.00
Three axle	0.75	1.50	3.00	4.00
Four axle	1.00	2.00	4.00	5.00
Five axle	1.25	2.50	5.00	6.00
Six axle	1.50	3.00	6.00	7.00
Permit			$11.00	$11.00

Historic and Projected State Route 1 Toll Revenue. Fiscal 1995 represented the first full year of operation for the Route 1 Toll Road. Total revenues of $6.4 million exceeded the forecast of $5.7 million projected in connection with the sale of the 1994 Series Senior Bonds. DEFAC's projected toll revenue for the entire Route 1 Toll Road, assuming the present toll structure was maintained at both mainline toll barriers, is set forth in the following table. Total annual revenues to be generated from the entire toll road are expected to increase to approximately $51.1 million by fiscal 2020. Revenue from the Route 1 Toll Road is not pledged to secure the Bonds.

Route 1 traffic volumes have been increasing fairly consistently, with the exception of the impacts of the 2007 toll increase in fiscal 2008 and the effects of the recession in fiscal 2009. In 2004, there were 32.3 million transactions on the tool road and this increased to 38.3 million in fiscal 2013. For the first nine months of fiscal 2014, traffic is 1.5% higher than the same period in fiscal 2013.

Route 1 Toll Road
Historical and Projected Toll Revenue
(dollars in millions, percentage change calculated from unrounded data)

Fiscal Year	Total Toll Revenue	Percent Change
1995	$6.40	---
1996	7.4	15.6
1997	8.4	13.1
1998	9.2	8.9
1999	9.7	5.8
2000	16.4	69.8
2001	20.7	25.7
2002	24.2	17.2
2003	25.4	5
2004	27.1	6.5
2005	30.2	11.3
2006	31.5	4.5
2007	32.6	3.4
2008	40.5(2)	24.2(2)
2009	44.5	9.9
2010	45.5	2.3
2011	44.4	-2.4
2012	44.9	1.0
2013	46.2	3.0
Forecasted-		
2014	47.5(1)	2.8
2015	48.1(1)	1.3
2016	48.7(1)	1.2
2017	49.3(1)	1.2
2018	49.9(1)	1.2
2019	50.5(1)	1.2
2020	51.1(1)	1.2

(1) Projections provided by DEFAC from its April 21, 2014 meeting.
(2) Toll increase effective October 1, 2007.

Motor Vehicle Document Fees

General

Motor vehicle document fees are imposed upon the sale or transfer of any new or used motor vehicle, truck tractor, trailer or motorcycle in the State. These fees contributed $77.6 million in fiscal 2013, 20.0% of the revenue pledged to the Bonds in fiscal 2013.

Fiscal 2008 Fee Increase. Effective October 1, 2007, the document fee increased by $.50 per hundred dollars of the net vehicle purchase price. The new fee increased from $2.75 per hundred to $3.25 per hundred.

Fiscal 2009 Fee Increase. Effective October 1, 2008, the second phase of the document fee increase became effective. The new increase of an additional $.50 per hundred increased the fee to $3.75 per hundred.

The document fee, which is based on the vehicle purchase price, is paid by the owners and collected by the State for deposit in the TTF. If the price of the vehicle is less than $400, the fee is $8; if the price is $400 to $500, the fee is $13.75. Thereafter, the fee increases by $3.75 for each additional $100 of vehicle purchase price or any fraction thereof. The following table summarizes the history of motor vehicle document fee collections from fiscal 1983 through fiscal 2013.

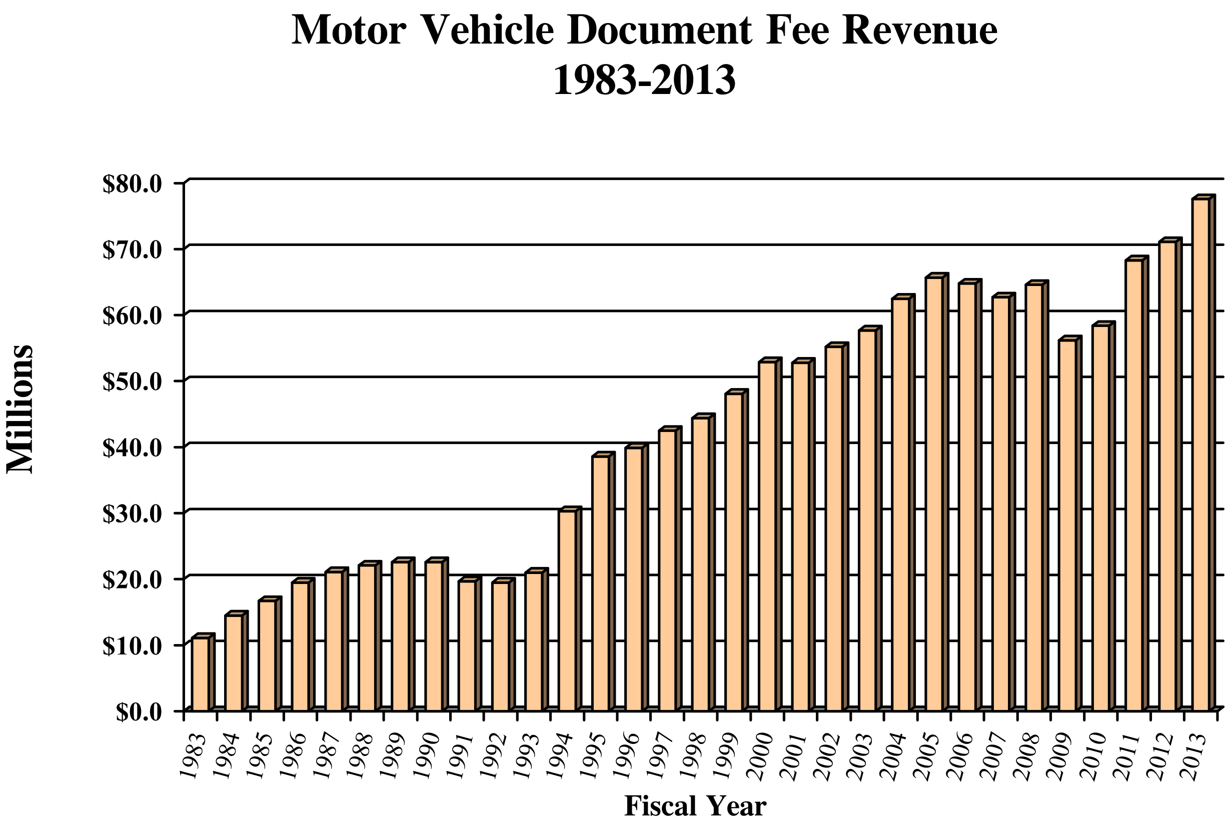
History of Motor Vehicle Document Fees

(vehicles in thousands and dollars in millions,
percent change calculated from unrounded data)

FY	Vehicles Titled [1]	Change	Revenue	Change
1983	190.0	--	$ 11.1	--
1984	233.8	23.1 %	14.5	30.0 %
1985	229.6	(1.8)	16.7	15.5
1986	251.4	9.5	19.5	17.0
1987	274.3	9.1	21.1	8.1
1988	270.6	(1.3)	22.1	4.7
1989	233.2	(13.8)	22.6	2.3
1990	213.8	(8.3)	22.6	(0.2)
1991	209.7	(1.9)	19.7	(12.7)
1992	196.4	(6.3)	19.5	(0.8)
1993	193.0	(1.7)	21.0	7.7
1994	199.0	3.1	30.3 [2]	44.3
1995	215.5	8.3	38.6	27.4
1996	211.6	(1.8)	39.9	3.3
1997	216.5	2.3	42.5	6.7
1998	217.0	0.3	44.4	4.4
1999	224.9	3.6	48.1	8.3
2000	232.7	3.5	52.9	9.9
2001	234.0	0.5	52.8	0.0
2002	244.1	4.3	55.2	4.5
2003	248.2	1.7	57.7	4.6
2004	262.3	5.7	62.5	8.4
2005	276.1	5.2	65.7	5.0
2006	275.8	(0.1)	64.8	(1.3)
2007	264.7	(4.0)	62.7	(3.3)
2008	250.1	(5.5)	64.6 [3]	3.0
2009	214.9	(14.1)	56.2 [4]	(13.0)
2010	215.9	0.5	58.4	3.8
2011	232.0	7.5	68.3	17.1
2012	234.0	0.9	71.1	4.1
2013	240.0	2.6	77.6	9.1

(1) Includes titles for both new and used vehicles which closely approximates total car sales during each fiscal year.
(2) Reflects rate increase from 2% to 2.75%, effective September 1, 1993.
(3) Reflects rate increase from $2.75 per hundred to $3.25 per hundred, effective October 1, 2007.
(4) Reflects rate increase from $3.25 per hundred to $3.75 per hundred, effective October 1, 2008.

The revenue stream in the previous table is illustrated by the following graph.



The average annual rate of growth in revenue was 8.0% between fiscal 1994 and fiscal 2007, due in large part to increases in new car sales and document fees (as described below). The average annual rate of growth in revenue was 4.2% between fiscal 1996 and fiscal 2007, despite no increase in the document fee. Document fee revenue is generated by the number of transactions as well as the cost of the vehicle transferred. Fiscal 2008 saw revenues increase by 3.0% primarily due to the fee increase. The slowing economy contributed to poor auto sales, as vehicle titles decreased by 5.5% from fiscal 2007.

Document fee revenue decreased in fiscal years 1990 through 1992 reflecting that recessionary period. Fiscal 1993 revenue increased 7.7% as the economy improved as indicated by the increase in new car sales of 5.6%. The trend continued during fiscal 1994 as revenue increased over 44% as a result of an increase in new car sales of over 9.1% combined with the document fee increase from 2% to 2.75% in September 1993.

Again in fiscal 2008 both new and used car sales were down compared to the previous year. Tightening credit conditions along with higher interest rates slowed vehicle sales. These issues combined with increased energy costs reduced consumers disposable income and borrowing ability which resulted in weaker vehicle sales. The continued poor economic conditions caused a reduction in fiscal 2009 revenues. Fiscal 2010 titles and revenues started to show an increase, as conditions started to improve. Fiscal 2011 document fee revenues were very strong, increasing by 17.1%, the gain can be attributed to the easing of bank financing and pent up demand as consumers once again started to replace older vehicles. Strong vehicle sales continued through fiscal 2013, with fiscal 2012 increasing by 4.1% and fiscal 2013 increasing by 9.1%. Indicators for fiscal 2014 has been very strong, but is forecasted to taper down by fiscal year's end. The forecasted increase for fiscal 2014 is 10.5%. For the out years of fiscal 2015 through 2020, it is expected that a reduced demand and possible tightening of credit will align vehicle sales back to the normal historic growth rate of 3.0%.

Listed below are the DEFAC forecasts of document fee revenue through fiscal 2020.

Projected Motor Vehicle Document Fees [(1)]
(vehicles in thousands and dollars in millions)

Fiscal Year	Vehicles Titled	Change	Revenue	Percent Change
2014	254.4	6.0%[(2)]	85.7	10.5%[(2)]
2015	259.5	2.0%	88.3	3.0%
2016	264.7	2.0%	90.9	2.9%
2017	270.0	2.0%	93.6	3.0%
2018	275.4	2.0%	96.4	3.0%
2019	280.9	2.0%	99.3	3.0%
2020	286.5	2.0%	102.3	3.0%

(1) Projections provided by DEFAC from its April 21, 2014 meeting.
(2) Percent change from fiscal 2013 actual.

Motor Vehicle Registration Fees

General

Motor vehicle registration fees are paid at the time of application for the registration of a motor vehicle and prior to the issuance of the required registration plates by the Division of Motor Vehicles. The revenue (net of refunds to other states) from this source was $47.6 million in fiscal 2013 and constituted 12.3% of the revenue pledged to the Bonds in fiscal 2013.

Since October 1986, new cars can be registered for a three-year period and effective September 1990, new or used cars have had the option to renew for a two-year period. Commencing in July 2000, any newly-manufactured current model year motor vehicle or trailer with a gross registered weight of 10,000 lbs. or less not previously registered or titled in any state or country may be initially registered by the owner for five years or less. Passenger cars have paid $20 per year since 1965 while trucks pay according to their weight. On October 1, 1991, the registration fee for commercial vehicles increased from $2.60 to $5.20 for each 1000 pounds or fraction thereof in excess of 5,000 pounds as part of the three year plan to increase fees in this category. On July 1, 1992 this fee was increased to $12.00 for each such 1000 pounds or fraction thereof. The third increase to $16.80 for each such 1000 pounds or fraction thereof became effective on July 1, 1993.

Effective October 1, 2007, passenger car registration and the base commercial registration fee increased by $20 per year to $40 per year. Additionally, the registration weight fee for commercial vehicles increased from $16.80 for each 1000 pounds or fraction thereof in excess of 5,000 pounds to $18.00 for each 1,000 pounds. Motorcycle registration increased from $10 to $15 annually; recreational vehicle, farm truck and trailer registrations and weight fees were also increased.

During January 1995, the Department established the Motor Carrier Service Section to support the trucking industry and entered into a base state agreement under the International Registration Plan ("IRP") for the collection and distribution of commercial registration fees for vehicles in excess of 26,000 pounds.

Under IRP, commercial registration fee revenue is a function of the miles traveled in each state and the registration fee assessed by each state.

From fiscal 1983 - 2013, the average annual growth rate of registrations in the State has been 2.0% and the average annual growth rate of revenue from those registrations has been 4.6%, largely due to commercial fee increases enacted in fiscal 1992 and the various fee increases in October 2008. Registration fee revenue growth since fiscal 1987 has varied from the growth in the number of vehicles registered. In fiscal 1987 and fiscal 1988, revenue increased faster than vehicles registered, whereas in fiscal 1989 and fiscal 1990 revenue decreased while the number of vehicles registered increased. The variances are primarily due to the option, beginning in fiscal 1987, for new car owners to elect a three-year registration period. In fiscal 1991, growth in vehicles registered was flat but revenue increased 14.8% due to the implementation of a two-year registration option for used vehicles. Increases in commercial registration fees were phased in from fiscal 1992 through 1994, contributing to increases in revenue of 7.8%, 4.7% and 11.4%, respectively. The growth in registered vehicles from fiscal 2000 to fiscal 2011 was 20.8% as registrations increased to 839.7 from 695.2. This motor vehicle growth rate is directly correlated to the population growth rate in Delaware. In fiscal 2008, registration revenue grew by 31.2% largely due to the fee increases. Vehicle registration slowed, growing only 1.0%, partially due to the slowing housing market, which limited the influx of new residents entering the state and registering their vehicles. The continued poor economic conditions caused small reductions in fiscal 2009 and fiscal 2010 registration counts. However, revenues increased in both fiscal 2009 and fiscal 2010; this is possible because revenues are affected not only by the number of registrations but the type of registration and term selected. The registration term can be from ¼ of a year to up to 5 years for new vehicles.

Registration revenue was up 2.0% in fiscal 2013 and is forecasted to remain 2.0% up in fiscal 2014 and to remain fairly stable at 3.0% for fiscal years 2015 through 2020. Improving economic conditions generally allow consumers to return to longer registration terms at higher revenue levels.

Historical Summary of Vehicle Registrations and Revenue

The following table shows the historical record of vehicle registrations and registration fees for the last thirty-one fiscal years:

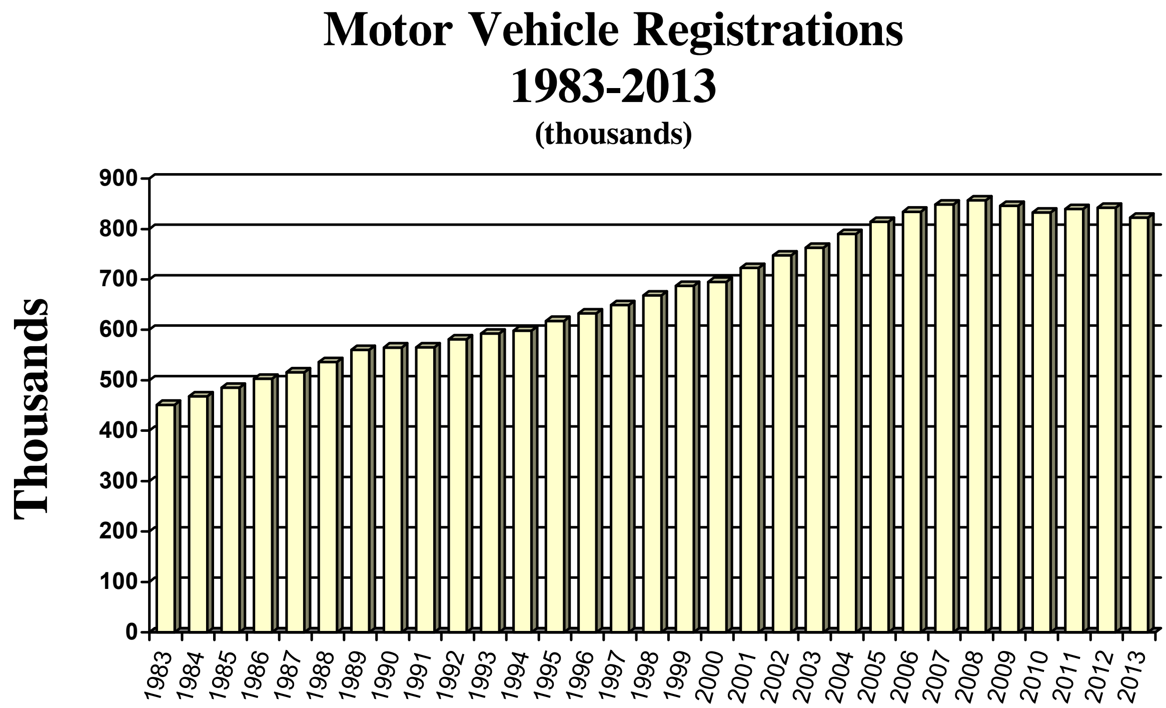
History of Vehicle Registrations and Revenue

(dollars in millions, vehicle registrations in thousands, percent change calculated from unrounded data)

	Vehicle Registration	Percentage Change	Registration Revenue		Percentage Change
1983	451.3	--	$ 12.9		--
1984	468.0	3.7	13.5		4.6
1985	485.2	3.7	14.2		4.8
1986	503.0	3.7	14.4		1.6
1987	515.7	2.5	15.3	(1)	6.5
1988	536.0	3.9	16.2		5.7
1989	560.4	4.5	15.6		(3.7)
1990	565.0	0.8	14.9		(4.3)
1991	565.1	0.0	17.1	(2)	14.8
1992	581.0	2.8	18.4	(3)	7.8
1993	592.8	2.0	19.3	(4)	4.7
1994	598.3	0.9	21.5	(5)	11.4
1995	617.7	3.2	22.2	(6)	3.3
1996	632.6	2.4	22.6	(6)	1.8
1997	649.3	2.6	23.0	(6)	1.6
1998	668.3	2.9	24.8	(6)	8.0
1999	687.1	2.8	24.2	(6)	(2.4)
2000	695.2	1.2	26.6	(6)	10.1
2001	722.9	4.0	27.0	(6)	1.0
2002	747.5	3.4	28.0	(6)	4.0
2003	762.9	2.1	27.8	(6)	(0.7)
2004	790.0	3.5	28.3	(6)	1.8
2005	814.3	3.1	30.2	(6)	6.5
2006	834.3	2.5	30.2	(6)	0.2
2007	848.6	1.7	31.5	(6)	4.1
2008	856.7	1.0	41.3	(6,7)	31.2
2009	845.8	(1.0)	43.3	(6)	4.8
2010	832.7	(1.5)	44.5	(6)	2.8
2011	839.7	0.8	47.2	(6)	5.9
2012	842.4	0.3	46.6	(6)	(1.1)
2013	822.3	(2.4)	47.6	(6)	2.0

(1) Effective October 1, 1986, new cars owners had the option to register the vehicle for a three year period. Commencing on October 1, 1999, new car owners had the option to register the cars for a four-year period or a five-year period for a fee equal to $20.00 for each year in the period.
(2) New and used vehicle owners had the option to renew the registration for a two year period commencing September 1, 1990.
(3) Fee increase for vehicles in excess of 5,000 pounds effective October 1, 1991.
(4) Fee increase for vehicles in excess of 5,000 pounds effective July 1, 1992.
(5) Fee increase for vehicles in excess of 5,000 pounds effective July 1, 1993.
(6) Net of refunds to other states under IRP.
(7) Various registration fee increases effective October 1, 2007.

The growth of vehicle registrations in the previous table is illustrated in the following graph:



Projected Registration Fee Revenue[1]

(vehicles in thousands and dollars in millions)

Fiscal Year	Vehicles	Percent Change	Revenue	Percent Change
2014	838.7	2.0%[2]	$48.5	2.0%[2]
2015	855.5	2.0%	$50.0	3.1%
2016	872.6	2.0%	$51.5	3.0%
2017	890.1	2.0%	$53.1	3.1%
2018	907.9	2.0%	$54.7	3.0%
2019	926.0	2.0%	$56.4	3.1%
2020	944.6	2.0%	$58.1	3.0%

(1) Projections provided by DEFAC from its April 21, 2014 meeting. All amounts are net of refunds for IRP.
(2) Percent change from fiscal 2013 actual.

Miscellaneous Transportation Revenue

Pledged Miscellaneous Transportation Revenue

Motor carrier registration fees, operator license fees, titling fees, Division of Motor Vehicles record sales, vanity tag fees and other miscellaneous transportation related revenue which have been assigned by the State to the TTF and which have been pledged by the Authority to secure the bonds are herein referred to as "Pledged Miscellaneous Transportation Revenue".

Motor carrier registration fee revenue is collected with respect to trucks registered in Delaware and totaled $2.4 million (net of refunds) in fiscal 2013. Motor carrier registration fees are comprised of the motor fuel road use tax, hauling permits, temporary operating permits, and penalty and interest. The road use tax is calculated based upon the miles traveled in Delaware, the average miles per gallon, the actual fuel purchased in Delaware and the rate of the motor fuel tax. To the extent that fuel purchases are less than fuel used, the truckers are taxed at the current motor fuel tax rate for the difference. If fuel purchases in the State exceed the amount of fuel used while traveling roads in Delaware, refunds are made to the motor carrier.

The State charges various fees for obtaining a driver's license. Effective July 9, 2007, the fee for a five-year license to operate a passenger vehicle was increased from $12.50 to $25.00. Commercial drivers' licenses remained unchanged at $30.00. The revenue from these fees was $5.7 million in fiscal 2013. In fiscal 2013, the available term for driver's licenses was increased to a maximum of 8 years.

The Division of Motor Vehicles sells driver and vehicle records for $15 per document and $20 per certified document. Revenue from these sales was $7.0 million in fiscal 2013. Motor vehicle titling fees are also charged by the Division of Motor Vehicles. Prior to August 1, 1991, a certificate of title cost $4. Effective August 1, 1991, titling fees increased from $4 to $15. Effective October 1, 2007, the title fee increased from $15 to $25, and from $25 to $35 for titles with a lien. These fees generated $8.3 million in revenue in fiscal 2013.

State residents may buy "vanity" license plates for their vehicles. The current annual cost for a "vanity" license plate is $40.00 in addition to the $40.00 annual registration fee. There were 20,255 "vanity tags" sold in fiscal 2011, generating revenue of $.9 million. In addition to vanity tag revenue, the Department also receives other Division of Motor Vehicle revenue from the issuance of temporary tags and permits, reinstatement fees and nine other miscellaneous categories. Effective August 1, 1991, fees for temporary tags and permits each increased from $4 to $10. Revenue from other miscellaneous sources of Pledged Miscellaneous Transportation Revenue aggregated $3.4 million in fiscal 2013.

Effective July 9, 2007, the fee for ID cards was also increased from $5.00 to $20.00.

Historical Summary of Pledged Miscellaneous Transportation Revenue

The following table outlines the history of revenue from these sources from fiscal 1983 through fiscal 2013.

History of Pledged Miscellaneous Transportation Revenue

(dollars in millions, percent change calculated from unrounded data)

	Total Miscellaneous Transportation Revenue		Change	
1983	$ 3.8	(1)	--	
1984	4.1		7.9	%
1985	4.4		7.3	
1986	5.3	(2)	20.5	
1987	5.8	(3)	9.4	
1988	7.1	(4)	22.4	
1989	6.3		(11.3)	
1990	7.0		11.1	
1991	7.9	(5)	12.9	
1992	12.3	(6)	55.7	
1993	13.0	(7)	5.7	
1994	12.9		(0.8)	
1995	13.9	(8)	7.8	
1996	14.6		5.0	
1997	15.5		6.2	
1998	15.7		1.3	
1999	15.8		0.6	
2000	16.4		3.5	
2001	17.4		6.2	
2002	18.2		4.4	
2003	17.3		(4.9)	
2004	19.6		13.2	
2005	24.5	(9)	25.5	
2006	24.0		(2.4)	
2007	23.8		(0.7)	
2008	29.3	(10)	23.1	
2009	27.4		(6.5)	
2010	25.7		(6.2)	
2011	27.5		7.0	
2012	28.0		2.0	
2013	27.9		(0.4)	

(1) Motor Fuel Tax increased from 9 to 11 cents on August 1, 1981.
(2) Titling Fee increased from $2 to $4 effective September 1, 1985.
(3) Motor Fuel Tax increased from 11 to 13 cents on October 1, 1986.
(4) Motor Fuel Tax increased from 13 to 16 cents on September 1, 1987. Sale of driver and vehicle records increased from $2 to $4 per copy effective July 1, 1987.
(5) Fee increases for Vanity Tags ($25 to $28.75), Temporary Tags ($2 to $4), License Reinstatement Fees ($125 to $143.75) and Temporary Permits ($2 to $2.30) on July 1, 1990.
(6) Motor Fuel Tax increased from 16 to 19 cents effective January 1, 1991. Titling fees increased from $4 to $15 effective August 1, 1991. Increases in miscellaneous motor vehicle fees (Vanity Tags, Temporary Tags and Temporary Permits) became effective August 1, 1991.
(7) Motor Fuel Tax increased from 19 to 22 cents effective September 1, 1993.
(8) Hauling permits transferred from General Fund and rate on gasoline increased from 22 to 23 cents per gallon and special fuels increased from 19 to 22 cents per gallon effective January 1, 1995.
(9) Driving and vehicle records increased from $4 to $15 per record and certified documents increased from $8 to $20 effective July 1, 2004.
(10) Various fee increases effective in fiscal 2008.

Non-Pledged Miscellaneous Transportation Revenue

Since 1999, escheat revenues have been appropriated by the General Assembly on a year-by-year basis and transferred to the TTF. Those appropriations have ranged from $0 to $40,000,000. For fiscal 2014, $25,000,000 of a $40,000,000 appropriation has been received through April. The Governors Recommended budget for fiscal 2015 included the elimination of the escheat transfer. The Department has decided for planning purposes, it will assume that all future escheat payments will be discontinued. The Authority and the Department emphasize that the appropriation of the escheat monies to the TTF each year is subject to the discretion of the General Assembly and cannot be considered a reliable source of funds. See footnote (1) to the Base Financial Plan – Capital table under "TRANSPORTATION CAPITAL PROJECTS AND FINANCING PLANS – Current Financial Plan" herein.

During its June 1997 legislative session, the General Assembly approved the transfer of three revenue sources from the General Fund to the TTF effective during fiscal 1998. These revenue sources include: (1) the motor vehicle dealer handling fee assessed at $2 for every vehicle sold by auto dealers; (2) the annual license fees for all motor vehicle dealers charged at $100 per year; and (3) the motor vehicle use tax on lessees and lessors based on amount of lease payments. The tax rate for lessees is 1.92% of total amount and the rate for lessors is .288%. With the passage of SB 336, the transfer of the lease tax and the transfer of the lessor's license fee to the trust fund have been repealed. In fiscal 2013, this revenue source generated $0.3 million. New legislation, HB 264, was also passed adding a 50% surcharge to all Title 21 offenses. The new surcharge revenue will be transferred to the TTF. HB 264 became effective on January 1, 2008. This new revenue source is expected to generate $3.5 million annually in additional trust fund revenue. In fiscal 2013, the TTF received $3.2 million from this revenue source.

The Department's capital program requires the acquisition of real property in advance of actual construction. Once construction is completed, any property acquired for the project, but no longer needed, is sold. As a by-product of this process the Department manages a portfolio of properties awaiting construction or disposal. All such lease revenues are transferred to the TTF. These revenues are not pledged. The Department has provided preliminary forecasts through fiscal 2020 for this revenue stream which are included in the table below.

In connection with the issuance by the Authority of its Transportation System Senior Revenue Bonds, Series 2010B (Federally Taxable – Build America Bonds) (the "2010B Bonds"), the Authority irrevocably elected to receive periodic interest subsidy payments from the United States Treasury on each interest payment date for the 2010B Bonds equal to 35% of the amount of interest payable on the 2010B Bonds on such date (the "BAB Subsidy Payments"). The BAB Subsidy Payments have not been pledged to the holders of the 2014 Bonds, and will be considered Non-Pledged Miscellaneous Transportation Revenue. Such payments are not reflected in the projections for Non-Pledged Miscellaneous Transportation Revenue contained in this Official Statement.

Projections of Miscellaneous Transportation Revenue

Current Dedicated Sources. Projections for "Miscellaneous Transportation Revenue" through fiscal 2020 are shown below.

Projected Miscellaneous Transportation Revenue
(dollars in millions)

Fiscal Year	Pledged Miscellaneous Transportation Revenues (1)	Non-Pledged Miscellaneous Transportation Revenues(2)(3)	Total Miscellaneous Transportation Revenue	Change
2014	$ 29.0	51.3	$ 80.3	1.5%(4)
2015	29.8	11.4	41.2	(48.7)%
2016	30.6	11.5	42.1	2.2%
2017	31.4	11.6	43.0	2.1%
2018	32.1	11.7	43.8	1.9%
2019	33.0	11.7	44.7	2.1%
2020	33.9	11.7	45.7	2.2%

(1) Provided by DEFAC from its April 21, 2014 meeting. Includes IFTA/Motor Carrier Fees, vanity tags, record sales, titles and other motor vehicle related fees, net of IFTA and DMV refunds.

(2) Not pledged by the Authority to secure the Bonds. Excludes the tolls from Route 1 Toll Road and the Delaware Transit Corporation farebox. Includes escheat revenue, real estate lease and sales proceeds, use tax on motor vehicle leases, motor vehicle handling and license fees, and development plan review fees, and various other transfers to the TTF. The BAB Subsidy Payments expected to be received by the Authority are considered Non-Pledged Miscellaneous Transportation Revenues, but have not been included in this table.

(3) $40,000,000 escheat revenue added in fiscal 2014, but removed from all future years. See discussion of escheat revenue under "SECURITY FOR THE BONDS – Non-Pledged Revenue" and footnote (1) to the Base Financial Plan – Capital table under "TRANSPORTATION CAPITAL PROJECTS AND FINANCING PLANS – Current Financial Plan" herein.

(4) Percent change from fiscal 2013 actual.

Projected Total Revenue Sources

The following table shows in the aggregate for fiscal years 2014 through 2020 the projections of total Pledged Revenue and Non-Pledged Revenue.

Projected Total Revenue Sources[1]
(dollars in millions)

Fiscal Year	Pledged Revenue[2]	Percent Change	Non-Pledged Revenue[3]	Percent Change	Total	Percent Change
2014	$ 396.4	2.2%[4]	$ 98.8	1.4%[4]	$ 495.2	2.0%[4]
2015	402.2	1.5%	59.5	(39.8)%	461.7	(6.8)%
2016	407.5	1.3%	60.2	1.2%	467.7	1.3%
2017	413.5	1.5%	60.9	1.2%	474.4	1.4%
2018	418.4	1.2%	61.6	1.1%	480.0	1.2%
2019	423.6	1.2%	62.2	1.0%	485.8	1.2%
2020	428.9	1.3%	62.9	1.1%	491.8	1.2%

(1) Delaware Turnpike toll and concession revenue, investment earnings, Route 1 Toll Revenue, motor fuel revenue, motor vehicle document fee revenue, motor vehicle registration fee revenue, Pledged Miscellaneous Transportation Revenue and Non-Pledged Miscellaneous Transportation Revenue projected by DEFAC.

(2) Includes Delaware Turnpike Revenues, motor fuel tax revenues, motor vehicle document fee revenue, motor vehicle registration fee revenue, Pledged Miscellaneous Transportation Revenue and investment earnings.

(3) Route 1 Toll Revenue, escheat revenues and other Non-Pledged Miscellaneous Transportation Revenues. See discussion of escheat revenue under "SECURITY FOR THE BONDS – Non-Pledged Revenue" herein. Does not include Delaware Transit Corporation farebox transit revenue. The BAB Subsidy Payments expected to be received by the Authority are considered Non-Pledged Miscellaneous Transportation Revenues, but have not been included in this table. Also, Port of Wilmington loan repayments are not included.

(4) Percent change from fiscal 2013 actual.

DEBT SERVICE REQUIREMENTS

The following table summarizes debt service requirements for the Authority's outstanding Senior Bonds, as well as the 2014 Bonds in each fiscal year ending June 30 (assuming July 1 payments are made on the previous June 30). No Junior Bonds are outstanding.

Fiscal Year	Prior Outstanding Senior Bonds Debt Service[1][2]	2014 Senior Bonds Principal	2014 Senior Bonds Interest	Total Senior Bonds Debt Service[2][3]
2014	110,174,346			110,174,346
2015	83,583,945	14,195,000	5,889,086	103,668,031
2016	79,250,245	13,685,000	4,512,100	97,447,345
2017	79,831,645	9,670,000	3,827,850	93,329,495
2018	86,103,495	4,500,000	3,344,350	93,947,845
2019	72,415,495	14,965,000	3,119,350	90,499,845
2020	72,776,480	10,650,000	2,371,100	85,797,580
2021	65,838,430	12,330,000	1,838,600	80,007,030
2022	64,970,220	8,060,000	1,222,100	74,252,320
2023	57,887,898	8,465,000	819,100	67,171,998
2024	59,810,175	195,000	395,850	60,401,025
2025	39,790,249	12,045,000	391,463	52,226,711
2026	39,692,826			39,692,826
2027	29,877,006			29,877,006
2028	29,769,206			29,769,206
2029	26,151,490			26,151,490
2030	7,628,180			7,628,180
Total[3]	$1,005,551,331	$108,760,000	$27,730,949	$1,142,042,280

(1) This column does not include debt service on the Refunded Bonds, except that portion which has already been set aside for payment by the Authority.

(2) The interest shown on the above table includes the total amount of interest on the Authority's Build America Bonds issued in 2010, that is, it does not take into account the BAB Subsidy Payments expected to be received.

(3) Totals may not add due to rounding.

TRANSPORTATION CAPITAL PROJECTS AND FINANCING PLANS

Capital Transportation Program

The Capital Transportation Program is a six-year planning document which is updated annually by the Department, coordinated with the two Metropolitan Planning Organizations ("MPOs"), approved by the Council on Transportation and the first year of which is authorized by the General Assembly.

The Capital Transportation Program is presented as a plan to the Council on Transportation (the "Council" or "COT"), a nine-member citizen committee created by State law to serve as an advisor with respect to transportation matters to the Governor, the Secretary and the Authority. The Council has final approval of and adopts the Capital Transportation Program after holding public hearings. The Council may make priority changes to the proposed Capital Transportation Program in an open meeting by documenting the reasons and justifications for the changes. If the Council fails to adopt a Capital Transportation Program after a reasonable period of time, the Secretary may, with the approval of the Governor and with forty days prior written notice to the Chairperson of the Council, give final approval to the Capital Transportation Program. The first year is the basis for the Department's portion of the State's annual capital budget, which must be enacted into law before being implemented.

In preparing its capital spending plans through fiscal 2020, the Department has formulated its Capital Transportation Program by purpose and function for all modes of transportation. Listed below are the names and descriptions of each category which include transportation investments for all modes:

Road System:	Improvements to roads, bridges, and adjacent assets;
Grants and Allocations:	Municipal Street Aid and Community Transportation Funds;
Transit System:	Investments in transit services including buses, rail, facilities, and other assets supporting transit users;
Support System:	All other investments in the transportation network including facilities, equipment, information systems, etc.

As described above, the Department prepares estimates of capital needs for the current year and also for the ensuing years in the Capital Transportation Program. The Department, however, cannot undertake or commit to projects in the proposed six-year program without specific authorization by the State.

Implementation of New Project Prioritization Process

In fiscal 2014, the Department began using Decision Lens Software ("Decision Lens") to aid in the project prioritization process. Decision Lens allows the Department to use a more transparent, structured, and data driven decision process to achieve the organization's goals and mission. In using the software, the Department can define and prioritize the criteria used to rank projects using specific weighted goals. The result is a qualitative and quantitative rating system that measures projects against established priorities.

The current priorities evaluated include: system operating effectiveness, safety, environmental impact/stewardship, revenue generation/economic development/jobs & commerce, multi-modal mobility, and the impact on the public and system preservation. Department leadership can easily evaluate alternatives, make decisions, justify those decisions and change course quickly when needed.

This process improves communication between the officials, government, and citizens while increasing decision efficiency, buy-in, and transparency. The software also provides the ability to quickly model various “what-if” scenarios to quickly react to what the future may bring, resulting in a process that is proactive and defensible.

SAFETEA-LU

On August 10, 2005, the President signed into law the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (“SAFETEA-LU”). With guaranteed funding for highways, highway safety, and public transportation totaling $244.1 billion, SAFETEA-LU represents the largest surface transportation investment in our American history. The two landmark bills that brought surface transportation into the 21st Century – the Intermodal Surface Transportation Efficiency Act of 1991 (“ISTEA”) and the Transportation Equity Act for the 21st Century (“TEA-21”) shaped the highway program to meet the nation’s changing transportation needs. SAFETEA-LU builds on this firm foundation, supplying the funds and refining the programmatic framework for investments needed to maintain and grow our vital transportation infrastructure. SAFETEA-LU promotes more efficient and effective Federal surface transportation programs by focusing on transportation issues of national significance, while giving State and local transportation decision makers more flexibility for solving transportation problems in their communities.

Based on the revised procedures required by ISTEA, the State and the MPOs are required to seek public input and develop a transportation improvement plan of projects of regional significance which will be funded with federal funds. This plan must assure Clean Air conformity; projects must be prioritized based on criteria established in the ISTEA legislation; and it must include at least a three-year plan (now four years under SAFETEA-LU) of programs. Delaware has two MPOs, one serving the Wilmington urbanized area and representing all of New Castle County; and one serving the Dover urbanized area and which has been modified to represent all of Kent County. Sussex County does not have an urbanized area, and therefore is not represented by an MPO. The Department does, however, work closely with the County Council of Sussex County.

MAP-21

On July 6, 2012, President Obama signed into law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 provides needed funds and represents a milestone for the U.S. economy:

- The first multi-year transportation authorization enacted since 2005 - The bill provides states two years of steady funding to build the roads, bridges and transit systems.
- Funds surface transportation programs at over $105 billion for fiscal years 2013 and 2014
- Transforms the framework for investments to guide the growth and development of the country’s vital transportation infrastructure.

Capital Program – Long Range Financial Planning

In fiscal 2012 when Shailen P. Bhatt was appointed Secretary of DelDOT, he brought a new vision to DelDOT and has stated that his focus will be on the new culture within the agency – both in DelDOT’s thinking and the way it does business.

In doing this, DelDOT has introduced its new initiative, “TEAM DelDOT,” with the intent of revitalizing the organization with through creating a **T**ransparent, **E**fficient, **A**ccountable and **M**easured DelDOT. The goals of the initiative are as follows:

- *Transparent* – posting property acquisitions on the DelDOT website for public view;
- *Efficient* – providing quick and precise responses to earthquake and hurricane threats, and ensuring that projects are delivered on time and on budget;
- *Accountable* – providing DelDOT’s performance metrics with the public via the new “dashboard” on the DelDOT website; and

- *Measured* – aiming to provide improved customer service which can be measured with established performance metrics.

The Secretary has also proposed a different way of conducting business. Rather than program all of the projects DelDOT can afford, the new Capital Transportation Program will be based on what DelDOT can responsively and realistically deliver. The Capital Transportation Program will focus on maintaining the core transportation infrastructure, and maximizing Federal Funds, before considering advancing the Capital Transportation Program. The Secretary's commitment to reducing the DelDOT's $1.2 billion debt load and tightening spending priorities has decreased outstanding debt to below $1.0 billion as of July 1, 2013. The Secretary intends to maintain a Capital Transportation Program that is "robust, realistic and responsible."

A new revenue package was implemented in fiscal 2008 and included toll increases on both of Delaware's toll roads, as well as several Division of Motor Vehicle fee increases, as described in the previous sections. A new non-pledged revenue source was also added to the TTF in the form of a 50% surcharge on traffic violation fines. The Department will continue to work on cutting operating costs by identifying and implementing various cost saving initiatives. Additional revenue enhancements and opportunities are also being explored for future implementation.

As part of the fiscal 2015 Governor's Recommended Budget, the Governor proposed a $0.10/gallon fuel tax increase, annual indexing adjustments to the fuel tax rate and additional borrowing of $50 million annually for the next five years. This balanced approach will add $500 million to the Capital Transportation Program over the next five years. This recommendation will need legislative approval, with passage uncertain at this time. Due to the current amortization schedule of principal, the additional borrowing will result in a net annual decrease in outstanding debt, staying consistent with the Secretary's debt-reduction goals.

Federal Funds

Level of Funding

The State has benefited from the authorizations granted under SAFETEA-LU and MAP-21. The State will continue to receive approximately $180 million annually in FHWA and Federal Transportation Administration ("FTA") apportionments under the legislation. The total federal funding anticipated under fiscal 2015-2020 plan will be approximately $1,338 million.

Federal Highway Trust Fund

Recent news reports indicate that the "trajectory of the highway account" of the Federal Highway Trust Fund (HTF) has worsened, and that Federal Department of Transportation (DOT) could begin delaying payments to states as soon as July 2014. The DOT has said that the HTF needs to maintain a balance of at least $4 billion for highways and $1 billion for transit to meet obligations as they are due. The balances could fall below those critical levels for highways in July and for transit in August. The DOT will then have to implement emergency measures such as delaying payments to states which could interrupt work in those states with short summer construction seasons. The uncertainty of the HTF's solvency could cause delays in construction of current projects receiving Federal funding.

Application of Innovative Financing Techniques

As part of its capital programming process, the Department is currently reviewing the timing of federal apportionments to determine the potential expanded use of certain innovative financing techniques available with federal funding. The Department is currently making use of "advanced construction" in the programming of federal funds in an effort to accelerate some projects.

The Department has also performed a toll credit analysis and received FHWA approval of $197.8 million in state toll credits. The State's credits can be applied toward the non-Federal share of projects authorized under Title 23. The credits may also be used for transit projects authorized by Chapter 53 of Title 49. The Department has identified eligible projects and has received Federal approval of the projects and has started to utilize the credits.

US-301 Project

The Department continues to move forward with the US-301 Project. The new US-301 Mainline will be a four-lane tolled expressway from the Maryland state-line to Delaware SR1, south of the C&D Canal. This 13-mile roadway will complete the "missing link" of limited access high speed roadway, designed to intercept existing traffic flows on US 301. It is expected that this road will provide a low cost, competitive route to I-95 through the Baltimore region and reduce traffic and congestion on local roadways in Middletown, Delaware. This limited access high-speed option will facilitate long-distance travel passing through Middletown, Delaware, retain long-haul truck traffic on the toll road, and provide enhanced access with direct connections to the C&D Canal Bridges.

The final decision to finance and build the US-301 Project is contingent on several factors, including legislative approval, approval of a supplemental Federal TIFIA loan, desirable bond market conditions, construction bids within forecasted limits and the successful issuance of toll revenue bonds.

The draft plan of finance currently anticipates the following funding estimates:

US 301 Toll Revenue Bonds – 40 year maturity; Enhanced by a TTF subordinate lien	**$ 203.3 million**
TIFIA Loan – matures 33 years from construction completion	**$ 183.5 million**
Additional TTF funding (Construction Shortfall - FY2017/18)	**$ 43.7 million**

At 90-100% of the traffic and revenue forecast there is no impact on the TTF, this plan has sufficient revenues to cover all debt-service payments, the operating and maintenance expenses of the road and also fund a capital expense reserve account. At various levels throughout the 40 year term excess revenues are forecasted to be available to the TTF. The Department, however warns, that at lower traffic levels there could be a financial impact on the TTF.

Grant Anticipation Revenue Vehicle (GARVEE) Bond Issue

In June 2010, the Authority utilized the GARVEE Bond Program, under which the cost of the debt service is paid from federal funds. The GARVEE bonds sold by the Authority are backed by the annual federal appropriations for federal-aid transportation projects and carry a 15-year term. The Authority was able to issue these bonds without the additional backing or pledge of any TTF Revenues.

The Authority sold a total of $113,490,000 (par value) in bonds, and received an additional $12,455,753.90 in premiums resulting in total proceeds of just under $126-million. The net proceeds from the bond sale will be used for the completion of the design and the real estate acquisition for the US-301 Project. As of March 15, 2012, the underlying bond documents pertaining to the GARVEE bonds were amended to allow proceeds of the GARVEE bonds to also be used for payment of the costs associated with the construction and equipping of the US-301 Project.

Through the use of additional innovative credit enhancements, the Department successfully structured the GARVEE bonds to protect the bondholders, preserve the integrity and high credit rating of the

TTF and achieve a rating of “AA” and “Aa2” by Standard & Poor’s and Moody’s Investor Services, respectively. In November 2012, Moody’s downgraded the GARVEE bonds one-notch to “Aa3”.

Diamond State Port Corporation

The Capital Transportation Program for fiscal 2002 contained a $27,500,000 loan which the TTF made to the Diamond State Port Corporation (the “Port Corporation”) to enable the Port Corporation to prepay or refinance certain obligations which it owed to the City of Wilmington related to the Port Corporation's acquisition of the Port of Wilmington from the City. The Port Corporation was obligated to repay the loan to the TTF over a 20-year term, which commenced in January, 2003. The Port Corporation has not performed its obligations with respect to the loan, and therefore the loan has subsequently been restructured three times

Due to the multiple restructures and the uncertainty of future payments, the Authority recorded a loss of $20,297,835 for the year ended June 30, 2010 on the impairment of the loan receivable. This however, will not impede the Authorities ability to receive future loan repayments.

In fiscal 2011, the Port Corporation resumed payments as scheduled and has made the scheduled payments in fiscal years 2012 and 2013 as agreed. The first payment for fiscal 2014 was received in March 2014 as scheduled.

Establishment of a Line of Credit

In November 2013, the Department obtained a $50 million revolving line of credit to be used for capital expenditures only. The line of credit is available to meet short-term cash flow needs when revenue receipts are not sufficient to cover current capital expenditures, it cannot be used for any debt-service or operating expenses.

The line of credit has a 3-year term (through November 2016), with an option to extend. The note for the line of credit bears interest on the amount which has been advanced from time to time pursuant to the bank loan agreement at an annual rate equal to: [65% x (Daily LIBOR Rate + 0.85%)] + 0.015%.

An annual unused fee equal to 0.125% on any undrawn portion of the note is charged by the bank to the Authority quarterly in arrears during the revolver term.

The Authority may pre-pay any outstanding balance at any time without penalty. The Authority shall have the option to convert the principal amount of outstanding draws under the 2013 Note, together with all accrued and unpaid interest, to a term loan with a term of up to five (5) years. The outstanding principal balance of the Term Loan shall be payable in equal semi-annual payments.

The Department’s current focus is to reduce long-term borrowing and debt-service. As a result, the available cash balances in the Capital Account consist of only the monthly net revenue receipts. The large bond proceed balances that were available when the Department issued bonds directly for capital expenditures, are not available to cover large State capital expenditures. If the fiscal 2015 Governor’s Recommended Budgeted is approved, limited borrowing of $50 million annually for the next 5 years could be implemented. This would decrease the probability that the Department would need to access the line of credit.

All State and Federal capital expenditures are paid by the General Fund. The General Fund is reimbursed for State expenditures from the TTF Capital Account; Federal expenditures are reimbursed with Federal funds through a weekly Federal Claim. A line of credit draw may be used to reimburse the General Fund for State capital expenditures when the monthly revenue receipts do not cover the weekly State capital expenditure needs. This can be due to large weekly project expenditures, above average seasonal construction spending and/or large real estate purchases. A line of credit draw may be used to reimburse the General Fund for Federal capital expenditures if the weekly Federal Claim to reimburse the General Fund is not available for any reason (i.e. federal government shutdown) and sufficient funds are not available in the State Capital Account.

Current Financial Plan

The revenue sources described earlier are combined with the proceeds of the Transportation System Revenue Bonds and support from the federal government to fund the Department's total transportation budget - both operating and capital. The Department updates its six-year financial plan concurrent with the preparation of the annual operating and capital budgets.

The current financial plan assumes that the existing sources of revenues will meet projections without any further increases in the rates.

In the event revenues or other sources fall short of projections, the Department will either request additional revenues from the General Assembly, reduce the transportation program or a combination of both.

The table on the following page shows the anticipated financing plan assuming that the full implementation of the proposed Capital Transportation Program is approved by the State.

Base Financial Plan - Capital
April 2014 DEFAC Spend Plan – FINAL
($ in 000s)

Sources of Funds	2014	2015	2016	2017	2018	2019	2020
Existing Pledged Revenue							
I-95 Tolls & Concessions	119,000	120,300	121,100	121,900	122,700	123,500	124,300
Motor Fuel Tax Admin.	114,100	113,200	112,300	111,400	110,300	109,200	108,100
DMV Fees	160,800	165,700	170,600	175,700	180,900	186,400	192,000
Interest Income	2,500	3,000	3,500	4,500	4,500	4,500	4,500
Total Pledged Revenue	**$396,400**	**$402,200**	**$407,500**	**$ 413,500**	**$418,400**	**$423,600**	**$428,900**
Non-Pledged Revenues							
SR 1 Tolls	47,500	48,100	48,700	49,300	49,900	50,500	51,100
Escheat	40,000	-	-	-	-	-	-
One Time General Fund Support	5,100	-	-	-	-	-	-
IRIB Settlement	5,250	-	-	-	-	-	-
DE Transit (Farebox, FTA, & Other)	19,388	19,080	24,065	24,529	25,003	25,485	25,978
Port of Wilmington - Refinancing	1,628	1,628	1,628	1,628	1,628	1,628	1,618
Build America Bond Subsidy Payment	1,140	1,199	1,199	1,199	1,199	1,199	1,263
Other Transportation Revenue	11,300	11,400	11,500	11,600	11,700	11,700	11,800
Total Non-Pledged Revenue	**$131,306**	**$81,407**	**$87,092**	**$88,256**	**$89,430**	**$90,512**	**$91,759**
Total Sources of Funds	**$527,706**	**$483,607**	**$494,592**	**$501,756**	**$507,830**	**$514,112**	**$520,659**
Uses of Funds							
Debt Service							
DTA Bonds & Notes	111,050	105,801	99,584	95,466	96,085	90,501	85,802
Senior Bonds	111,050	105,801	99,584	95,466	96,085	90,501	85,802
New Debt Service	-	-	-	-	-	-	-
State G.O. Bonds	153	108	-	-	-	-	-
Total Debt Service	**$111,203**	**$105,909**	**$99,584**	**$95,466**	**$96,085**	**$90,501**	**$85,802**
Operations							
Department Operations	150,231	148,349	152,799	157,383	162,105	166,968	171,977
Subsidy Increase (CY Cash/PY Auth)	10,000	-	-	-	-	-	-
Transfer of PY Cash	(3,948)	-	-	-	-	-	-
Delaware Transit Corp. Operations	103,266	103,467	112,671	117,566	122,691	128,058	133,679
Total Operations	**$259,549**	**$251,816**	**$265,470**	**$274,949**	**$284,796**	**$295,026**	**$305,656**
Total Uses of Funds Before Capital	**$370,752**	**$357,725**	**$365,054**	**$370,415**	**$380,881**	**$385,527**	**$391,458**
State Resources Available for Capital	**$156,954**	**$125,882**	**$129,538**	**$131,341**	**$126,949**	**$128,585**	**$129,201**
Beginning Capital Cash Balance	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Carry-over Encumbrance Balance	23,871	11,125	-	-	-	-	-
Federal Funds	220,000	218,000	219,162	218,320	216,378	172,189	140,946
Bond Proceeds	-	-	-	-	-	-	
Total Funds Available for Capital Expenditures	**$420,825**	**$375,007**	**$368,700**	**$369,661**	**$363,327**	**$320,774**	**$290,147**
Less:							
State Capital Expenditures	145,829	125,882	129,538	131,341	126,949	128,585	129,201
Carry-over Encumbrance Spend	23,871	11,125	-	-	-	-	-
Federal Capital Expenditures	209,803	206,230	208,176	207,326	205,389	161,206	129,958
GARVEE Debt-Service (Federal)	10,198	11,770	10,986	10,994	10,989	10,983	10,988
Total Capital Spending	**$389,700**	**$355,007**	**$348,700**	**$349,661**	**$343,327**	**$300,774**	**$270,147**
Sub-Total	31,125	20,000	20,000	20,000	20,000	20,000	20,000
Carry Over Cash	11,125	-	-	-	-	-	-
Ending Capital Cash	**$20,000**	**$20,000**	**$20,000**	**$20,000**	**$20,000**	**$20,000**	**$20,000**
GARVEE Bond Proceeds	48,543	41,543	-	-	-	-	-
GARVEE Capital Expenditures	7,000	41,543	-	-	-	-	-
GARVEE Ending Capital Cash	**$ 41,543**	-	-	-	-	-	-
Pay Go Revenue	156,954	125,882	129,538	131,341	126,949	128,585	129,201
State Capital	169,700	137,007	129,538	131,341	126,949	128,585	129,201
Pay Go Percentage	92.5%	91.9%	100.0%	100.0%	100.0%	100.0%	100.0%
Additional Senior Bond Test	3.55	3.77	4.06	4.28	4.31	4.63	4.95

(1) Even though escheat revenues are legislated at $40 million annually, the Base Plan presented includes $20 million in escheat revenues in fiscal 2013 to reflect the Governor's Recommended Budget which is proposing a reduced payment in fiscal 2013.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2014 Bonds. The 2014 Bonds will be issued as fully-registered bonds 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 the 2014 Bonds, each in the aggregate principal amount of such maturity, and 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"). 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 the 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, all 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2014 Bonds may wish to ascertain that the nominee holding the 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer 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 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and interest on the 2014 Bonds 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 Authority or the Trustee, on 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 2014 Bonds 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, Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest on the 2014 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014 Bonds at any time by giving reasonable notice to the Authority or its agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the Authority takes no responsibility for the accuracy thereof.

LITIGATION

Except as hereinafter described, there is no litigation pending or, to the knowledge of the Authority, threatened in any court or administrative body, questioning the enforceability of the Act, the statutes imposing the motor fuel taxes, the motor vehicle document fees, the motor vehicle registration fees, the Miscellaneous Transportation Revenue or the transfer of that revenue to the Authority, the existence of the Authority, the validity of the 2014 Bonds, or any proceedings of the Authority taken with respect to the issuance or sale thereof, or seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2014 Bonds or questioning the power of the Authority to collect, pledge and assign revenue of the Delaware Turnpike, or to pay the 2014 Bonds as provided in the Agreement.

The Authority continues to review the impact, if any, of judicial decisions on TTF revenue sources. The Authority plans to take whatever action may be required with respect to any required revisions to the TTF revenue and expenditure plan, with the end result that there will be a revenue neutral impact on the

TTF. In the event that any such changes require approval by the State, the Authority expects that the State will enact any such changes requested by the Authority.

INDEPENDENT AUDITORS AND TRANSPORTATION CONSULTANT

The financial statements of the Authority's TTF for fiscal years ending June 30, 2013 and June 30, 2012 included as APPENDIX A to this Official Statement have been examined by KPMG LLP, independent auditors, whose report thereon appears therein. KPMG LLP, the Authority’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP has not performed any procedures relating to this Official Statement.

The Transportation Consultant's Report, prepared by Stantec Consulting Services, Inc., is included as APPENDIX E to this Official Statement. The Transportation Consultant's Report is based on historical data provided by the Authority and the Department of Public Safety and their own forecasts of population, and certain other factors. This report has been included in this Official Statement in reliance on the Transportation Consultant’s knowledge and experience in examining and projecting such matters. Unanticipated events and circumstances may occur which would affect the forecasts contained therein. Therefore, the actual results achieved during the forecast period may vary materially from those forecasted.

FINANCIAL ADVISOR

Public Financial Management, Inc. has served as financial advisor to the Authority in connection with the sale of the 2014 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

PFM Asset Management LLC will verify from the information provided to them the mathematical accuracy as of the date of the closing on the 2014 Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in such schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements of the refunded bonds, and (2) the computations of yield on both the securities and the 2014 Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the 2014 Bonds is exempt from tax. PFM Asset Management LLC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the 2014 Bonds.

TRUSTEE

The Trustee for the holders of the 2014 Bonds, as well as the Authority's outstanding Senior Bonds, is Wilmington Trust Company. Wilmington Trust Company, as escrow agent, holds funds for the payment of certain defeased indebtedness of the Authority.

RATINGS

The 2014 Bonds have been given a rating of “AA+” by Standard and Poor’s Corporation and “Aa2” by Moody’s Investors Service, Inc. Reference is made to the manuals of both rating agencies for a complete description of its rating procedures and other rating categories.

A bond rating is not a recommendation to buy, sell or hold bonds. The rating represents a judgment as to the likelihood of timely payment of the 2014 Bonds according to their terms but does not address the likelihood of redemption or other payments of the 2014 Bonds prior to maturity. There is no assurance that any of the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any of the ratings may have an adverse affect on the market price or marketability of the 2014 Bonds. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same.

LEGALITY FOR INVESTMENT

The Act provides that the 2014 Bonds are securities in which all officers of political subdivisions, administrative departments, boards and commissions of the State, all banks, bankers, savings banks and institutions, building and loan associations, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business; all insurance companies, insurance associations and other persons carrying on an insurance business; all administrators, executors, guardians, trustees and other fiduciaries; and all other persons whatsoever who now are or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest any funds, including capital, belonging to them or within their control.

The Act also provides that the 2014 Bonds may be properly and legally deposited with and received by any officer of the State, or of any political subdivision or agency of the State, for any purpose for which the deposit of bonds or other obligations of the State is now, or may hereafter be, authorized by law.

UNDERWRITING

The 2014 Bonds are being purchased by Morgan Stanley & Co. LLC, as representative of a group of underwriters (the "Underwriters"). The Underwriters have agreed to purchase said 2014 Bonds at a purchase price of $124,512,961.09 (which is equal to the aggregate principal amount of $108,760,000.00 plus net original issue premium of $15,983,075.50 less underwriters' discount of $230,114.41). The Underwriters' obligation to make such purchase is subject to the approval of certain legal matters by Bond Counsel and certain other conditions.

The Underwriters reserve the right to change the initial prices of the 2014 Bonds in connection with the marketing of the 2014 Bonds and may offer and sell the 2014 Bonds to certain dealers (including dealers depositing the 2014 Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the 2014 Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

CONTINUING DISCLOSURE UNDERTAKING

Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, (the "Rule") prohibits an underwriter from purchasing or selling municipal securities, such as the 2014 Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be material "obligated persons" (each, a "MOP") have committed to provide (i) on an annual basis, certain financial information, including financial information and operating data ("Annual Reports"), to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") and the relevant state information repository (if any) and (ii) notice of various events described in the Rule, if material ("Event Notices"), to each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB") and to any such state information repository.

The Authority will agree with the purchasers of the 2014 Bonds, by executing a supplement to the Continuing Disclosure Agreement executed in connection with the issuance of its 1997 Series Bonds prior to the issuance of the 2014 Bonds, to provide Annual Reports with respect to itself to each NRMSIR and to any Delaware information repository that is formed. The Authority has determined that there currently is no other MOP for purposes of the Rule. The Authority will provide Event Notices to the MSRB and to any Delaware information repository.

On December 5, 2008, the Securities and Exchange Commission amended the Rule by replacing the four NRMSIRs with the Electronic Municipal Market Access System ("EMMA") created by the MSRB beginning July 1, 2009. Pursuant to the supplement to the Continuing Disclosure Agreement, the Authority shall file, or cause to be filed, with EMMA any filing required or permitted under the Continuing Disclosure Agreement

Effective December 1, 2010, the Securities and Exchange Commission amended the Rule to, among other things, make certain changes to the type of events that give rise to Event Notices. The Supplement to Continuing Disclosure Agreement (the "2010 Supplement"), which was executed prior to the issuance of the Authority's Transportation System Senior Revenue Bonds, Series 2010, amends the Authority's Continuing Disclosure Agreement so that it is compliant with the amended Rule. A form of the Continuing Disclosure Agreement, together with the 2010 Supplement thereto, appears as APPENDIX C to this Official Statement.

The Authority has complied with all of its obligations under continuing disclosure agreements to which it is a party in each of the past five years.

TAX MATTERS

Tax Exemption-Opinion of Bond Counsel

The Internal Revenue Code of 1986, as amended (the "Code") contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the 2014 Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the 2014 Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Authority subsequent to the issuance and delivery of the 2014 Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Authority has made covenants to comply with such requirements.

In the opinion of Bond Counsel, interest on the 2014 Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Bond Counsel is subject to the condition that the Authority comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2014 Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the 2014 Bonds to be so includable in gross income retroactive to the date of issuance of the 2014 Bonds. The Authority has covenanted to comply with all such requirements. Interest on the 2014 Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on the 2014 Bonds is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to the corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other federal tax consequences relating to the 2014 Bonds or the receipt of interest thereon. See discussion of "Alternative Minimum Tax", "Branch Profits Tax", "S Corporations with Passive Investment Income", "Social Security and Railroad Retirement Benefits", "Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations", "Property or Casualty Insurance Company" and "Accounting Treatment of Original Issue Discount and Amortizable Bond Premium" below.

In the opinion of Bond Counsel, under existing law, the 2014 Bonds, the interest on the 2014 Bonds and their transfer shall be exempt from taxation by The State of Delaware and its political subdivisions, except for estate, inheritance or gift taxes imposed by The State of Delaware.

Alternative Minimum Tax

The Code includes, for purposes of the corporate alternative minimum tax, a preference item consisting of, generally, seventy-five percent of the excess of a corporation's "adjusted current earnings" over its "alternative minimum taxable income" (computed without regard to this particular preference item and the alternative tax net operating loss deduction). Thus, to the extent that tax-exempt interest (including interest on the 2014 Bonds) is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to an alternative minimum tax.

Branch Profits Tax

Under the Code, foreign corporations engaged in a trade or business in the United States will be subject to a "branch profits tax" equal to thirty percent (30%) of the corporation's "dividend equivalent amount" for the taxable year. The term "dividend equivalent amount" includes interest on tax-exempt obligations.

S Corporations with Passive Investment Income

Section 1375 of the Code imposes a tax on the income of certain small business corporations for which an S Corporation election is in effect, and that have "passive investment income". For purposes of Section 1375 of the Code, the term "passive investment income" includes interest on the 2014 Bonds. This tax applies to an S Corporation for a taxable year if the S Corporation has Subchapter C earnings and profits at the close of the taxable year and has gross receipts, more than twenty-five percent (25%) of which are "passive investment income". Thus, interest on the 2014 Bonds may be subject to federal income taxation under Section 1375 of the Code if the requirements of that provision are met.

Social Security and Railroad Retirement Benefits

Under Section 86 of the Code, certain Social Security and Railroad Retirement benefits (the "benefits") may be includable in gross income. The Code provides that interest on tax-exempt obligations (including interest on the 2014 Bonds) is included in the calculation of "modified adjusted gross income" in determining whether a portion of the benefits received are to be includable in gross income of individuals.

Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

The Code, subject to limited exceptions not applicable to the 2014 Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the 2014 Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the 2014 Bonds and any other tax-exempt obligations acquired after August 7, 1986.

Property or Casualty Insurance Company

The Code also provides that a property or casualty insurance company may also incur a reduction, by a specified portion of its tax-exempt interest income, of its deduction for losses incurred.

Accounting Treatment of Original Issue Discount and Amortizable Bond Premium

The 2014 Bonds maturing on July 1, 2024 are herein referred to as the "Discount Bonds". In the opinion of Bond Counsel, under existing law, the difference between the initial public offering price of the Discount Bonds as set forth on the inside cover page and the stated redemption price at maturity of each such Bond constitutes "original issue discount", all or a portion of which will, on the disposition or payment of such Bonds, be treated as tax-exempt interest for federal income tax purposes. Original issue discount will be apportioned to an owner of the Discount Bonds under a "constant interest method", which utilizes a periodic compounding of accrued interest. If an owner of a Discount Bond who purchases it in the original offering at the initial public offering price owns that Discount Bond to maturity, that Bondholder will not realize taxable gain for federal income tax purposes upon payment of the Discount Bond at maturity. An owner of a Discount Bond who purchases it in the original offering at the initial public offering price and who later disposes of the Discount Bond prior to maturity will be deemed to have accrued tax-exempt income in a manner described above; amounts realized in excess of the sum of the original offering price of such Discount Bond and the amount of accrued original issue discount will be taxable gain.

Purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on the Discount Bonds. Prospective purchasers of the Discount Bonds should consult their tax advisors regarding the Delaware tax treatment of original issue discount.

The 2014 Bonds maturing on July 1 of the years 2015 through 2023, inclusive, and on July 1, 2025 are hereinafter referred to as the "Premium Bonds". An amount equal to the excess of the initial public offering price of a Premium Bond set forth on the cover page over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds.

APPROVAL OF LEGAL PROCEEDINGS

The authorization and issuance of the 2014 Bonds are subject to the issuance of a legal opinion as to validity by Bond Counsel, Saul Ewing LLP, Wilmington, Delaware, whose legal opinion will be available at the time of the delivery of the 2014 Bonds. A Deputy Attorney General of the State will approve certain legal matters for the Authority.

The agreement of the Authority with the holders of the 2014 Bonds is set forth in full in the Agreement, and neither any advertisement of the 2014 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the 2014 Bonds. So far as any statements are made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The execution and distribution of this Official Statement by the undersigned and its distribution to prospective purchasers has been duly authorized by the Authority.

DELAWARE TRANSPORTATION AUTHORITY

By: Secretary of Department of Transportation

/s/ Shailen P. Bhatt

Director of Finance

/s/ Hugh E. Curran

Transportation Trust Fund Administrator

/s/ Brian G. Motyl

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APPENDIX A

Delaware Transportation Authority
Transportation Trust Fund
General Purpose Financial Statements
Years Ended June 30, 2013
and June 30, 2012

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DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Financial Statements

June 30, 2013 and 2012

(With Accountants' Compilation Report Thereon)

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Directors
Delaware Transportation Authority
Transportation Trust Fund
Dover, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the State of Delaware Transportation Trust Fund (TTF), a fund of the Delaware Transportation Authority, which comprise the statement of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements. The Delaware Transportation Authority is a blended component unit of the State of Delaware.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Trust Fund as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Emphasis of Matter

As discussed in note 1 to the financial statements, the financial statements present only the Transportation Trust Fund and do not purport to, and do not, present fairly the financial position of the Delaware Transportation Authority or the State of Delaware as of June 30, 2013 and 2012, the changes in its financial position or, where applicable, its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Balance Sheet in accordance with Trust Agreement; Statement of Revenue, Expenses and Changes in Net Position in accordance with Trust Agreement; Statement of Cash Flows in accordance with Trust Agreement; Schedule of Revenue Bonds Outstanding (June 30, 2013 and June 30, 2012); Statement of Operating Revenues and Expenses – Expressways Operations/Toll Administrative; Schedule of Cash Basis Expenditures Compared to Budget – Expressways Operations/Toll Administration; and Schedule of Revenue Bond Coverage are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
November 12, 2013

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Management's Discussion and Analysis

June 30, 2013 and 2012

This section of the Delaware Transportation Authority (the Authority) Transportation Trust Fund's (the Trust Fund) annual financial statements presents our discussion and analysis of the Trust Fund's financial performance during the fiscal years ended June 30, 2013 and 2012.

Background

In 1987, to facilitate the Authority's development of a unified transportation system in the State of Delaware (the State) and to take advantage of the Authority's broad financing powers, the Trust Fund was created to consolidate and dedicate transportation-related revenue to transportation projects and to provide a flexible mechanism to handle the increasing funding requirements over time for all transportation projects in the State. The Trust Fund is the State's financing vehicle for transportation, operating, and capital expenditures. Funding for such expenditures is derived from bond proceeds, excess Trust Fund revenue, and cash balances.

The Trust Fund has pledged the following revenue to secure their outstanding bonds: motor fuel taxes, Delaware Turnpike tolls and concessions, motor vehicle document and registration fees, miscellaneous transportation revenue, including operator license and titling fees, and investment earnings. Route 1 (SR-1) toll road revenue and certain miscellaneous revenues, including transfers from the State of Delaware General Fund, have not been pledged and, therefore, are not used to secure the Trust Fund's bonds.

Financial Highlights

- Outstanding revenue bonds payable continued to decrease as the Department of Transportation (the Department) continues to limit long-term borrowing and decrease debt-service costs. Revenue bonds payable decreased to $1,023.5 million at June 30, 2013 from $1,106.7 million at June 30, 2012.

- Motor vehicle sales continued to be strong, as a result, motor vehicle document fee revenues increased by $6.5 million, a 9.1% gain over fiscal year 2012. This is the fourth consecutive year of gains in this category.

- Total operating revenues increased to $441.1 million, an increase of 2.9% compared to fiscal year 2012.

Overview of the Financial Statements

The financial section of this annual report consists of five parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) notes to the financial statements, 4) required supplementary information, and 5) additional information.

The financial statements provide both long-term and short-term information about the Trust Fund's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The Trust Fund's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of revenues, expenses, and changes in net assets.

Financial Analysis of the Trust Fund

Statements of Net Position

The Trust Fund's total assets increased 1.1% to $1,645.4 million at June 30, 2013, compared to $1,627.7 million at June 30, 2012, and $1,646.3 million at June 30, 2011. Total liabilities decreased 7.8% to $1,118.1 million at June 30, 2013, compared to $1,212.4 million at June 30, 2012, and $1,303.1 million at June 30, 2011. Net position at June 30, 2013 increased 27.0% to $527.3 million, compared to $415.3 million at June 30, 2012, and $343.2 million at June 30, 2011.

Transportation Trust Fund's Net Position

	2013	2012	2011	Percentage change 2013-2012	Percentage change 2012-2011
		(Dollars in millions)			
Current assets	$ 232.9	$ 301.7	$ 403.2	(22.8) %	(25.2) %
Capital assets	1,327.3	1,234.7	1,165.2	7.5	6.0
Other noncurrent assets	85.2	91.3	77.9	(6.7)	17.2
Total assets	$ 1,645.4	$ 1,627.7	$ 1,646.3	1.1	(1.1)
Current liabilities	$ 139.3	$ 146.1	$ 133.6	(4.7) %	9.4 %
Revenue bonds payable	934.6	1,007.1	1,133.3	(7.2)	(11.1)
Other noncurrent liabilities	44.2	59.2	36.2	(25.3)	63.5
Total liabilities	$ 1,118.1	$ 1,212.4	$ 1,303.1	(7.8)	(7.0)
Net position:					
Net investment in capital assets	$ 315.0	$ 156.2	$ 62.2	101.7 %	151.1 %
Restricted	160.2	166.9	170.8	(4.0)	(2.3)
Unrestricted	52.1	92.2	110.2	(43.5)	(16.3)
Total net position	$ 527.3	$ 415.3	$ 343.2	27.0	21.0

The decrease in current assets is attributed to smaller investment balances as a result of not issuing new debt during the year. The increase in capital assets is a result of increased spending for the U.S. 301 project and the Turnpike/SR-1 interchange project. For 2012, the decrease in current assets is attributed to the smaller cash and cash equivalent and investment balances, which declined as the Trust Fund expended the carry-over bond proceeds from fiscal year 2011. Also, no bond proceeds were added, as new debt issued during the fiscal year was solely for the purpose of refunding existing debt.

During fiscal year 2013, total liabilities decreased by 7.8% to $1,118.1 million. This was primarily the result of not issuing new debt during the year and the payment of existing bonds coupled with amortization of bond premiums. For 2012, total liabilities decreased by 7.0% to $1,212.4 million. Revenue bonds payable decreased as indebtedness was reduced by $27.8 million due to the bond refunding during the fiscal year and from not issuing additional debt during the fiscal year. A bond issue premium resulted in an increase in other noncurrent liabilities.

Net investment in capital assets increased by 101.7% to $315.0 million in fiscal year 2013, and by 151.1% to 156.2 million in fiscal year 2012. This was primarily a result of capital spending for the U.S. 301 project and the Turnpike/SR-1 interchange project in excess of new debt issuances. Unrestricted net position decreased by 43.5% to $52.1 million in fiscal year 2013, and by 16.3% to $92.2 million in fiscal year 2012, due to the decision to draw down existing cash balances instead of issuing new debt.

Change in Net Position

Total net position at June 30, 2013 was $527.3 million, compared to $415.3 million at June 30, 2012, and $343.2 million at June 30, 2011. Total operating revenues increased 2.9% to $441.1 million for fiscal year 2013, compared to $428.8 million for fiscal year 2012, and $425.6 million for fiscal year 2011. Total operating expenses decreased 8.1% to $344.2 million for fiscal year 2013, compared to $374.7 million for fiscal year 2012, and $340.5 million for fiscal year 2011.

Transportation Trust Fund's Changes in Net Position

	2013	2012	2011	Percentage change 2013-2012	Percentage change 2012-2011
		(Dollars in millions)			
Operating revenues:					
Turnpike revenue	$ 120.1	$ 117.1	$ 115.9	2.6 %	1.0 %
Motor fuel tax	112.6	112.9	113.7	(0.3)	(0.7)
Motor vehicle document fee	77.6	71.1	68.3	9.1	4.1
Motor vehicle registration fee	47.6	46.6	47.2	2.1	(1.3)
Other motor vehicle revenue	25.5	25.0	24.6	2.0	1.6
International Fuel Tax Agreement	2.4	3.0	2.9	(20.0)	3.4
Toll revenue – SR-1	46.2	44.9	44.4	2.9	1.1
Miscellaneous	9.1	8.2	8.6	11.0	(4.7)
Total operating revenues	441.1	428.8	425.6	2.9	0.7
Operating expenses:					
Toll operations expenses	18.1	17.3	16.6	4.6	4.2
Capital preservation and operations	242.9	279.7	250.2	(13.2)	11.8
DTC operations	83.0	77.5	73.5	7.1	5.4
Depreciation	0.2	0.2	0.2	0.0	0.0
Total operating expenses	344.2	374.7	340.5	(8.1)	10.0
Operating income	96.9	54.1	85.1	79.1	(36.5)
Nonoperating expenses – net	(28.2)	(25.2)	(35.2)	11.9	(28.4)
Transfers	43.3	43.2	27.2	0.2	58.8
Change in net position	112.0	72.1	77.1	55.3	(6.5)
Total net position, beginning of year	415.3	343.2	266.1	21.0	29.0
Total net position, end of year	$ 527.3	$ 415.3	$ 343.2	27.0	21.0

Total operating revenues increased by $12.3 million over fiscal year 2013, an increase of 2.9%. Motor vehicle document fees increased by 9.1% during fiscal year 2013, adding to a 4.1% increase during 2012 and a 17.0% increase during 2011. Turnpike and SR-1 toll revenues increased by 2.6% and 2.9%, respectively. Motor fuel tax revenues continued to show weakness decreasing by 0.3% compared to last year.

Total operating expenses for fiscal year 2013 decreased by 8.1%. The largest decrease was in capital preservation and operations due to decreased capital spending, partially due to a smaller paving and rehabilitation program compared to last year when the program was accelerated. Delaware Transit Corporation (DTC) operating expenses increased in response to increased ridership.

Net nonoperating expenses for fiscal year 2013 increased by 11.9% to $28.2 million. This was due to lower investment earnings and a decrease in the fair value of investments. In 2012, net nonoperating expenses decreased by 28.4% to $25.2 million. This was due to an increase in federal grant revenues and an increase in the fair market value of investments held at year end. Total net position increased by 27.0% to $527.3 million at June 30, 2013 from $415.3 million at June 30, 2012.

During fiscal year 2013, the following transfers were received from the State's General Fund: Escheat revenues in the amount of $40.0 million, $0.3 million collected by the Division of Revenue from motor vehicle dealer fees, and $3.0 million in General Fund support for the Division of Motor Vehicles (DMV). In fiscal year 2012, $40.0 million in support was received due to a change in legislation that increased the annual contribution from the previous level of $20.0 million; $0.3 million was collected by the Division of Revenue from motor vehicle dealer fees and $2.9 million was received in General Fund support for the DMV.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2013, the Trust Fund had invested $1,331.2 million in capital assets, including roads, bridges, buildings, land, and equipment for Delaware's two toll roads. Net of accumulated depreciation, the Trust Fund's net capital assets at June 30, 2013 totaled $1,327.3 million. This amount represents a net increase (including additions and disposals, net of depreciation) of $92.6 million, primarily for the Turnpike/SR-1 interchange project and the U.S. 301 project. As of June 30, 2012, the Trust Fund had invested $1,238.4 million in capital assets. Net of accumulated depreciation, the Trust Fund's net capital assets at June 30, 2012 totaled $1,234.7 million. This amount represents a net increase of $69.5 million from fiscal year 2011, primarily for the Turnpike/SR-1 interchange project and the U.S. 301 project.

The State uses the modified approach for determining condition assessments on their roads and bridges. The modified approach requires that the State initially set a percentage benchmark for maintaining their infrastructure in good or better condition and report at least every three years on their condition assessments.

It is the Department's policy to maintain at least 85% of its highway system at a fair or better condition rating and 75% of its bridge system at a good or better condition rating as follows:

The condition of the road pavement is measured using the Overall Pavement Condition (OPC) system, which is based on the extent and severity of various pavement distresses that are visually observed. The OPC system uses a measurement scale that is based on a condition index ranging from 0 for poor pavement to 5 for pavement in excellent condition.

The condition of the bridges is measured using the "Bridge Condition Rating" (BCR), which is based on the Federal Highway Administration's (FHWA) Coding Guide, "Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges." The BCR uses a measurement scale that is based on a condition index ranging from 0 to 4 for substandard bridges to 9 for bridges in perfect condition. For reporting purposes, substandard bridges are classified as those with a rating of 4 or less. The good or better condition bridges are taken as those with ratings of 6 to 9, with 5 being assessed a fair rating.

The Department performs condition assessments of eligible infrastructure assets at least every three years.

At December 31, 2011, 99.8% of the Trust Fund's roadway condition assessments were in the fair or better category. This was the same as the 2009 rating. At June 30, 2013, 89.7% of the bridge structures were in the good or better category, a small decrease from the prior year at 90.6%, and 95.3% of the bridge deck ratings were in the good or better category, an increase over the prior year at 93.4%.

Debt Administration

Transportation Systems Revenue Bonds are issued with the approval of the State and the State's Bond Issuing Officers (the Governor, the Secretary of Finance, the Secretary of State, and the State Treasurer) to finance improvements to the State's transportation systems. Approval by the General Assembly of the State is not required for the Authority to issue bonds to refund any of its bonds provided that a present value debt service savings is achieved in such refunding. The sales must comply with the rules and regulations of the United States Treasury Department and the United States Securities and Exchange Commission.

At June 30, 2013, the Authority had $1,023.5 million in revenue bonds outstanding, a 7.5% decrease from June 30, 2012. On June 30, 2013 and 2012, the Authority had a total of $235.6 million in authorized but unissued revenue bonds. No new bonds were issued during 2013. Of the 11 outstanding Senior Bond Issues, all bonds are rated AA+ and Aa2 by Standard and Poor's and Moody's Investors Services, respectively. The GARVEE Bond, 2010 Series is rated AA and Aa3 by Standard and Poor's and Moody's Investors Services, respectively. At June 30, 2012, the Authority had $1,106.7 million in revenue bonds outstanding, an 8.6% decrease from June 30, 2011. During 2012, the Authority issued $222.9 million of Transportation System Senior Revenue Bonds, 2012 Series, to provide for an advance refunding of $250.7 million of prior Transportation System Senior Revenue Bonds.

Next Year's Budget

The Department's fiscal year 2014 Operating Annual Budget adopted by the General Assembly in June 2013 totals $342.5 million and the fiscal year 2014 Capital Improvements Act totals $196.8 million in State-authorized funds. The Capital Improvements Act authorizes funding of the following improvements: $114.5 million of Road System, $21.8 million of Grants and Allocations, $16.7 million of Transit System, and $43.8 million for

Support System. The spending of these capital authorizations will occur over several years. The Capital Transportation Plan (CTP) spending forecast for fiscal year 2014 is $567.7 million, inclusive of $219.9 and $347.8 million in State and federal funds, respectively. The State forecast includes $28.2 million in GARVEE spending.

Contacting the Trust Fund's Financial Management

This financial report is designed to provide bondholders, patrons, and other interested parties with a general overview of the Trust Fund's finances and to demonstrate the Trust Fund's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Delaware Department of Transportation, Finance Unit, P.O. Box 778, Dover, DE 19903.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statements of Net Position

June 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents:		
Unrestricted	$ 18,257,687	$ 17,333,528
Restricted	30,895,967	7,196,618
Investments – at fair value:		
Unrestricted	64,902,278	94,649,196
Restricted	107,926,887	171,577,442
Accrued interest receivable	535,890	643,165
Accounts receivable	9,973,630	9,929,296
Prepaid expenses	84,402	60,975
Bond issuance costs - net of accumulated amortization	307,845	319,747
Total current assets	232,884,586	301,709,967
Noncurrent assets:		
Capital assets:		
Infrastructure and land	1,323,023,326	1,230,246,094
Buildings and land improvements	8,136,689	8,136,689
	1,331,160,015	1,238,382,783
Less: accumulated depreciation	3,873,947	3,681,730
Capital assets	1,327,286,068	1,234,701,053
Investments – at fair value:		
Unrestricted	13,552,718	25,809,386
Restricted	69,569,136	63,112,858
Bond isuance costs - net of accumulated amortization and current portion	2,072,839	2,373,959
Total noncurrent assets	1,412,480,761	1,325,997,256
Total assets	$ 1,645,365,347	$ 1,627,707,223

See Accountants' Compilation Report and Notes to Financial Statements.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statements of Net Position

June 30, 2013 and 2012

Liabilities and Net Assets	2013	2012
Current liabilities:		
Accounts payable	$ 14,281,639	$ 14,457,549
Accrued payroll payable	245,216	243,656
Compensated absences payable	63,817	68,275
Customer toll deposits	13,785,582	12,335,843
Deferred revenue	592,565	649,030
Escrow deposits	2,130,200	2,015,501
General obligation bonds payable	142,866	195,189
Revenue bonds payable – net of deferred amounts on refunding	72,543,651	80,537,770
Bond issue premium – net of accumulated amortization	11,795,497	12,872,769
Interest payable	23,696,349	22,727,471
Total current liabilities	139,277,382	146,103,053
Noncurrent liabilities:		
Compensated absences – net of current portion	218,459	238,151
Return of federal funds	—	2,999,719
General obligation bonds payable – net of current portion	103,426	246,292
Revenue bonds payable – net of deferred amounts on refunding and current portion	934,587,646	1,007,131,297
Bond issue premium – net of accumulated amortization and current portion	43,894,545	55,690,042
Total noncurrent liabilities	978,804,076	1,066,305,501
Total liabilities	1,118,081,458	1,212,408,554
Net position:		
Net investment in capital assets	315,012,706	156,163,826
Restricted	160,162,475	166,870,590
Unrestricted	52,108,708	92,264,253
Total net position	527,283,889	415,298,669
Total liabilities and net position	$ 1,645,365,347	$ 1,627,707,223

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Pledged revenue:		
Turnpike revenue	$ 120,089,261	$ 117,132,849
Motor fuel tax revenue	112,582,805	112,908,210
Motor vehicle document fee revenue	77,585,014	71,140,742
Motor vehicle registration fee revenue	47,559,850	46,632,409
Other motor vehicle revenue	25,456,412	25,017,296
International Fuel Tax Agreement revenue	2,424,796	2,968,470
Total pledged revenue	385,698,138	375,799,976
Toll revenue – Delaware SR-1	46,223,585	44,889,227
Railway tolls	1,492,869	1,236,462
Traffic violations	4,713,808	4,639,464
Miscellaneous	2,935,636	2,200,628
Total operating revenues	441,064,036	428,765,757
Operating expenses:		
Expressways operations/toll administration and interstate operating expenses	18,069,872	17,308,105
Expenses in accordance with Trust Agreement:		
Transportation capital preservation and operations	242,906,954	279,656,709
Delaware Transit Corporation operations	83,003,807	77,521,008
Depreciation	192,217	192,217
Total operating expenses	344,172,850	374,678,039
Operating income	96,891,186	54,087,718
Nonoperating revenues (expenses):		
Pledged revenue – income from investments	2,220,035	3,159,782
Net increase (decrease) in the fair value of investments	(2,893,203)	807,018
Bad debt recovery	853,488	820,566
Federal grants	10,880,513	12,075,650
Interest expense	(39,224,203)	(42,070,709)
Excess of nonoperating expenses over nonoperating revenues	(28,163,370)	(25,207,693)
Income before transfers	68,727,816	28,880,025
Transfer from State General Fund	43,257,404	43,246,922
Change in net position	111,985,220	72,126,947
Total net position – beginning of year	415,298,669	343,171,722
Total net position – end of year	$ 527,283,889	$ 415,298,669

See Accountants' Compilation Report and Notes to Financial Statements.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	$ 442,412,976	$ 428,596,458
Payments to employees	(6,196,584)	(6,135,835)
Payments to suppliers	(341,005,695)	(363,250,698)
Net cash provided by operating activities	95,210,697	59,209,925
Cash flows from noncapital financing activities:		
Transfers from State General Fund	43,257,404	43,246,922
Net cash provided by noncapital financing activities	43,257,404	43,246,922
Cash flows from capital and related financing activities:		
Payments of revenue bond principal	(83,230,000)	(76,320,000)
Payment to escrow agent for refunding of revenue bonds	—	(270,163,203)
Proceeds from revenue bond sale	—	222,870,000
Payments of general obligation bond principal	(195,189)	(346,503)
Premium from revenue bond sale	—	42,290,886
Bond issuance costs from revenue bond sale	(7,984)	(525,984)
Federal reimbursement of debt service	10,880,513	12,075,650
Acquisition of capital assets	(92,777,232)	(69,692,060)
Payments of interest	(48,114,858)	(56,565,663)
Net cash used in capital and related financing activities	(213,444,750)	(196,376,877)
Cash flows from investing activities:		
Collection on loans previously written off	853,488	820,566
Escrow deposits received/(refunded)	114,699	(1,596,607)
Purchase of investments	(369,264,910)	(3,253,406,589)
Proceeds from sale of investments	465,569,570	3,287,877,443
Interest received	2,327,310	3,211,558
Net cash provided by investing activities	99,600,157	36,906,371
Net increase (decrease) in cash and cash equivalents	24,623,508	(57,013,659)
Cash and cash equivalents – beginning of year	24,530,146	81,543,805
Cash and cash equivalents – end of year	$ 49,153,654	$ 24,530,146

(Continued)

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statements of Cash Flows

Years Ended June 30, 2013 and 2012

		2013		2012
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$	96,891,186	$	54,087,718
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		192,217		192,217
Changes in assets and liabilities:				
Increase in accounts receivable		(44,334)		(2,365,438)
Increase in prepaid expenses		(23,427)		(60,975)
Increase (decrease) in accounts payable		(175,910)		8,370,620
Decrease in accrued payroll and related expenses		(22,590)		(210,356)
Increase in customer toll deposits		1,449,739		1,547,109
Increase (decrease) in deferred revenue		(56,465)		649,030
Decrease in return of federal funds		(2,999,719)		(3,000,000)
Net cash provided by operating activities	$	95,210,697	$	59,209,925

See Accountants' Compilation Report and Notes to Financial Statements.

(1) Organization and Trust Agreements

The Delaware Department of Transportation (the Department) is a major fund of the State of Delaware (the State). The Department has overall responsibility for coordinating and developing comprehensive, balanced transportation planning and policies for the State. To assist the Department in their mission, the State and the Department created the Delaware Transportation Authority (the Authority), which includes the activities of the Transportation Trust Fund (the Trust Fund). The Authority is a body corporate and politic constituting an instrumentality of the State and assists in the implementation of policy and has the power to develop a unified system of air, water, vehicular, and specialized transportation in the State, subject to oversight by the Department and the State.

The Trust Fund was created by the State as a special fund with its corporate powers held by the Authority, under the Transportation Trust Fund Act of 1987 (the TTF Act). The underlying purpose of the TTF Act and the Trust Fund is to address the growing urgency to provide additional means to finance the maintenance and development of the integrated highway, air, and water transportation system in the State for the economic benefit of the State and for the welfare and safety of the users of the transportation system. The primary funding of the Trust Fund comes from motor fuel taxes, motor vehicle document fees, motor vehicle registration fees, and other transportation-related fees, which are imposed and collected by the State and transferred to the Trust Fund. The State has irrevocably pledged, assigned, and continuously appropriated to the Trust Fund these taxes and fees. The other major sources of revenue for the Trust Fund are the Delaware Turnpike and the Delaware SR-1 Toll Roads, both of which the Authority owns and operates. The Authority may apply Trust Fund revenue for transportation projects, subject to the approval of the State, and may pledge any or all of this revenue to secure financing for these projects. The TTF Act also granted the Authority the power to issue bonds payable from and secured by the revenues pledged and assigned to the Trust Fund.

The Trust Agreements in effect are the Motor Fuel Tax Revenue Bond Trust Agreement (the Motor Fuel Tax Agreement), dated September 1, 1981, as supplemented, and the Transportation Trust Fund Agreement (the Trust Agreement), dated August 1, 1988, as supplemented. The Trust Agreement is a bond indenture, intended to ensure payment to bondholders through assets and revenues pledged to the Trust Fund. Pledged revenues fund certain accounts created under Section 4.02 of the Trust Agreement and, to the extent those revenues are not needed for that purpose, they are deposited, lien-free, to the Trust Fund. Surplus pledged revenues and nonpledged revenues of the Trust Fund may be used to fund the operations of the Department. The provisions of the Motor Fuel Tax Agreement and the Trust Agreement govern the disposition of revenues and other income and prescribe certain accounting practices, including the conditions for transfer of monies among the various funds and accounts held by the Authority or the Trustee and the use of such funds.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Authority operates as a special purpose government engaged solely in business-type activities. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, short-term money market securities, and other deposits held by financial institutions, generally with original maturities of three months or less.

(c) Allowance for Doubtful Accounts

Accounts receivable are expected to be fully collectible at June 30, 2013 and 2012, and accordingly, a provision for uncollectible accounts has not been established.

(d) Investments

Investments are recorded at their fair value. Investments at June 30, 2013 and 2012 consisted of United States Government Obligations and Commercial Paper classified as "Qualified Investments" by the Trust Agreement.

(e) Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) New Accounting Standards Adopted

In fiscal year 2013, the Authority adopted two new accounting standards, as follows:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) pronouncements, which does not conflict with or contradict GASB pronouncements, and eliminates the criteria to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. There was no impact on the financial statements from implementing this standard.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the Trust Fund's financial statements was the renaming of "Net Assets" to "Net Position", including changing the name of the financial statement from "Balance Sheet" to "Statement of Net Position".

(g) Capital Assets

Capital assets, which include buildings, land, land improvements, and infrastructure assets (such as roads and bridges, which are normally immovable and of value only to the State), are reported in the Trust Fund's financial statements.

It is the policy of the State to capitalize land and buildings, regardless of cost, to capitalize improvements to land and buildings when the costs of projects exceed $100,000, and to capitalize infrastructure when the costs of individual items or projects exceed $1 million. The Trust Fund follows the State's policy with the exception of improvements to land and buildings, which are capitalized, regardless of cost.

Such assets are recorded at historical cost or estimated historical cost if original cost is not determinable. Donated capital assets are recorded at estimated fair market value at the time of the donation. Buildings and land improvements are depreciated on a straight-line basis.

For assets not part of infrastructure, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

For infrastructure, the State uses the modified approach to account for roads and bridges, as provided by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Under this process, the Authority does not record depreciation expense or the amounts expended in connection with improvements to these assets capitalized, unless the improvements expand the capacity or efficiency of an asset. Utilization of this approach requires the Authority to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the Department, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels.

The Authority maintains two asset management systems, one for the roads and one for the bridges. The Authority completes condition assessments on its roads and bridges at least every three years.

Buildings and land improvements are depreciated using the straight-line method over the following estimated useful lives:

	Years
Assets:	
Buildings	40
Land improvements	15

(h) Compensated Absences

Compensated absences are absences for which Expressways Operations/Toll Administration employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Expressways Operations/Toll Administration and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Expressways Operations/Toll Administration and its employees are accounted for in the period in which such services are rendered or such events take place.

(i) Bond Issue Premiums and Issuance Costs

Amortization of bond issue premiums/discounts and issuance costs is provided using the effective-interest method over the life of the bond issue. Net amortization resulted in $12,551,763 and $9,706,037 of reductions of interest expense in 2013 and 2012, respectively.

(j) Revenues and Expenses

The Authority defines nonoperating revenues as investment and interest income, federal reimbursements of debt service, and collections on loans previously written off. All other revenues are derived from normal operations of the Authority. Nonoperating expenses are defined as interest expense. All other expenses are a result of normal operations.

(3) Cash and Investments

(a) Cash Management Policy and Investment Guidelines

The policy for the investment of the Authority's funds is the responsibility of the Cash Management Policy Board (the Board). The Board, created by State law, establishes policies for, and the terms, conditions, and other matters relating to, the investment of all money belonging to the Authority. Under the Board's *Statement of Objectives and Guidelines for the Investment of State of Delaware Funds* (the Policy), all deposits and investments of the Authority are categorized as "Authority Accounts." Investments of the Authority are further restricted to "Qualified Investments" as defined in the Trust Agreement.

As defined by the Policy, the investment objectives of Authority Accounts include maximizing yield and maintaining the safety of principal. At June 30, 2013 and 2012, investments of the Authority are primarily in U.S. Government Securities, U.S. Government Agency Securities, and Commercial Paper rated in the highest rating category by either Moody's or Standard & Poor's. All of these meet the objectives defined by the Policy and are Qualified Investments in accordance with the Trust Agreement.

The Policy is available on the Internet at http://delcode.delaware.gov/title29/c061/index.shtml.

(b) Custodial Credit Risk

Deposits

The carrying amounts of the Authority's deposits at June 30, 2013 and 2012 were $49,153,654 and $24,530,146, respectively, and the bank balances were $48,148,999 and $23,676,435, respectively. The differences between bank balances and carrying amounts resulted from outstanding checks and deposits in transit. The entire bank balances at June 30, 2013 and 2012 of $48,148,999 and $23,676,435, respectively, were covered by federal depository insurance or by collateral held by the Authority's Trustee, in the Authority's name, in accordance with the Policy and the Trust Agreement.

Investments

Investments of the Authority are stated at fair value, which approximates cost. At June 30, 2013 and 2012, all of the Authority's investments were insured or registered with securities held by the Authority or the counterparty in the Authority's name.

(c) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the value of an investment. The Policy provides that maximum maturity for investments in Authority accounts, at the time of purchase, shall not exceed ten years, except when it is prudent to match a specific investment instrument with a known specific future liability, in which case the maturity limitation shall match the maturity of the corresponding liability.

The following tables present a listing of directly held investments and related maturities:

	June 30, 2013				
		Investment maturities (in years)			
Investment type	**Fair value**	**Less than 1**	**1 – 5**	**6 – 10**	**11 – 15**
U.S. Government Securities	$ 40,437,244	$ 5,646,683	$ 9,931,404	$ 24,859,157	$ —
U.S. Government Agency Securities	131,849,069	84,012,406	22,029,494	23,949,609	1,857,560
Commercial Paper	83,664,706	83,170,076	494,630	—	—
	$ 255,951,019	$ 172,829,165	$ 32,455,528	$ 48,808,766	$ 1,857,560

	June 30, 2012				
		Investment maturities (in years)			
Investment type	**Fair value**	**Less than 1**	**1 – 5**	**6 – 10**	**11 – 15**
U.S. Government Securities	$ 42,105,415	$ 12,325,857	$ 15,639,858	$ 14,139,700	$ —
U.S. Government Agency Securities	140,838,762	81,696,076	34,577,734	19,846,033	4,718,919
Commercial Paper	172,204,705	172,204,705	—	—	—
	$ 355,148,882	$ 266,226,638	$ 50,217,592	$ 33,985,733	$ 4,718,919

(d) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority follows the Policy and the Trust Agreement by investing only in authorized securities. The Authority's general investment policy for credit risk is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments.

In addition, the Trust Agreement limits investments in commercial paper to those with a Moody's rating of P-1 or a Standard & Poor's rating of A-1 for short-term investments. The Trust had investments in commercial paper of $83,664,706 and $172,204,705 at June 30, 2013 and 2012, respectively. All commercial paper held matures within five years and is rated in accordance with the Trust Agreement. The investments in U.S. Government and Government Agency Securities are rated at Aaa with Moody's and AA+ with Standard & Poor's.

(e) Investments in Excess of 5%

Concentration of credit risk is the risk of loss attributed to the magnitude of the Trust Fund's investments in a single issuer (5% or more of total investments). When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

The Policy provides that the purchase of securities cannot exceed the following percentage of account limitations, valued at market. Investments due to mature in one business day may be excluded from the computation of said limitations.

A. U.S. government - no restrictions.

B. Government agency - 50% total; 20% in any one agency.

C. Certificates of deposit, time deposits, and bankers acceptances - 50% total; 5% in any one issuer.

   1. Domestic - No additional restrictions.

   2. Non-domestic - 25%, 5% in any one issuer.

   3. Delaware domiciled - Not more than the lesser of $10 million or 25% of an issuer's total equity capital may be invested in any one issuer (investments due to mature in one business day may be excluded from the computation of this percentage).

D. Corporate debt - 50% total; 25% in any one industry; 5% in any one issuer, 5% of any issuer's total outstanding securities.

   1. Domestic - No additional restrictions.

   2. Non-domestic - 25%; 5% in any one issuer.

E. Repurchase agreements - 50% total.

F. Reverse repurchase agreements - 25% total.

G. Money market funds - 25% total; 10% in any one fund except for the cash account, which may invest 100% of the account in the Delaware Local Government Investment Pool (DELGIP) Fund. The Investment Guidelines for the DELGIP Fund are defined in Appendix B of the Policy.

H. Canadian treasuries - 25% total; 10% in any one agency.

I. Canadian agency securities - 25% total; 10% in any one agency.

J. Mortgage-backed and asset-backed securities - 10% total (when combined with asset-backed securities and trust certificates, if applicable).

K. Municipal obligations - 5% in any one issuer.

L. Guaranteed investment contracts - Permitted where it is prudent to match a specific investment instrument with a known specific future liability, subject to credit quality guidelines for commercial paper and corporate bonds and debentures and with adequate exit provisions in the event of the future downgrade of the issuer.

M. Asset-backed securities and trust certificates - 10% total (when combined with mortgage-backed and asset-backed securities, if applicable).

The following issuers have investments at fair value in excess of 5% of the investment portfolio at June 30, 2013:

Federal National Mortgage Association	$	67,488,697	26%
Federal Home Loan Mortgage Corporation		49,666,400	19
United States Treasury		40,437,244	16

The following issuers have investments at fair value in excess of 5% of the investment portfolio at June 30, 2012:

Federal Home Loan Mortgage Corporation	$	64,751,556	18%
Federal National Mortgage Association		63,336,588	18
ML Pierce Fenner & Smith		59,812,000	17
United States Treasury		42,105,412	12
Rabobank USA Financial Corp		21,176,167	6
Nestle Capital Corp		20,799,245	6

(f) Investment Commitments

The Authority has made no investment commitments as of June 30, 2013.

(4) Accounts Receivable

Balances in accounts receivable were as follows at June 30,:

	2013	2012
Concessions	$ 117,656	$ 299,952
Railway tolls	703,000	616,000
Miscellaneous	662,725	—
Toll violations	589,358	—
DMV direct access	58,371	510,520
E-ZPass revenues	7,842,520	8,502,824
	$ 9,973,630	$ 9,929,296

(5) Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets not being depreciated:				
Infrastructure	$ 1,090,459,745	$ 91,298,272	$ —	$ 1,181,758,017
Land	139,786,349	1,478,960	—	141,265,309
	$ 1,230,246,094	$ 92,777,232	$ —	$ 1,323,023,326
Capital assets being depreciated:				
Buildings	$ 7,972,765	$ —	$ —	$ 7,972,765
Land improvements	163,924	—	—	163,924
	8,136,689	—	—	8,136,689
Less: accumulated depreciation for buildings and land improvements	3,681,730	192,217	—	3,873,947
Total capital assets being depreciated, net	$ 4,454,959	$ (192,217)	$ —	$ 4,262,742

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets not being depreciated:				
Infrastructure	$ 1,020,767,685	$ 69,692,060	$ —	$ 1,090,459,745
Land	139,786,349	—	—	139,786,349
	$ 1,160,554,034	$ 69,692,060	$ —	$ 1,230,246,094
Capital assets being depreciated:				
Buildings	$ 7,972,765	$ —	$ —	$ 7,972,765
Land improvements	163,924	—	—	163,924
	8,136,689	—	—	8,136,689
Less: accumulated depreciation for buildings and land improvements	3,489,513	192,217	—	3,681,730
Total capital assets being depreciated, net	$ 4,647,176	$ (192,217)	$ —	$ 4,454,959

Depreciation expense was $192,217 for fiscal years 2013 and 2012.

(6) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Bonds payable:					
Revenue bonds, gross	$ 1,106,735,000	$ —	$ (83,230,000)	$ 1,023,505,000	$ 75,205,000
Deferred amount on refunding	(19,065,933)	—	2,692,230	(16,373,703)	(2,661,349)
Revenue bonds, net	1,087,669,067	—	(80,537,770)	1,007,131,297	72,543,651
General obligation bonds	441,481	—	(195,189)	246,292	142,866
Bond issue premium, net of accumulated amortization	68,562,811	—	(12,872,769)	55,690,042	11,795,497
Return of federal funds	2,999,719	—	(2,999,719)	—	—
Compensated absences	306,426	—	(24,150)	282,276	63,817
Long-term liabilities	$ 1,159,979,504	$ —	$ (96,629,597)	$ 1,063,349,907	$ 84,545,831

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Bonds payable:					
Revenue bonds, gross	$ 1,210,880,000	$ 222,870,000	$ (327,015,000)	$ 1,106,735,000	$ 83,230,000
Deferred amount on refunding	(1,628,306)	(18,321,871)	884,244	(19,065,933)	(2,692,230)
Revenue bonds, net	1,209,251,694	204,548,129	(326,130,756)	1,087,669,067	80,537,770
General obligation bonds	787,984	—	(346,503)	441,481	195,189
Bond issue premium, net of accumulated amortization	37,402,559	42,290,886	(11,130,634)	68,562,811	12,872,769
Return of federal funds	5,999,719	—	(3,000,000)	2,999,719	—
Compensated absences	313,680	—	(7,254)	306,426	68,275
Long-term liabilities	$ 1,253,755,636	$ 246,839,015	$ (340,615,147)	$ 1,159,979,504	$ 93,674,003

The Authority is responsible for liquidating all long-term liabilities.

(7) Return of Federal Funds

During fiscal years 1992 through 1995, the Department participated in the Federal Highway Administration’s (FHWA) Right-of-Way (ROW) Revolving Fund program and received a total of $7,999,719 to be used for the Advanced Right-of-Way Corridor Preservation project on SR-1. One parcel of land was purchased using the ROW funds but was subsequently sold. Due to the inability of the Department to commence a qualifying project within the required ten years of FHWA apportionment, the funds must be repaid to the FHWA.

The Department has agreed upon a payment plan with FHWA where all of the funds will be returned by the end of fiscal year 2015 in accordance with the years of obligation. The first payment of $2 million was paid in June 2011, and the second payment of $3 million was paid in June 2012. The balance of $2,999,719 was paid in June 2013.

(8) General Obligation Bonds Outstanding

General obligation bonds outstanding at June 30, 2013 and 2012 are detailed as follows:

Sale #	Description and interest rates	Maturity date (fiscal year)	Balance outstanding June 30, 2013	Balance outstanding June 30, 2012
194	GO 2005B, 5.00%	2015	$ 231,276	$ 358,598
191	GO + Refunding 2004A, 3.00% – 6.00%	2014	15,016	30,033
185	GO + Refunding 2002A, 4.00% – 5.25%	2013	—	52,850
	Totals		246,292	441,481
	Less: current portion		142,866	195,189
	Long-term portion		$ 103,426	$ 246,292

The general obligation bonds are direct obligations of the State and are secured by the full faith and credit of the State. Only that portion of the bonds attributable to the Trust Fund has been reflected in these financial statements.

The annual requirement to amortize all general obligation bonds payable as of June 30, 2013 was as follows:

	Principal maturity	Interest maturity	Total
Years ending June 30,:			
2014	$ 142,866	$ 9,777	$ 152,643
2015	103,426	4,137	107,563
	$ 246,292	$ 13,914	$ 260,206

(9) Revenue Bonds Outstanding

Revenue bonds outstanding at June 30, 2013 and 2012 are detailed as follows:

Date of issue/ maturity	Amount of original issue	Description and fixed interest rates	Balance outstanding June 30, 2013	Balance outstanding June 30, 2012
Senior Bonds:				
2002/2022	$ 173,680,000	Transportation System Senior Revenue Bonds, 2002 Series B, 5.25%	$ -	$ 8,675,000
2003/2023	277,210,000	Transportation System Senior Revenue Bonds, 2003 Series, 5.00%	35,315,000	51,720,000
2004/2024	167,550,000	Transportation System Senior Revenue Bonds, 2004 Series, 4.00% - 5.00%	58,385,000	71,195,000
2005/2025	150,000,000	Transportation System Senior Revenue Bonds, 2005 Series, 4.25% - 5.00%	58,480,000	70,825,000
2006/2026	127,445,000	Transportation System Senior Revenue Bonds, 2006 Series, 3.50% - 5.00%	101,610,000	106,725,000
2007/2021	87,890,000	Transportation System Senior Revenue Bonds, 2007A Series, 4.00% - 5.00%	61,805,000	66,485,000
2008/2028	84,720,000	Transportation System Senior Revenue Bonds, 2008A Series, 4.00% - 5.00%	66,135,000	71,840,000
2008/2029	117,875,000	Transportation System Senior Revenue Bonds, 2008B Series, 4.00 - 5.00%	106,200,000	110,245,000

Date of issue/ maturity		Amount of original issue	Description and fixed interest rates	Balance outstanding June 30, 2013		Balance outstanding June 30, 2012
2009/2029	$	105,315,000	Transportation System Senior Revenue Bonds, 2009A Series, 5.00%	$ 100,125,000	$	103,815,000
2010/2019		47,715,000	Transportation System Senior Revenue Bonds, 2010A Series, 4.00% - 5.00%	40,745,000		44,385,000
2010/2030		72,120,000	Transportation System Senior Revenue Bonds, 2010B Series, 3.95% - 5.80%	72,120,000		72,120,000
2012/2024		222,870,000	Transportation System Senior Revenue Bonds, 2012 Series, 3.00% - 5.00%	222,870,000		222,870,000
GARVEE Bonds:						
2010/2025		113,490,000	Transportation System Grant Anticipation Bonds, 2010 Series, 3.00% - 5.00%	99,715,000		105,835,000
			Totals, gross	1,023,505,000		1,106,735,000
			Less: deferred amount on refunding	16,373,703		19,065,933
			Totals, net	1,007,131,297		1,087,669,067
			Less: current portion	72,543,651		80,537,770
			Long-term portion	$ 934,587,646	$	1,007,131,297

The Transportation System Senior Revenue Bonds have fixed interest rates and are limited obligations of the Authority secured only by the pledged revenues of the Authority. The pledged revenues of the Authority were as follows at June 30,:

	2013	2012
Pledged operating revenues	$ 385,698,138	$ 375,799,976
Investment income	2,220,035	3,159,782
	$ 387,918,173	$ 378,959,758

The Transportation System GARVEE Bonds have fixed interest rates and are limited obligations of the Authority secured by and payable solely from the annual federal appropriation for the State's federal-aid transportation projects. On average, the State has been apportioned approximately $160 million in federal highway aid annually over the past five fiscal years. At that level, principal and interest payments on the GARVEE Bonds are expected to require approximately 6.5% of pledged federal highway aid annually. While the Authority believes that sufficient pledged federal highway aid will be available during the term of the bonds to meet all required principal and interest payments, various factors beyond the Authority's control may impact the ability to make all payments when due, including, but not limited to, subsequent reauthorizations of federal highway aid and federal budgetary limitations.

The revenue bonds do not constitute a debt of the State or of any political subdivision thereof, or a pledge of the general taxing power or the faith and credit of the State or of any such political subdivision.

The Authority had a total of $235,628,520 in authorized but unissued revenue bonds at June 30, 2013 and 2012 to fund a portion of the Department of Transportation Capital Improvement Program.

The annual requirement to amortize all revenue bonds payable as of June 30, 2013 was as follows:

	Principal maturity	Interest maturity	Total
Years ending June 30,:			
2014	$ 75,205,000	$ 47,162,389	$ 122,367,389
2015	77,655,000	43,465,369	121,120,369
2016	75,350,000	39,753,639	115,103,639
2017	72,840,000	36,243,389	109,083,389
2018	72,105,000	32,798,748	104,903,748
2019 – 2023	363,055,000	110,947,865	474,002,865
2024 – 2028	228,925,000	37,587,738	266,512,738
2029 – 2033	58,370,000	3,646,773	62,016,773
	$ 1,023,505,000	$ 351,605,910	$ 1,375,110,910

On April 11, 2012, the Trust Fund issued $222,870,000 of Transportation System Senior Revenue Bonds, 2012 Series, to provide for an advance refunding of the following Transportation System Senior Revenue Bonds:

2002B Series	$ 81,300,000
2003 Series	59,615,000
2004 Series	61,725,000
2005 Series	48,055,000
	$250,695,000

The refunding was undertaken to reduce the total future debt service payments. The transaction resulted in an economic gain of $27,096,222 and a reduction of $31,811,076 in future debt service payments.

(10) Debt Defeasance

The Authority has defeased various bond issues by creating separate irrevocable trust funds. New debt had been issued and the proceeds had been used to purchase U.S. Government Securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures.

For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability. As of June 30, 2013 and 2012, the amount of defeased debt outstanding amounted to \$195,215,000 and \$312,801,800, respectively.

(11) Pledged Revenues

The State has pledged turnpike, motor fuel tax, and motor vehicle fee revenues, as well as investment income, to the Trust Fund in order to provide additional means to finance the maintenance and development of the State's highway transportation system, as well as security for the repayment of the outstanding revenue bonds of the Authority. Proceeds from the revenue bonds were used to finance infrastructure maintenance, preservation, and construction-related projects. The revenue bonds are payable solely from these pledged revenue streams and are not backed by the faith and credit of the State or any such political subdivision. Annual principal and interest payments on the revenue bonds are expected to require less than 35% of pledged revenues. The total principal and interest remaining to be paid on the revenue bonds as of June 30, 2013 and 2012 was \$1,375,110,910 and \$1,506,437,821, respectively. Principal and interest paid on the revenue bonds for the years ended June 30, 2013 and 2012 was \$131,326,907 and \$132,731,301, respectively. Total pledged revenues for the years ended June 30, 2013 and 2012 were \$387,918,173 and \$378,959,758, respectively.

(12) Designated Net Position

For operations, unrestricted net position designated by management was as follows at June 30,:

	2013	2012
DTC Transit Fund:		
Unexpended appropriations authorized by the State Budget Bills were carried forward as a designated net position. For the years ended June 30, 2013 and 2012, the DTC Transit Fund expended authorized appropriations amounting to $83,003,807 and $77,521,008, respectively. The remaining totals of budgeted appropriations to be paid in future periods are:	$ 158,981	$ 158,981
Other Transportation Funds:		
Authorized appropriations expended to fund State highway administration, planning, operating costs, and Expressways Operations/Toll Administration operations for the years ended June 30, 2013 and 2012 were $143,673,110 and $147,487,412, respectively. Unexpended appropriations have been designated for approved expenses and are classified as designated net position in the amounts of:	12,275,554	15,520,001
Total designated net position	$ 12,434,535	$ 15,678,982

(13) Restricted Net Position

Restricted net position was as follows at June 30,:

	2013	2012
Rebate Fund		
Amounts generated from operations to meet future arbitrage rebate requirements	$ 1,445,757	$ 1,225,875
Debt Service Funds		
Amounts generated from operations required by the Trust Agreement to be provided to meet current principal and interest payments	95,374,308	99,484,355
Debt Reserve Funds		
Amounts generated from operations required by the Trust Agreement to be provided as a reserve for future principal and interest payments	63,342,410	66,160,360
Total restricted net position	$ 160,162,475	$ 166,870,590

(14) International Registration Plan

The Department participates in the International Registration Plan (IRP) pursuant to Section 4008 of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. ISTEA requires jurisdictions to join base state agreements for the collection and distribution of commercial vehicle registration fees. IRP is an agreement among member jurisdictions whereby commercial registration fees are collected and re-allocated based on a proration of miles traveled in each jurisdiction.

Net revenues recorded during fiscal years 2013 and 2012 were $8,107,289 and $8,458,423, respectively. IRP fees were included in motor vehicle registration fee revenue.

(15) International Fuel Tax Agreement

The Department participates in the International Fuel Tax Agreement (IFTA). IFTA is an agreement among member jurisdictions whereby commercial license fees are collected and re-allocated based on a proration of miles traveled in each jurisdiction. Net revenues recorded during fiscal years 2013 and 2012 were $2,424,796 and $2,968,470, respectively.

(16) Retirement Benefits

Essentially all full-time Expressways Operations/Toll Administration employees are covered under the State of Delaware Defined Benefit Pension Plan (the Pension Plan), which is administered by the Office of Pension and Investments. The Pension Plan is contributory, and employees contribute 3% of the portion of their monthly compensation that exceeds $6,000 per calendar year. Contributions by the Expressways Operations/Toll Administration are based on percentages of total employee compensation as specified by the Office of Pension and Investments.

In addition to the Pension Plan contribution disclosed above, the Trust Fund makes contributions to finance the costs of Post Retirement Increases (PRI) and Retiree Health Insurance (RHI). PRI are granted by the General Assembly to members retired under the State Employees' Plan. The funding mechanism allows the State to appropriate actuarially determined employer contributions to a separate PRI fund administered by the Pension Board. When the Legislature grants an ad hoc increase, the actuarial impact of the increase is funded over five years.

The State also provides other postemployment benefits (OPEB), in accordance with State statute, to all employees who retire after meeting certain eligibility requirements. The expenses for this benefit are recognized as RHI contributions are made; no allocation of the statewide Annual Required Contribution (ARC) that is in excess of the RHI is made to the Trust Fund.

The trend information for the current and preceding three years was as follows as of June 30,:

Fiscal year		Annual retirement expense	Pension plan	Employer contribution rate PRI	RHI	Total
2013	$	644,692	9.80%	1.49%	8.99%	20.28%
2012		652,193	9.27%	0.50%	8.99%	18.76%
2011		591,590	8.30%	0.81%	8.09%	17.20%

The State does not maintain the Pension Plan and OPEB information by agency, and therefore, the Expressways Operations/Toll Administration's portion of the Pension Plan's net assets available for benefits, percentage of annual pension cost contributed, and the actuarial present value of vested and nonvested accumulated plan benefits is not readily determinable.

Detailed information concerning the State's "State Employees Pension Plan" is presented in its publicly available annual basic financial statements, which can be obtained by writing the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, DE 19904-2402.

Information regarding the OPEB valuation is available in the State's comprehensive annual financial report.

(17) Transfers

The following is a summary of transfers during the years ended June 30,:

		2013		2012
Amounts transferred from State General Fund:				
Amounts transferred to the Trust Fund:				
Division of Motor Vehicles	$	2,950,000	$	2,950,000
Division of Revenue, Motor Vehicle Dealer/Lessor License, and Document Fees		307,404		296,922
Supplemental appropriation from fiscal year Bond Bill		40,000,000		40,000,000
Supplemental appropriation from fiscal year Grant-in-Aid Bill		—		—
	$	43,257,404	$	43,246,922

(18) Related Party Transactions

Per the terms of the Trust Agreement, the Trust Fund is responsible for reimbursing the State for the Department's operating, maintenance, and capital expenses financed by the State's General Fund. In addition, the Trust Fund is responsible for maintaining funds appropriated by the General Assembly for DTC, and reimbursing DTC for its operating and capital expenses up to the total amount of the appropriated funds. Total reimbursements for the years ended June 30, 2013 and 2012 were $325,910,761 and $357,177,717, respectively. These amounts are included under the caption "Expenses in accordance with Trust Agreement" in the accompanying statements of revenues, expenses, and change in net assets.

(19) Commitments and Contingencies

The Authority had contractual commitments of $36,714,346 for construction of various highway projects at June 30, 2013. Current and future appropriations will fund these commitments as work is performed.

(20) Risk Management

The Authority is exposed to various risks of loss related to workers' compensation, healthcare, automobile, and casualty claims. The Authority is a participant in the State's Risk Management Program, which covers all claim settlements and judgments out of its General Fund. The Authority pays premiums to the General Fund for this coverage.

REQUIRED SUPPLEMENTARY INFORMATION

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Required Supplementary Information for Governments
that Use the Modified Approach for Infrastructure Assets

June 30, 2013 and 2012

Bridge condition assessments		Structural rating numbers and percentages for bridges					
		2013		2012		2010	
	BCR condition rating	Number	Percentage	Number	Percentage	Number	Percentage
Good	6 – 9	105	89.7%	106	90.6%	108	92.3%
Fair	5	12	10.3	11	9.4	9	7.7
Poor	0 – 4	—	—	—	—	—	—
	Totals	117	100.0%	117	100.0%	117	100.0%

		Deck rating numbers and percentages for bridges					
		2013		2012		2010	
	OPC condition rating	Square feet	Percentage	Square feet	Percentage	Square feet	Percentage
Good	6 – 9	1,556,279	95.3%	1,478,847	93.4%	1,525,483	93.4%
Fair	5	77,473	4.7	104,997	6.6	108,306	6.6
Poor	0 – 4	—	—	—	—	—	—
	Totals	1,633,752	100.0%	1,583,844	100.0%	1,633,789	100.0%

Roadway condition assessments		Centerline mile numbers and percentages for roadway					
		2011		2009		2008	
	BCR condition rating	Centerline mile	Percentage	Centerline mile	Percentage	Centerline mile	Percentage
Good	3.0 – 5.0	118.41	98.4%	119.59	99.3%	106.08	88.1%
Fair	2.5 – 3.0	1.73	1.4	0.57	0.5	4.61	3.8
Poor	Below 2.5	0.26	0.2	0.24	0.2	5.02	4.2
Under construction	Unrated	—	—	—	—	4.69	3.9
	Totals	120.40	100.0%	120.40	100.0%	120.40	100.0%

Comparison of Estimated-to-Actual Maintenance/Preservation (in thousands)*

	2013	2012	2011
Estimated	$ 5,094	$ 19,174	$ 523
Actual	4,914	18,109	375

* The estimated expenditure represents annual Bond Bill authorizations and federal spending appropriations. The actual expenditure represents the current year spending, which includes cumulative authorizations.

The condition of road pavement is measured using the Overall Pavement Condition (OPC) system, which is based on the extent and severity of various pavement distresses that are visually observed. The OPC system uses a measurement scale that is based on a condition index ranging from 0 for poor pavement to 5 for pavement in excellent condition.

The condition of bridges is measured using the "Bridge Condition Rating" (BCR), which is based on the FHWA Coding Guide, "Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges." The BCR uses a measurement scale that is based on a condition index ranging from 0 to 9: 0 to 4 for substandard bridges and 9 for bridges in perfect condition. For these reporting purposes, substandard bridges were classified as those with a rating of 4 or less. The good or better condition bridges were taken as those with ratings of 6 to 9. A 5 rating is considered fair. The information is taken from past "Bridge Inventory Status" reports.

It is the State's policy to maintain at least 85% of its highways at a fair or better condition level and 75% of its bridge systems at a good or better condition level. No more than 10% of bridges and 15% of roads should be in substandard condition. The Department's assessment plan will ensure that all infrastructure assets are assessed and evaluated within the three-year period. Due to the timing of these condition assessments, roadway information for the fiscal year ended June 30, 2013 is not available for all assessments.

ADDITIONAL INFORMATION

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statement of Net Position in Accordance with Trust Agreement

June 30, 2013
(With Comparative Totals for June 30, 2012)

	Operations	Trust Holdings	Debt Reserve	Totals (memorandum only) 2013	2012
Current assets:					
Cash and cash equivalents:					
Unrestricted	$ 16,521,525	$ 1,736,162	$ —	$ 18,257,687	$ 17,333,528
Restricted	14,440	27,718,991	3,162,536	30,895,967	7,196,618
Investments - at fair value:					
Unrestricted	47,538,670	17,363,608	—	64,902,278	94,649,196
Restricted	1,445,757	105,471,500	1,009,630	107,926,887	171,577,442
Accrued interest receivable	2,146	104,780	428,964	535,890	643,165
Accounts receivable	8,607,905	1,365,725	—	9,973,630	9,929,296
Prepaid expenses	—	84,402	—	84,402	60,975
Bond issuance costs - net of accumulated amortization	—	307,845	—	307,845	319,747
Total current assets	74,130,443	154,153,013	4,601,130	232,884,586	301,709,967
Noncurrent assets:					
Capital assets:					
Infrastructure and land	—	1,323,023,326	—	1,323,023,326	1,230,246,094
Buildings and land improvements	—	8,136,689	—	8,136,689	8,136,689
	—	1,331,160,015	—	1,331,160,015	1,238,382,783
Less: accumulated depreciation	—	3,873,947	—	3,873,947	3,681,730
Capital assets	—	1,327,286,068	—	1,327,286,068	1,234,701,053
Investments - at fair value:					
Unrestricted	—	13,552,718	—	13,552,718	25,809,386
Restricted	—	10,827,856	58,741,280	69,569,136	63,112,858
Bond issuance costs - net of accumulated amortization and current portion	—	2,072,839	—	2,072,839	2,373,959
Total noncurrent assets	—	1,353,739,481	58,741,280	1,412,480,761	1,325,997,256
Total assets	$ 74,130,443	$ 1,507,892,494	$ 63,342,410	$ 1,645,365,347	$ 1,627,707,223

(Continued)

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statement of Net Position in Accordance with Trust Agreement

June 30, 2013
(With Comparative Totals for June 30, 2012)

	Operations	Trust Holdings	Debt Reserve	Totals (memorandum only) 2013	Totals (memorandum only) 2012
Current liabilities:					
Accounts payable	$ 14,150,339	$ 131,300	$ —	$ 14,281,639	$ 14,457,549
Accrued payroll payable	245,216	—	—	245,216	243,656
Compensated absences payable	63,817	—	—	63,817	68,275
Customer toll deposits	13,785,582	—	—	13,785,582	12,335,843
Deferred revenues	—	592,565	—	592,565	649,030
Escrow deposits	—	2,130,200	—	2,130,200	2,015,501
General obligation bonds payable	—	142,866	—	142,866	195,189
Revenue bonds payable – net of deferred amounts on refunding	—	72,543,651	—	72,543,651	80,537,770
Bond issue premium – net of accumulated amortization	—	11,795,497	—	11,795,497	12,872,769
Interest payable	—	23,696,349	—	23,696,349	22,727,471
Total current liabilities	28,244,954	111,032,428	—	139,277,382	146,103,053
Noncurrent liabilities:					
Compensated absences – net of current portion	218,459	—	—	218,459	238,151
Return of federal funds	—	—	—	—	2,999,719
General obligation bonds payable – net of current portion	—	103,426	—	103,426	246,292
Revenue bonds payable – net of deferred amounts on refunding and current portion	—	934,587,646	—	934,587,646	1,007,131,297
Bond issue premium – net of accumulated amortization and current portion	—	43,894,545	—	43,894,545	55,690,042
Total noncurrent liabilities	218,459	978,585,617	—	978,804,076	1,066,305,501
Total liabilities	28,463,413	1,089,618,045	—	1,118,081,458	1,212,408,554
Net position:					
Net investment in capital assets	—	315,012,706	—	315,012,706	156,163,826
Restricted	1,445,757	95,374,308	63,342,410	160,162,475	166,870,590
Unrestricted	44,221,273	7,887,435	—	52,108,708	92,264,253
Total net position	45,667,030	418,274,449	63,342,410	527,283,889	415,298,669
Total liabilities and net position	$ 74,130,443	$ 1,507,892,494	$ 63,342,410	$ 1,645,365,347	$ 1,627,707,223

See Accountants' Compilation Report.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statement of Revenues, Expenses, and Changes in Net Position in Accordance with Trust Agreement

Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Operations	Trust Holdings	Debt Reserve	Totals (memorandum only) 2013	2012
Operating revenues:					
Pledged revenue:					
Turnpike revenue	$ 120,089,261	$ —	$ —	$ 120,089,261	$ 117,132,849
Motor fuel tax revenue	112,582,805	—	—	112,582,805	112,908,210
Motor vehicle document fee revenue	77,585,014	—	—	77,585,014	71,140,742
Motor vehicle registration fee revenue	47,559,850	—	—	47,559,850	46,632,409
Other motor vehicle revenue	25,456,412	—	—	25,456,412	25,017,296
International Fuel Tax Agreement revenue	2,424,796	—	—	2,424,796	2,968,470
Total pledged revenue	385,698,138	—	—	385,698,138	375,799,976
Toll revenue – Delaware SR-1	46,223,585	—	—	46,223,585	44,889,227
Railway tolls	—	1,492,869	—	1,492,869	1,236,462
Traffic violations	—	4,713,808	—	4,713,808	4,639,464
Miscellaneous	—	2,935,636	—	2,935,636	2,200,628
Total operating revenues	431,921,723	9,142,313	—	441,064,036	428,765,757
Operating expenses:					
Expressways operations/toll administration and interstate operating expenses	18,069,872	—	—	18,069,872	17,308,105
Expenses in accordance with Trust Agreement:					
Transportation capital preservation and operations	125,603,238	117,303,716	—	242,906,954	279,656,709
Delaware Transit Corporation operations	83,003,807	—	—	83,003,807	77,521,008
Depreciation	—	192,217	—	192,217	192,217
	226,676,917	117,495,933	—	344,172,850	374,678,039
Operating income (loss)	205,244,806	(108,353,620)	—	96,891,186	54,087,718

(Continued)

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statement of Revenues, Expenses, and Changes in Net Position in Accordance with Trust Agreement

Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Operations	Trust Holdings	Debt Reserve	Totals (memorandum only) 2013	Totals (memorandum only) 2012
Nonoperating revenues (expenses):					
Pledged revenue – income from investments	$ (363,612)	$ 1,023,095	$ 1,560,552	$ 2,220,035	$ 3,159,782
Net increase (decrease) in the fair value of investments	(2,127)	(36,524)	(2,854,552)	(2,893,203)	807,018
Bad debt recovery	—	853,488	—	853,488	820,566
Federal grants	—	10,880,513	—	10,880,513	12,075,650
Interest expense	—	(39,224,203)	—	(39,224,203)	(42,070,709)
Total nonoperating revenues (expenses)	(365,739)	(26,503,631)	(1,294,000)	(28,163,370)	(25,207,693)
Income (loss) before transfers	204,879,067	(134,857,251)	(1,294,000)	68,727,816	28,880,025
Transfer from State General Fund	—	43,257,404	—	43,257,404	43,246,922
Transfer in of funds in accordance with Trust Agreement	666,304,838	336,333,892	1,751	1,002,640,481	1,240,154,730
Transfer out of funds in accordance with Trust Agreement	(874,757,440)	(126,357,340)	(1,525,701)	(1,002,640,481)	(1,240,154,730)
Change in net position	(3,573,535)	118,376,705	(2,817,950)	111,985,220	72,126,947
Total net position – beginning of year	49,240,565	299,897,744	66,160,360	415,298,669	343,171,722
Total net position – end of year	$ 45,667,030	$ 418,274,449	$ 63,342,410	$ 527,283,889	$ 415,298,669

See Accountants' Compilation Report.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statement of Cash Flows in Accordance with Trust Agreement

June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Operations	Trust Holdings	Debt Reserve	Totals (memorandum only) 2013	2012
Cash flows from operating activities:					
Receipts from customers	$ 434,076,853	$ 8,336,123	$ —	$ 442,412,976	$ 428,596,458
Payments to employees	(6,196,584)	—	—	(6,196,584)	(6,135,835)
Payments to suppliers	(220,808,133)	(120,197,562)	—	(341,005,695)	(363,250,698)
Net cash provided by (used in) operating activities	207,072,136	(111,861,439)	—	95,210,697	59,209,925
Cash flows from noncapital financing activities:					
Transfers from State General Fund	—	43,257,404	—	43,257,404	43,246,922
Transfer in of funds in accordance with Trust Agreement	666,304,838	336,333,892	1,751	1,002,640,481	1,240,154,730
Transfer out of funds in accordance with Trust Agreement	(874,757,440)	(126,357,340)	(1,525,701)	(1,002,640,481)	(1,240,154,730)
Net cash provided by (used in) noncapital financing activities	(208,452,602)	253,233,956	(1,523,950)	43,257,404	43,246,922
Cash flows from capital and related financing activities:					
Payments of revenue bond principal	—	(83,230,000)	—	(83,230,000)	(76,320,000)
Payment to escrow agent for refunding of revenue bonds	—	—	—	—	(270,163,203)
Proceeds from revenue bond sale	—	—	—	—	222,870,000
Payments of general obligation bond principal	—	(195,189)	—	(195,189)	(346,503)
Premium from revenue bond sale	—	—	—	—	42,290,886
Bond issuance costs from revenue bond sale	—	(7,984)	—	(7,984)	(525,984)
Federal reimbursement of debt service	—	10,880,513	—	10,880,513	12,075,650
Acquisition of capital assets	—	(92,777,232)	—	(92,777,232)	(69,692,060)
Payments of interest	—	(48,114,858)	—	(48,114,858)	(56,565,663)
Net cash used in capital and related financing activities	—	(213,444,750)	—	(213,444,750)	(196,376,877)
Cash flows from investing activities:					
Collection on loans previously written off	—	853,488	—	853,488	820,566
Escrow deposits received/(refunded)	—	114,699	—	114,699	(1,596,607)
Purchase of investments	(126,400,362)	(237,104,735)	(5,759,813)	(369,264,910)	(3,253,406,589)
Proceeds from sale of investments	127,704,100	332,507,864	5,357,606	465,569,570	3,287,877,443
Interest received	(363,127)	1,132,748	1,557,689	2,327,310	3,211,558
Net cash provided by investing activities	940,611	97,504,064	1,155,482	99,600,157	36,906,371
Net increase (decrease) in cash and cash equivalents	(439,855)	25,431,831	(368,468)	24,623,508	(57,013,659)
Cash and cash equivalents – beginning of year	16,975,820	4,023,322	3,531,004	24,530,146	81,543,805
Cash and cash equivalents – end of year	$ 16,535,965	$ 29,455,153	$ 3,162,536	$ 49,153,654	$ 24,530,146

(Continued)

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statement of Cash Flows in Accordance with Trust Agreement

June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Operations	Trust Holdings	Debt Reserve	Totals (memorandum only) 2013	Totals (memorandum only) 2012
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 205,244,806	$ (108,353,620)	$ —	$ 96,891,186	$ 54,087,718
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and retirements of property and equipment	—	192,217	—	192,217	192,217
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	705,391	(749,725)	—	(44,334)	(2,365,438)
Increase in prepaid expenses	—	(23,427)	—	(23,427)	(60,975)
Increase (decrease) in accounts payable	(305,210)	129,300	—	(175,910)	8,370,620
Decrease in accrued payroll and related expenses	(22,590)	—	—	(22,590)	(210,356)
Increase in customer toll deposits	1,449,739	—	—	1,449,739	1,547,109
Increase (decrease) in deferred revenue	—	(56,465)	—	(56,465)	649,030
Decrease in return of federal funds	—	(2,999,719)	—	(2,999,719)	(3,000,000)
Net cash provided by (used in) operating activities	$ 207,072,136	$ (111,861,439)	$ —	$ 95,210,697	$ 59,209,925

See Accountants' Compilation Report.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Schedule of Revenue Bonds Outstanding

June 30, 2013

	Senior											
Principal	2003 Series	2004 Series	2005 Series	2006 Series	2007 SER A Series	2008 SER A Series	2008 SER B Series	2009 SER A Series	2010 SER A Series	2010 SER B Series	2012 Series	Total Senior Bond Series
FY14	$ 17,225,000	$ 13,240,000	$ 12,220,000	$ 5,320,000	$ 5,710,000	$ 1,735,000	$ 4,205,000	$ 3,875,000	$ 3,785,000	$ —	$ 2,245,000	$ 69,560,000
FY15	18,090,000	9,620,000	7,580,000	5,585,000	5,960,000	1,825,000	4,375,000	4,070,000	3,970,000	—	9,085,000	70,160,000
FY16	—	16,965,000	7,870,000	5,865,000	105,000	14,620,000	4,550,000	4,270,000	4,170,000	—	9,945,000	68,360,000
FY17	—	13,135,000	2,795,000	6,160,000	4,975,000	15,355,000	4,730,000	4,485,000	8,530,000	—	5,395,000	65,560,000
FY18	—	5,425,000	—	6,470,000	5,220,000	2,110,000	4,970,000	4,710,000	9,975,000	—	25,600,000	64,480,000
FY19	—	—	—	6,790,000	5,455,000	2,215,000	5,215,000	4,945,000	4,830,000	—	38,800,000	68,250,000
FY20	—	—	8,105,000	7,060,000	5,730,000	2,330,000	5,480,000	5,195,000	5,485,000	5,070,000	21,555,000	66,010,000
FY21	—	—	3,385,000	7,365,000	22,130,000	2,445,000	5,750,000	5,455,000	—	5,200,000	12,715,000	64,445,000
FY22	—	—	4,680,000	7,675,000	6,520,000	2,540,000	6,040,000	5,725,000	—	5,340,000	23,100,000	61,620,000
FY23	—	—	—	7,980,000	—	2,645,000	6,340,000	6,010,000	—	5,495,000	30,280,000	58,750,000
FY24	—	—	—	8,330,000	—	2,750,000	6,660,000	6,310,000	—	5,655,000	24,800,000	54,505,000
FY25	—	—	—	8,695,000	—	2,865,000	7,000,000	6,625,000	—	5,830,000	19,350,000	50,365,000
FY26	—	—	11,845,000	9,000,000	—	2,980,000	7,360,000	6,960,000	—	6,015,000	—	44,160,000
FY27	—	—	—	9,315,000	—	3,105,000	7,745,000	7,305,000	—	6,215,000	—	33,685,000
FY28	—	—	—	—	—	3,240,000	8,150,000	7,670,000	—	6,450,000	—	25,510,000
FY29	—	—	—	—	—	3,375,000	8,580,000	8,055,000	—	6,695,000	—	26,705,000
FY30	—	—	—	—	—	—	9,050,000	8,460,000	—	6,945,000	—	24,455,000
FY31	—	—	—	—	—	—	—	—	—	7,210,000	—	7,210,000
	$ 35,315,000	$ 58,385,000	$ 58,480,000	$ 101,610,000	$ 61,805,000	$ 66,135,000	$ 106,200,000	$ 100,125,000	$ 40,745,000	$ 72,120,000	$ 222,870,000	$ 923,790,000

Principal	GARVEE 2010 Series	Total GARVEE Bond Series	Totals
FY14	$ 5,645,000	$ 5,645,000	$ 75,205,000
FY15	7,495,000	7,495,000	77,655,000
FY16	6,990,000	6,990,000	75,350,000
FY17	7,280,000	7,280,000	72,840,000
FY18	7,625,000	7,625,000	72,105,000
FY19	7,985,000	7,985,000	76,235,000
FY20	8,375,000	8,375,000	74,385,000
FY21	8,785,000	8,785,000	73,230,000
FY22	9,210,000	9,210,000	70,830,000
FY23	9,625,000	9,625,000	68,375,000
FY24	10,145,000	10,145,000	64,650,000
FY25	10,555,000	10,555,000	60,920,000
FY26	—	—	44,160,000
FY27	—	—	33,685,000
FY28	—	—	25,510,000
FY29	—	—	26,705,000
FY30	—	—	24,455,000
FY31	—	—	7,210,000
	$ 99,715,000	$ 99,715,000	$ 1,023,505,000

See Accountants' Compilation Report.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND
Schedule of Revenue Bonds Outstanding
June 30, 2012

	Senior												Total
Principal	**2002 SER B Series**	**2003 Series**	**2004 Series**	**2005 Series**	**2006 Series**	**2007 SER A Series**	**2008 SER A Series**	**2008 SER B Series**	**2009 SER A Series**	**2010 SER A Series**	**2010 SER B Series**	**2012 Series**	**Senior Bond Series**
FY13	$ 8,675,000	$ 16,405,000	$ 12,810,000	$ 12,345,000	$ 5,115,000	$ 4,680,000	$ 5,705,000	$ 4,045,000	$ 3,690,000	$ 3,640,000	$ —	$ —	$ 77,110,000
FY14	—	17,225,000	13,240,000	12,220,000	5,320,000	5,710,000	1,735,000	4,205,000	3,875,000	3,785,000	—	2,245,000	69,560,000
FY15	—	18,090,000	9,620,000	7,580,000	5,585,000	5,960,000	1,825,000	4,375,000	4,070,000	3,970,000	—	9,085,000	70,160,000
FY16	—	—	16,965,000	7,870,000	5,865,000	105,000	14,620,000	4,550,000	4,270,000	4,170,000	—	9,945,000	68,360,000
FY17	—	—	13,135,000	2,795,000	6,160,000	4,975,000	15,355,000	4,730,000	4,485,000	8,530,000	—	5,395,000	65,560,000
FY18	—	—	5,425,000	—	6,470,000	5,220,000	2,110,000	4,970,000	4,710,000	9,975,000	—	25,600,000	64,480,000
FY19	—	—	—	—	6,790,000	5,455,000	2,215,000	5,215,000	4,945,000	4,830,000	—	38,800,000	68,250,000
FY20	—	—	—	8,105,000	7,060,000	5,730,000	2,330,000	5,480,000	5,195,000	5,485,000	5,070,000	21,555,000	66,010,000
FY21	—	—	—	3,385,000	7,365,000	22,130,000	2,445,000	5,750,000	5,455,000	—	5,200,000	12,715,000	64,445,000
FY22	—	—	—	4,680,000	7,675,000	6,520,000	2,540,000	6,040,000	5,725,000	—	5,340,000	23,100,000	61,620,000
FY23	—	—	—	—	7,980,000	—	2,645,000	6,340,000	6,010,000	—	5,495,000	30,280,000	58,750,000
FY24	—	—	—	—	8,330,000	—	2,750,000	6,660,000	6,310,000	—	5,655,000	24,800,000	54,505,000
FY25	—	—	—	—	8,695,000	—	2,865,000	7,000,000	6,625,000	—	5,830,000	19,350,000	50,365,000
FY26	—	—	—	11,845,000	9,000,000	—	2,980,000	7,360,000	6,960,000	—	6,015,000	—	44,160,000
FY27	—	—	—	—	9,315,000	—	3,105,000	7,745,000	7,305,000	—	6,215,000	—	33,685,000
FY28	—	—	—	—	—	—	3,240,000	8,150,000	7,670,000	—	6,450,000	—	25,510,000
FY29	—	—	—	—	—	—	3,375,000	8,580,000	8,055,000	—	6,695,000	—	26,705,000
FY30	—	—	—	—	—	—	—	9,050,000	8,460,000	—	6,945,000	—	24,455,000
FY31	—	—	—	—	—	—	—	—	—	—	7,210,000	—	7,210,000
	$ 8,675,000	$ 51,720,000	$ 71,195,000	$ 70,825,000	$ 106,725,000	$ 66,485,000	$ 71,840,000	$ 110,245,000	$ 103,815,000	$ 44,385,000	$ 72,120,000	$ 222,870,000	$ 1,000,900,000

	GARVEE	Total	
Principal	**2010 Series**	**GARVEE Bond Series**	**Totals**
FY13	$ 6,120,000	$ 6,120,000	$ 83,230,000
FY14	5,645,000	5,645,000	75,205,000
FY15	7,495,000	7,495,000	77,655,000
FY16	6,990,000	6,990,000	75,350,000
FY17	7,280,000	7,280,000	72,840,000
FY18	7,625,000	7,625,000	72,105,000
FY19	7,985,000	7,985,000	76,235,000
FY20	8,375,000	8,375,000	74,385,000
FY21	8,785,000	8,785,000	73,230,000
FY22	9,210,000	9,210,000	70,830,000
FY23	9,625,000	9,625,000	68,375,000
FY24	10,145,000	10,145,000	64,650,000
FY25	10,555,000	10,555,000	60,920,000
FY26	—	—	44,160,000
FY27	—	—	33,685,000
FY28	—	—	25,510,000
FY29	—	—	26,705,000
FY30	—	—	24,455,000
FY31	—	—	7,210,000
	$ 105,835,000	$ 105,835,000	$ 1,106,735,000

See Accountants' Compilation Report.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Statements of Operating Revenues and Expenses –
Expressways Operations/Toll Administration

Years Ended June 30, 2013 and 2012

	2013	2012
Toll revenues – Delaware Turnpike	$ 114,344,127	$ 112,806,575
Toll revenues – Delaware SR-1	46,223,585	44,889,227
	160,567,712	157,695,802
Add – toll variance and violations	3,368,454	2,483,907
	163,936,166	160,179,709
Service area rentals - Marriott restaurants	2,376,673	1,842,174
Other turnpike revenues	7	193
Total turnpike revenues	166,312,846	162,022,076
Delaware Turnpike expenses:		
Personnel	2,398,693	2,516,226
Utilities	153,684	138,272
Contracted services	432,011	624,475
	2,984,388	3,278,973
Toll administration expenses:		
Personnel	544,751	598,130
Capital outlay and travel	52,972	327,202
Contracted services	10,122,449	8,890,264
	10,720,172	9,815,596
Delaware SR-1 expenses:		
Personnel	3,253,140	3,021,479
Utilities	271,829	275,678
Contracted services	840,343	916,379
	4,365,312	4,213,536
Total expenses	18,069,872	17,308,105
Excess of revenues over expenses	$ 148,242,974	$ 144,713,971

See Accountants' Compilation Report.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Schedules of Cash Basis Expenditures Compared to Budget –
Expressways Operations/Toll Administration

Years Ended June 30, 2013 and 2012

	2013 Budget	2013 Actual*	2013 Variance	2012 Budget	2012 Actual*	2012 Variance
Delaware Turnpike expenditures:						
Personnel	$ 2,561,600	$ 2,419,901	$ 141,699	$ 2,918,000	$ 2,612,592	$ 305,408
Utilities	177,500	161,500	16,000	177,500	152,492	25,008
Contracted services	567,800	417,800	150,000	567,800	563,508	4,292
	3,306,900	2,999,201	307,699	3,663,300	3,328,592	334,708
Toll administration expenditures:						
Personnel	646,100	552,976	93,124	519,300	635,992	(116,692)
Capital outlay and travel	47,000	52,917	(5,917)	47,000	9,106	37,894
Contracted services	9,733,300	9,727,383	5,917	9,210,900	9,210,931	(31)
	10,426,400	10,333,276	93,124	9,777,200	9,856,029	(78,829)
Delaware SR-1 expenditures:						
Personnel	2,995,900	3,246,297	(250,397)	2,963,100	3,097,607	(134,507)
Utilities	353,800	339,500	14,300	353,800	339,500	14,300
Contracted services	746,700	896,700	(150,000)	746,700	785,996	(39,296)
	4,096,400	4,482,497	(386,097)	4,063,600	4,223,103	(159,503)
Total expenditures	$ 17,829,700	17,814,974	$ 14,726	$ 17,504,100	17,407,724	$ 96,376
Prior year purchase orders		2,003,647			2,210,462	
Current year purchase orders		(1,159,085)			(2,003,647)	
Purchase order variance		(84,228)			(161,119)	
Prior year accrued expenses		(1,611,863)			(1,757,178)	
Current year accrued expenses		1,106,427			1,611,863	
Accrual basis expenses		$ 18,069,872			$ 17,308,105	

* Includes purchase orders outstanding at June 30.

See Accountants' Compilation Report.

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION TRUST FUND

Schedule of Revenue Bond Coverage

June 30, 2013

Oversight responsibility for the issuance of debt by the State and its authorities is centralized under the Secretary of Finance. The following table sets forth certain indebtedness of the Authority. Further information for the Authority may be found in the notes to financial statements, changes in long-term liabilities, and bonds outstanding.

Fiscal year	Gross pledged revenue	Debt service requirements			Coverage*
		Principal	Interest	Total	
			(In thousands)		
2004	$ 308,091	$ 47,640	$ 38,176	$ 85,816	3.59
2005	300,820	53,920	39,370	93,290	3.22
2006	337,350	58,445	40,573	99,018	3.41
2007	346,954	61,370	45,534	106,904	3.25
2008	381,590	67,640	46,210	113,850	3.35
2009	367,399	73,510	43,619	117,129	3.14
2010	363,948	74,380	50,885	125,265	2.91
2011	376,186	71,760	52,585	124,345	3.03
2012	378,960	76,320	56,411	132,731	2.86
2013	387,918	83,230	48,097	131,327	2.95

* The above coverage calculation represents the total gross pledged revenue as it relates to the total debt service requirement of all Senior and Junior Bonds. The calculation method used in the Official Statement per the Trust Agreement calculates only the Senior Bond debt service requirement and subtracts investment income revenue from gross pledged revenue.

See Accountants' Compilation Report.

APPENDIX B

Summary of Certain Provisions of the Agreement

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT

The following is a general summary of certain provisions of the Agreement. Summaries of definitions of certain defined terms used in the Agreement and the Official Statement are also set forth below. Other terms defined in the Agreement or the Official Statement for which summary definitions are not set forth are indicated by initial capitalization. This Summary is not to be considered a full statement of the terms of the Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof. Copies of the Agreement are available for examination at the offices of the Trustee and the Authority.

Definitions

"Accreted Value" shall mean, as of any date of computation with respect to any Compound Interest Bond, an amount equal to the principal amount of such Compound Interest Bond (the principal amount at its original issuance) plus the interest accrued on such Compound Interest Bond from the date of its original issuance to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at the interest rate per annum of the Compound Interest Bonds set forth in the Supplemental Agreement authorizing the issuance of such Compound Interest Bonds, compounded on each Interest Payment Date, plus, with respect to matters related to the payment upon redemption or acceleration of the Compound Interest Bonds, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based upon an assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of 360 days consisting of twelve (12) months of thirty (30) days each.

"Act" shall mean the Delaware Transportation Authority Act, Chapter 13, Title 2, Delaware Code, as amended, and the Transportation Trust Fund Act, Chapter 14, Title 2, Delaware Code, as amended from time to time.

"Additional Revenues" shall mean any receipts or revenue of the Authority pledged to the Trustee for the benefit of the holders of the Bonds pursuant to a Supplemental Agreement and not pledged by the Agreement on the date of its initial execution and delivery. By Supplemental Agreement No. 3 dated as of August 1, 1990, the following were added as Additional Revenue: motor vehicle registration fees imposed by the State pursuant to Chapter 21, Title 21, Delaware Code, all fees which are collected by the Department of Public Safety and paid to the Transportation Trust Fund pursuant to Chapter 3, Title 21, Delaware Code, and investment income earned and received on assets held in the Trust Fund (provided that investment income shall not be treated as Additional Revenue for the purposes of the additional Bonds tests). By Supplemental Agreement No. 9 dated as of November 1, 1994, amounts received from the State and derived by the State from the hauling permits required under Chapter 45, Title 21, Delaware Code were added as Additional Revenue. The Chapter 3, Title 21 Additional Revenue pledged by Supplemental Agreement No. 3 and the Chapter 45, Title 21 Additional Revenue pledged by Supplemental Agreement No. 9 are referred to herein as "Pledged Miscellaneous Transportation Revenue".

"Agreement" shall mean the Trust Agreement, dated as of the 1st day of August, 1988, between the Authority and Wilmington Trust Company together with all agreements supplemental thereto as therein permitted.

"Annual Budget" shall mean the Authority's budget required to be prepared by the Act, showing, among other things, the expected deposits to the Funds created under the Agreement.

"Appreciated Value" shall mean, (i) as of any date of computation with respect to any Compound Interest and Income Bond prior to the Interest Commencement Date set forth in the Supplemental Agreement providing for the issuance of such Compound Interest and Income Bond, an amount equal to the principal amount of such Compound Interest and Income Bond (the principal amount at its original issuance) plus the interest accrued on such Compound Interest and Income Bond from the date of original issuance of such Bond to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at the rate per annum of the Compound Interest and Income Bonds set forth in the Supplemental Agreement providing for the issuance of such Compound Interest and Income Bond, compounded semiannually on each Interest Payment Date, plus, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Appreciated Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Interest Payment Date calculated based upon an assumption that Appreciated Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve (12) months of thirty (30) days each, and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"Authority" shall mean the Delaware Transportation Authority, a body corporate and politic constituting a public instrumentality of The State of Delaware, and the successor or successors of the Authority.

"Bonds" or "Bond" shall mean Senior and/or Junior Bonds or Bond issued under the Agreement.

"Capital Fund" shall mean the Delaware Transportation Authority Capital Fund, a trust fund created and designated by the provisions of Article V of the Agreement.

"Compound Interest and Income Bonds" shall mean any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Agreement providing for the issuance of such Bonds and the Appreciated Value for such Bonds is compounded semiannually on each of the applicable semiannual dates designated for compounding prior to the Interest Commencement Date for such Compound Interest and Income Bonds, all as so designated by the Supplemental Agreement providing for the issuance of such Bonds.

"Compound Interest Bonds" shall mean those Bonds as to which interest is compounded semiannually on each of the applicable semiannual dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity, earlier redemption or other payment date therefor, all as so designated by the Supplemental Agreement providing for the issuance of such Bonds.

"Credit Facility; Termination thereof; Expiration thereof" "Credit Facility" shall mean any of the following: (i) a letter of credit; and (ii) any other credit facility, insurance policy or other credit support agreement or mechanism obtained, delivered, made, entered into or otherwise arranged by the Authority for the purpose of securing, evidencing or being otherwise in furtherance of the obligations of the Authority under the Agreement or for the purpose of securing all or a portion of the Bonds, or for all of the foregoing purposes. Credit Facility shall include any agreement to reimburse the obligor of such Credit Facility for a drawing or advance under that Credit Facility as well as the agreement, if separate, which embodies the obligation of the obligor to the Authority or the Trustee permitting the Authority or the Trustee to draw or obtain advances under such Credit Facility. Any Credit Facility obtained to satisfy the debt service reserve account requirements for the Junior Bonds or the Senior Bonds which is an insurance policy must be rated at its issuance in the highest Rating Category by Moody's and S&P. Any such Credit Facility which is a letter of credit must be continuously rated in the highest Rating Category by Moody's and S&P. "Termination" (and other forms of the word "terminate") shall mean, when used with respect to any Credit Facility, the replacement, removal, surrender or other termination of such Credit Facility by the Trustee other than the Expiration of such Credit Facility. "Expiration" (and other forms of the word "expire") shall mean, when used with respect to any Credit Facility, the expiration or termination of such Credit Facility in accordance with its terms.

"Current Interest Bonds" shall mean any bonds the interest on which is paid at least semi-annually unless otherwise provided in a Supplemental Agreement.

"Defeased Municipal Obligations" shall mean obligations of state or local governments or obligations of public authorities or agencies which are rated in the highest Rating Category by S&P or Moody's and provisions for payment of which have been made by deposit of funds or investments with a trustee or escrow agent for the benefit of the holders of such Defeased Municipal Obligations.

"Delaware Turnpike" shall mean the toll express highway designated Delaware Interstate 95 extending from a point in the vicinity of Farnhurst, Delaware, to a point at or near the boundary line between the State of Delaware and the State of Maryland.

"Delaware Turnpike Revenues" shall mean all tolls, concession revenues and other revenues or receipts derived from the ownership, operation or maintenance of the Delaware Turnpike.

"Document Fees" shall mean the fees derived from motor vehicle document fees imposed by the State of Delaware pursuant to Section 3002, Chapter 30, Title 30, Delaware Code, as amended, from time to time, and successor sections of the Delaware Code.

"Engineering Consultants" shall mean a firm or corporation having a nationwide and favorable repute for skill and experience in all phases of turnpike engineering and maintenance and in estimating operating expenses incurred in operating toll turnpikes.

"Fiscal Year" shall mean the period commencing on the first day of July of any year and ending on the last day of June of the following year.

"Government Obligations" shall mean (a) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America and entitled to the full faith and credit thereof; (b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with a combined capital stock surplus and undivided profits of at least $50,000,000 or the custodian is appointed by or on behalf of the United States of America; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom; and (c) Defeased Municipal Obligations.

"Interest Commencement Date" shall mean with respect to any particular Compound Interest and Income Bond, the date which must be an Interest Payment Date, as set forth in the Supplemental Agreement providing for the issuance of such Bond (which date must be prior to the scheduled maturity date for such Bond) after which interest accruing on such Bond shall be payable semiannually, with the first such payment being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"Investment Account" shall mean the Delaware Transportation Authority Investment Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Junior Bonds" shall mean Bonds, at any time Outstanding, the principal and interest on which are payable from the Junior Bonds Principal and Interest Account, the Junior Bonds Redemption Account and, as provided in the Agreement, from the Junior Bonds Debt Service Reserve Account and by their terms, subordinate in right of payment to Senior Bonds (except with respect to Junior Bonds Priority Funds) but senior in their right of payment to Subordinate Indebtedness.

"Junior Bonds Debt Service Reserve Account" shall mean the Delaware Transportation Authority Junior Bonds Debt Service Reserve Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Junior Bonds Debt Service Reserve Account Requirement" shall mean, as of any date of determination, an amount equal to one-half the maximum Principal and Interest Requirements on Junior Bonds then Outstanding; provided that with respect to any Junior Bonds bearing interest at the Short-Term Rate, such requirement shall be determined by Supplemental Agreements.

"Junior Bonds Principal and Interest Account" shall mean the Delaware Transportation Authority Junior Bonds Principal and Interest Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Junior Bonds Priority Funds" shall mean moneys on deposit in and/or payable under a Credit Facility to the Junior Bonds Principal and Interest Account, Junior Bonds Redemption Account and/or the Junior Bonds Debt Service Reserve Account.

"Junior Bonds Redemption Account" shall mean the Delaware Transportation Authority Junior Bonds Redemption Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Maximum Principal and Interest Requirement" shall mean the maximum principal and interest payable in any Fiscal Year with respect to Senior Bonds or Junior Bonds, as the case may be, less the sum of the proceeds of such Bonds issued to fund interest of such series of Bonds during the Fiscal Year of calculation.

"Motor Fuel Tax Revenues" shall mean the revenues derived from the motor fuel tax imposed by the State pursuant to Chapter 51, Title 30, Delaware Code, as amended, from time to time, and successor provisions of the Delaware Code.

"Operating Fund" shall mean the Delaware Transportation Authority Operating Fund, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Operating Reserve Fund" shall mean the Delaware Transportation Authority Operating Reserve Fund, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Other Projects Account" shall mean the Delaware Transportation Authority Other Projects Account, a trust fund created and designated in Section 5.01 ("Capital Fund") of the Agreement.

"Outstanding" when used in reference to the Bonds, shall mean, at any particular date, the aggregate of all Bonds authenticated and delivered under the Agreement except:

(a) those Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;

(b) those deemed to be paid in accordance with Article VIII ("Defeasance") of the Agreement;

(c) those deemed to be purchased in accordance with any agreement with a Tender Agent or Remarketing Agent; and

(d) those in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to the Agreement.

"Principal" or "principal amount" shall mean (i) with respect to any Compound Interest and Income Bond, the Appreciated Value thereof and with respect to any Compound Interest Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Appreciated Value or the Accreted Value, as the case may be, being deemed unearned interest) except as used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default (of which the Trustee has notice within the meaning of Section 10.05 of the Agreement), in which case "principal" means the initial public offering price of a Compound Interest and Income Bond and a Compound Interest Bond (the difference between the Appreciated Value or the Accreted Value, as the case may be, and the initial public offering price being deemed interest) and (ii) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

"Principal and Interest Requirements" shall mean for any Fiscal Year:

(a) as applied to any Outstanding Bonds (except as provided in clauses (b), (c), (d) and (e) below), the sum of:

(i) the amount required to pay interest and any annual or other periodic fee payable to the provider of a Credit Facility ensuring the payment of principal of and interest on all serial Bonds then Outstanding which is payable in such Fiscal Year (and on any July 1 of the following Fiscal Year if any interest payable on July 1 of the Fiscal Year of calculation is excluded);

(ii) the amount required to pay principal of all serial Bonds then Outstanding which is payable in such Fiscal Year (and on any July 1 of the following Fiscal Year if the principal payment due on any July 1 of the Fiscal Year of calculation is excluded);

(iii) the amount required to pay interest and any annual or other periodic fee payable to the provider of a Credit Facility ensuring the payment of principal of and interest on all term Bonds then Outstanding which is payable in such Fiscal Year (and on any July 1 of the following Fiscal Year if interest payable on any July 1 of the Fiscal Year of calculation is excluded); and

(iv) the amount required to meet the Sinking Fund Payments on all term Bonds then Outstanding which is payable in such Fiscal Year (and on any July 1 of the following Fiscal Year if the amount required to meet the Sinking Fund Payment on any July 1 of the Fiscal Year of calculation is excluded);

(b) as applied to Bonds of any series which are payable in a Fiscal Year by virtue of the right of a holder of Bonds to demand repurchase or repayment prior to their scheduled maturity (after taking into account all scheduled mandatory redemptions or prepayments payable over the life of those Bonds):

(i) the amount required to pay interest and any annual or other periodic fee payable to the provider of a Credit Facility ensuring the payment of principal of and interest on such Bonds then Outstanding which is payable in a Fiscal Year (and on any July 1 of the following Fiscal Year if interest payable on any July 1 of the Fiscal Year of calculation is excluded);

(ii) the amount required to pay principal of such Bonds then Outstanding which is payable in a Fiscal Year (and on any July 1 of the following Fiscal Year if principal payable on any July 1 of the Fiscal Year of calculation is excluded) assuming that the principal amount of such Bonds which is subject to repurchase or repayment prior to its scheduled maturity shall be required to be repurchased or repaid on the earliest date on which such demand can be made or on which by its terms it can be required to be repaid;

(iii) notwithstanding items (i) and (ii) in this clause (b), if the Authority has delivered a Credit Facility to the Trustee under which money is available for the payment of all or a portion of such Bonds (a "balloon payment") (provided that if the Credit Facility is scheduled to expire prior to the date of payment of the balloon payment, the amount available under the Credit Facility is required to be drawn and applied to the payment of the balloon payment unless the Credit Facility is replaced or renewed prior to such Expiration date) Principal and Interest Requirements shall be calculated as follows: (1) it shall be assumed that the amounts available under the Credit Facility are drawn on the earlier of the balloon payment date or the Expiration or Termination date of the Credit Facility; (2) the Principal and Interest Requirements on the Bonds for each Fiscal Year prior to the Fiscal Year of the assumed date of drawing on the Credit Facility shall be deemed to be equal to the amount of principal and interest payments scheduled to be paid; and (3) the Principal and Interest Requirements for the Fiscal Year of the assumed draw under the Credit Facility and for each Fiscal Year thereafter shall be deemed to be equal to the sum of the principal and interest payable during such period by the terms of the Credit Facility and the principal and interest payments of other Bonds of that series for which amounts are not available under the Credit Facility;

(c) with respect to any Bonds bearing interest at the Short-Term Rate, for purposes of calculations made under (a) or (b) above, interest payments shall be the sum of:

(i) the maximum interest rate payable at the Short-Term Rate as determined by the Supplemental Agreement pursuant to which such Bonds are issued, or, if higher, the maximum rate payable on the

Bonds if held by any provider of a Credit Facility ensuring the payment of principal of and interest on such Bonds but only to the extent that such interest is payable from a Debt Service Fund; and

(ii) any annual or other periodic fee payable to the provider of a Credit Facility ensuring the payment of principal of and interest on the Bonds subject to the foregoing calculations;

(d) Notwithstanding the foregoing provisions of this definition with respect to any Bonds bearing interest at the Commercial Paper Rate, the payment of principal of and interest on which is ensured by the provider of a Credit Facility, Principal and Interest Requirements for each Fiscal Year shall be calculated assuming level debt service over 20 years with interest, for purposes of that calculation, at the maximum allowable rate on the date of initial issuance of Bonds bearing interest at the Commercial Paper Rate as determined by the Supplemental Agreement pursuant to which such Bonds are issued, or, if higher, the maximum rate payable on such Bonds if held by such provider of the Credit Facility but only to the extent that such interest is payable from a Debt Service Fund;

(e) Notwithstanding the foregoing provisions of this definition, Principal and Interest Requirements with respect to Compound Interest Bonds and Compound Interest and Income Bonds (each of such Bonds may comprise a portion of a series) shall be determined by the Supplemental Agreement providing for the issuance of any such Bonds but in any event, shall commence on the Interest Commencement Date with respect to Compound Interest and Income Bonds and, with respect to Compound Interest Bonds, either six months or one year prior (or such lesser time prior, as provided in the applicable Supplemental Agreement) to the date on which Accreted Value becomes due and payable with principal and interest portions of Accreted Value payable on such due date being deemed to accrue in equal daily installments commencing on the first day of such one year period (or such other period as is provided in the Supplemental Agreement pursuant to which such Bonds are issued).

"Project" shall mean any project which the Authority is authorized to finance under the provisions of the Act.

"Qualified Investments" shall mean

(a) (i) Government Obligations and (ii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association, the Federal Financing Bank, the Federal Home Loan Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the Government National Mortgage Association, or by any other agency controlled by or supervised by and acting as an instrumentality of the United States Government (except for the Federal Farm Credit Bank, the Federal Land Bank, the Federal Intermediate Credit Bank, the Federal Home Loan Banks, or the Federal Bank for Cooperatives),

(b) certificates of deposit issued by, and time deposits in, any bank (including the Trustee), any branch of any bank, national banking association or federally chartered savings and loan association; provided that, with respect to any of the foregoing institutions, other than the Trustee, whose long-term unsecured indebtedness is rated less than A by Moody's or S &P, such certificates of deposit or time deposits are (i) insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation for the full face amount thereof or (ii) to the extent not so insured, collateralized by direct obligations of the United States of America having a market value of not less than the face amount of such certificates and deposits,

(c) evidences of ownership of a proportionate interest in specified direct obligations of the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, or when "stripped" by the United States Treasury, then by the custodian designated by the United States Treasury,

(d) Defeased Municipal Obligations,

(e) obligations of state or local government municipal bond issuers which are rated in one of the two highest Rating Categories by S&P or Moody's,

(f) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by an insurance policy or guaranteed by a letter of credit and which are rated in one of the two highest Rating Categories by S&P or Moody's despite the failure of such obligations to qualify as a Qualified Investment under (e) above,

(g) interests in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. §§80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (a), (e) or (f) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least $100,000,000 and is rated in the highest Rating Category by S&P or Moody's,

(h) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian,

(i) any repurchase agreement for Government Obligations by the Trustee that is with a bank or trust company (including the Trustee) or any securities dealer which is a member of the Securities Investors Protective Corporation; provided, however, that the Government Obligations must be transferred to the Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations, and the collateral security must continually have a market value at least equal to the amount so invested and the collateral must be free of third party claims, and further provided that (i) in the case of a bank or trust company, such institution shall have a combined capital and surplus of not less than $50,000,000 or have ratings from S&P or Moody's in one of their three highest Rating Categories and (ii) in the case of a securities dealer, such dealer is a member of the National Association of Securities Dealers, Inc. Any investment in a repurchase agreement shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Government Obligations, and

(j) commercial paper rated in the highest Rating Category by either S&P or Moody's.

Any investment in obligations described in (a), (c), (d), (e), (f), (g), (h) and (j) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

"Rebate Account" shall mean the Delaware Transportation Authority Rebate Account, a special fund created and designated by the provisions of Section 7.22 of the Agreement.

"Receipts and Revenues of the Authority" shall mean all moneys paid or payable to the Trustee by or for the account of the Authority, including, but not limited to, Motor Fuel Tax Revenues, Delaware Turnpike Revenues, Document Fees, the proceeds of all drawings by or advances to the Trustee under a Credit Facility in satisfaction of the Authority's obligations to make payments under the Agreement (other than drawings or advances under Credit Facilities ensuring payment of principal of and interest on Bonds), all Additional Revenues and all receipts of the Trustee which, under the provisions of the Agreement, reduce the amount of such payments.

"Revenue Account" shall mean the Delaware Transportation Authority Revenue Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Revenue Fund" shall mean the Delaware Transportation Authority Revenue Fund, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Senior Bonds" shall mean Bonds, at any time Outstanding, that by their terms are senior in right of payment to Junior Bonds (except Junior Bonds to the extent payable from Junior Bonds Priority Funds) and the principal and interest on which are payable from the Senior Bonds Principal and Interest Account, the Seniors Bonds Redemption Account and, as provided in the Agreement, from the Senior Bonds Debt Service Reserve Account.

"Senior Bonds Debt Service Reserve Account" shall mean the Delaware Transportation Authority Senior Bonds Debt Service Reserve Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Senior Bonds Debt Service Reserve Account Requirement" shall mean as of any date of determination, an amount equal to one-half of the maximum Principal and Interest Requirements on Senior Bonds then Outstanding (subject to the provisions of Section 4.05 of the Agreement); provided that with respect to any Senior Bonds bearing interest at the Short-Term Rate, such requirement shall be determined by Supplemental Agreements.

"Senior Bonds Principal and Interest Account" shall mean the Delaware Transportation Authority Senior Bonds Principal and Interest Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Senior Bonds Redemption Account" shall mean the Delaware Transportation Authority Senior Bonds Redemption Account, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Stabilization Fund" shall mean the Delaware Transportation Authority Debt Service Stabilization Fund, a trust fund created and designated by the provisions of Section 4.01 ("Creation of Funds") of the Agreement.

"Supplemental Agreement" shall mean any agreement of the Authority modifying, altering, amending, supplementing or confirming the Agreement for any purpose, in accordance with the terms thereof.

"Tender Agent" shall mean the agent appointed in accordance with a Supplemental Agreement to accept the tender of Bonds, as determined by such Supplemental Agreement.

"Test Revenues" shall mean the aggregate amount of Delaware Turnpike Revenues, Motor Fuel Tax Revenues, Document Fees and Additional Revenues, as calculated pursuant to Section 2.07(b)(i) of the Agreement.

"Traffic Consultants" shall mean a firm or corporation having a nationwide and favorable repute for skill and experience in making estimates of vehicular traffic, turnpike earnings, fees and taxes related to motor vehicle use and/or other transportation related matters with respect to which the Traffic Consultants are providing projections, estimates or other advice and counsel described in the Agreement.

"Trust Estate" shall mean at any particular time all right, title and interest of the Trustee in and to the Agreement (except any rights of the Authority to receive notices, certificates, requests, requisitions and other communications thereunder), including without limitation the Receipts and Revenues of the Authority, any Credit Facility (excluding the rights to make drawings thereunder with respect to the payment or purchase of Bonds and proceeds of such drawings), the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Stabilization Fund (but not the Operating Fund and the Operating Reserve Fund) and the Capital Fund (and Funds created in those Funds) and all moneys and investments from time to time on deposit therein (excluding, however, any moneys or investments held in the Rebate Account), any and all other moneys and obligations (other than Bonds) which at such time are deposited or are required to be deposited with, or are held or are required to be held by or on behalf of, the Trustee, the Paying Agent or any Co-Paying Agent in trust under any of the provisions of the Agreement and all other rights, titles and interests which at such time are subject to the lien of the Agreement; provided, however, that in no event shall there be included in the Trust Estate (a) moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with Article VIII ("Defeasance") of the Agreement or moneys held pursuant to Section 4.10 ("Money Held in Trust") and 7.22 ("Rebate Account") of the Agreement or (b) except as therein expressly provided, any moneys held by the Tender Agent or any other person for the purchase of Bonds or for payment of Bonds held or to be held by it pursuant to a draw under a Credit Facility; provided, further, however that advances or drawings under a Credit Facility may be subject to a lien under the Agreement in favor of holders of less than all of the Bonds Outstanding, as provided in any Supplemental Agreement and the lien of the holders of Junior Bonds shall be subordinate and subject in right of payment, to the extent and in the manner set forth in the Agreement, to the prior payment of all Senior Bonds but prior to the rights of holders of Senior Bonds with respect to the Junior Bonds Priority Funds.

"Turnpike Account" shall mean the Delaware Transportation Authority Turnpike Account created and designated by the provisions of Section 5.01 of the Agreement.

"Turnpike Operating Expenses" shall mean the Authority's reasonable and necessary current expenses of operating, maintaining and repairing the Delaware Turnpike and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of operation, maintenance and repair, which may include extraordinary operating, maintenance and repair expenses not annually recurring, ordinary and usual costs of equipment acquisition, premiums for insurance, fees and expenses of any Credit Facility, all administrative and engineering expenses relating to operation, maintenance and repair of the Delaware Turnpike (excluding administrative expenses of the Authority paid by the State, if any), legal expenses, advertising expenses, any taxes or assessments lawfully levied on the Delaware Turnpike, any payments to pension or retirement funds, any payments required to be made by the Authority under any interest rate exchange agreement entered into by the Authority, any other expenses required or permitted to be paid by the Authority under the provisions of the Agreement or by law including any expenses incurred by the Authority for any of the foregoing purposes.

"Variable Rate" shall mean an interest rate on a Bond that varies from period to period during the term of the Bond, which may or may not be subject to a put, and which may include an interest rate fixed for a period of time less than the term of the Bond, all as determined pursuant to a Supplemental Agreement.

Pledge and Assignment of Revenue

In the Agreement the Authority grants, bargains, sells, conveys, mortgages, pledges and assigns, and grants a security interest in, the Trust Estate to the Trustee, its successors in trust and their assigns forever in trust upon the terms and trusts therein set forth for the equal and proportionate benefit and security of all holders of the Bonds issued under and secured by the Agreement without preference, priority or distinction as to liens of any Bonds over any other Bonds except as otherwise provided therein or in any Supplemental Agreement; provided, however, that (a) the holders of Senior Bonds shall have a prior and superior lien on the Funds created under the Agreement to the lien of the holders of the Junior Bonds except with respect to the lien on the Junior Bonds Principal and Interest Account, the Junior Bonds Redemption Account and the Junior Bonds Debt Service Reserve Account (the lien of the holders of Junior Bonds on the Junior Bonds Principal and Interest Account, the Junior Bonds Redemption Account and the Junior Bonds Debt Service Reserve Account shall be prior and superior to the lien of the holders of Senior Bonds); (b) certain holders of Senior Bonds may be given a prior and superior lien to holders of other Senior Bonds in a Fund into which are only deposited proceeds of such Bonds together with interest thereon and investment proceeds thereof; (c) the holders of certain Bonds may be given a prior and superior lien in accounts into which are deposited proceeds of advances or draws under a Credit Facility ensuring the payment of such Bonds to the extent of any such deposit; and (d) proceeds of advances or draws under a Credit Facility ensuring the payment of principal of and interest on any series of Bonds shall be excluded from the pledge and assignment of the Trust Estate although held for the benefit of holders of Bonds.

Flow of Funds

Creation of Funds. The Agreement creates and establishes with the Trustee the following trust funds, and within those funds, the following accounts:

- Revenue Fund
  - Revenue Account
  - Investment Account
- Debt Service Fund
  - Senior Bonds Principal and Interest Account
  - Junior Bonds Principal and Interest Account
  - Senior Bonds Redemption Account
  - Junior Bonds Redemption Account
- Stabilization Fund
- Debt Service Reserve Fund
  - Senior Bonds Debt Service Reserve Account
  - Junior Bonds Debt Service Reserve Account
- Operating Fund
- Operating Reserve Fund
- Capital Fund
  - Turnpike Account
  - Other Projects Account
  - Settlement Account

Deposits to Revenue Fund. Receipts and Revenues of the Authority constituting Delaware Turnpike Revenue, Motor Fuel Tax Revenue, Document Fees and Additional Revenues shall be deposited in the Revenue Account. Earnings derived from any Fund created under the provisions of the Agreement other than the Rebate Account shall be deposited in the Investment Account.

Use of Money in Revenue Fund. It shall be the duty of the Trustee, on or before the 15th day of each month, to withdraw from the Revenue Account and the Investment Account an amount equal to the amount of all moneys held for the credit of those accounts on the tenth day of that month and deposit the sum so withdrawn to the credit of the following Funds in the following order (provided that the Trustee first apply amounts in the Revenue Account to the credit of the following Funds):

(a) to the credit of the Senior Bonds Principal and Interest Account, such sum, if any, required to increase the amount in said account so that it equals the total of (a) the sum obtained by multiplying one sixth (1/6) of all unpaid interest on Senior Bonds (or interest on any obligation under any Credit Facility drawn upon to purchase any Senior Bonds and required to be paid under the terms of such Credit Facility in the next six months) due and payable on or before the next succeeding Interest Payment Date by the number of months in the period beginning seven months prior to such Interest Payment Date and ending on the date of such computation (provided that with respect to Senior Bonds bearing interest at intervals more frequently than once every six months or at a variable rate, the Trustee shall deposit such amounts as are necessary to pay interest on such Senior Bonds when due as provided in the applicable Supplemental Agreement) and (b) the sum obtained by multiplying one-twelfth (1/12) of all unpaid principal of serial Senior Bonds (or amounts attributable to principal of such Senior Bonds acquired by a drawing under a Credit Facility and required to be paid under the terms of such Credit Facility in the next twelve months) due and payable on or before the date when the next installation of serial Senior Bonds shall mature by the number of whole months in the period beginning thirteen months prior to such date and ending on the date of such computation;

(b) to the credit of the Senior Bonds Redemption Account, a sum obtained by multiplying one-twelfth (1/12) of the principal amount of the then Outstanding term Senior Bonds of each series required to be retired in satisfaction of Sinking Fund Payments therefor in the next succeeding twelve months (or amounts attributable to principal of Senior Bonds acquired by a drawing under a Credit Facility and required to be paid under the terms of the Credit Facility in the next succeeding twelve months) by the number of whole months in the period beginning thirteen months prior to such date and ending on the date of such computation;

(c) to the credit of the Senior Bonds Debt Service Reserve Account such amount, if any, of the balance remaining after making the deposits under clauses (a) and (b) above (or the entire balance if less than the required amount) as may be required to make the amount then to the credit of the Senior Bonds Debt Service Reserve Account equal to the Senior Bonds Debt Service Reserve Account Requirement or such greater amount as shall be determined by the Authority pursuant to a Supplemental Agreement provided such amount is originally funded with proceeds of Bonds or satisfied by a Credit Facility;

(d) to the credit of the Junior Bonds Principal and Interest Account, such sum, if any, required to increase the amount in said account so that it equals the total of (a) the sum obtained by multiplying one sixth (1/6th) of all unpaid interest on Junior Bonds (or interest on any obligation under any Credit Facility drawn upon to acquire any Junior Bonds and required to be paid under the terms of such Credit Facility in the next six months) due and payable on or before the next succeeding Interest Payment Date by the number of whole months in the period beginning seven months prior to such Interest Payment Date and ending on the date of such computation (provided that with respect to Junior Bonds bearing interest at intervals more frequently than once every six months or at a variable rate, the Trustee shall deposit such amounts as are necessary to pay interest on such Junior Bonds when due as provided in the applicable Supplemental Agreement) and (b) the sum obtained by multiplying one-twelfth (1/12th) of all unpaid principal of serial Junior Bonds (or amounts attributable to principal of such Bonds acquired by a drawing under a Credit Facility and required to be paid under the terms of such Credit Facility in the next twelve months) due and payable on or before the date when the next installment of serial Junior Bonds shall mature by the number of whole months in the period beginning thirteen months prior to such date and ending on the date of such computation;

(e) to the credit of the Junior Bonds Redemption Account, a sum obtained by multiplying one-twelfth (1/12th) of the principal amount of the then Outstanding term Junior Bonds of each series required to be retired in satisfaction of Sinking Fund Payments therefor in the next succeeding twelve months (or amounts attributable to principal of Junior Bonds acquired by a drawing under a Credit Facility and required to be paid under the terms of the Credit Facility in the next twelve months) by the number of whole months in the period beginning thirteen months prior to such date and ending on the date of such computation;

(f) to the credit of the Junior Bonds Debt Service Reserve Account, such amount, if any, of the balance remaining after making the deposits under clauses (d) and (e) above (or the entire balance if less than the required amount) as may be required to make the amount then to the credit of the Junior Bonds Debt Service Reserve Account equal to the Junior Bonds Debt Service Reserve Account Requirement or such greater amount as shall be determined by the Authority by resolution from time to time filed with the Trustee;

(g) to the credit of the Operating Fund, an amount necessary to increase the amount in said Fund to an amount equal to one-sixth (1/6) of the amount set forth in the Annual Budget to be expended from said Fund;

(h) if and only if the most recently-filed certificate of the Authority described in Section 4.05(d) of the Agreement (dealing with the debt service reserve find) indicates that Test Revenues do not cover maximum Principal and Interest Requirements of the Senior Bonds Outstanding by at least 3.00 times, then to the credit of the Operating Reserve Fund, an amount necessary to increase the amount in said Fund to an amount equal to one-sixth (1/6) of the amount set forth in the Annual Budget to be expended from the Operating Fund for the Delaware Turnpike;

(i) to the credit of the Stabilization Fund, an amount, together with any other amount credited to such Fund, equal to an amount to be determined by the Authority in a Supplemental Agreement with the initial deposit required to be made to the Stabilization Fund when a determination is made by the Authority that Test Revenues are less than 3.5 times the maximum Principal and Interest Requirements on Senior Bonds Outstanding; and

(j) the remainder, if any, to the Authority, free of the lien of the Agreement, for deposit to the Transportation Trust Fund, subject to the obligation to transfer interest earned on assets held therein to the Revenue Fund.

Deposits to and Uses of Funds in the Capital Fund. Bond proceeds borrowed for capital projects are deposited into the Capital Fund and disbursed by the Trustee to the Authority to pay for authorized projects in accordance with a requisition procedure provided in the Agreement. In payment of any such requisition, the Trustee is entitled to rely as to the completeness and accuracy of all statements in such requisition upon the approval of such requisition by an Authorized Authority Representative, execution thereof to be conclusive evidence of such approval.

Additional Bonds; Debt Service Reserve Fund

In addition to the requirements described in the body of this Official Statement no additional Bonds may be issued under the Agreement, unless the Trustee shall deduct from the proceeds of such additional Bonds and deposit to the credit of the appropriate account in the Debt Service Reserve Fund such amount, if any, as may be required to make the amount then to the credit of the appropriate account in the Debt Service Reserve Fund equal to the Senior Bonds Debt Service Reserve Account Requirement and/or the Junior Bonds Debt Service Reserve Account Requirement, as the case may be. The Trustee shall also deduct from such proceeds and deposit to the credit of the Stabilization Fund such amount, if any, as may be required to be deposited to the Stabilization Fund unless the Authority certifies to the Trustee that the Annual Budget has made provision for the amount required to be deposited in the current Fiscal Year and that such amount shall be available in amounts and at the times required by Supplemental Agreements.

Investment of Funds

The moneys in the Funds shall, at the direction of the Authority, be invested and reinvested in Qualified Investments, provided, however, that moneys constituting proceeds of a drawing on a Credit Facility and, while the Credit Facility is in effect ensuring the payment of principal and interest on a series of Bonds, any moneys held by the Paying Agent pursuant to Section 4.10 ("Money Held in Trust"), of the Agreement or by a Tender Agent, Remarketing Agent or other similar person for the purchase or redemption of Bonds shall be invested only in Government Obligations which have a remaining term not exceeding 30 days or such shorter period as needed. Subject to the further provisions of Section 6.01 of the Agreement, such investments shall be made by the Trustee as directed and designated by the Authority in a certificate of, or telephonic advice promptly confirmed by a certificate of, an Authorized Authority Representative. As and when any amounts thus invested may be needed for disbursements from any Fund, the Trustee shall cause a sufficient amount of such investments to be sold or otherwise converted into cash to the credit of such Fund. As long as no Event of Default (as defined in Section 9.01 ("Events of Default") of the Agreement) shall have occurred and be continuing, the Authority shall have the right to designate the investments to be sold and to otherwise direct the Trustee in the sale or conversion to cash of the investments made with the moneys in the Funds, provided that the Trustee shall be entitled to assume conclusively the absence of any such Event of Default unless it has notice thereof within the meaning of Section 10.05 ("Notice of Event of Default") of the Agreement.

Investments shall be made from each Fund for a period not exceeding a period during which such investments are expected to be required to be converted to cash for application by or on behalf of the Authority provided that: (a) moneys held for the credit of the Revenue Fund and the Operating Reserve Fund shall not be invested in Qualified Investments which mature or which are not subject to redemption by the Trustee, at the option of the Trustee, later than one year after the date of such investment; (b) moneys held for the credit of the Debt Service Reserve Fund shall be invested in Qualified Investments which mature or which are not subject to redemption by the Trustee, at the option of the Trustee at such times as designated by the Authority.

In furtherance of the covenant of the Authority set forth in Section 7.22 ("Rebate Account") of the Agreement, the Trustee shall comply with any and all instructions of the Authority, given from time to time, to pay all or a portion of the moneys in the Funds not constituting part of the Trust Estate to, or upon the order of, the Department of the Treasury of the United States of America, anything in the Agreement to the contrary notwithstanding.

Accounts, Reports and Audits

The Authority covenants that it will keep an accurate record of the total cost of the Delaware Turnpike and of transfers to the State to meet the costs of other Projects financed with the proceeds of Bonds, of the Receipts and Revenues of the Authority collected from the Delaware Turnpike, of Motor Fuel Tax Revenues, of Document Fees, of Additional Revenues, if any, and of the application of such receipts and revenues. Such records shall be open during normal business hours of the Authority to the inspection of the Trustee and the holders of the Bonds and their agents and representatives.

The Authority further covenants that, in the months of January, April, July and October in each year, it will cause to be filed with the Trustee and mailed to all holders of Bonds who shall have filed their names and addresses with the Authority board for such purpose a report setting forth in respect of the preceding three months' period

(a) in reasonable detail, the Receipts and Revenues of the Authority and the Turnpike Operating Expenses (i) for such period and (ii) for the same period of the preceding Fiscal Year,

(b) all deposits to the credit of and withdrawals from each Fund created under the provisions of the Agreement during such period,

(c) the details of all Bonds issued, paid, purchased or redeemed during such period,

(d) a balance sheet as of the end of such period,

(e) the amount on deposit at the end of such period to the credit of each such Fund, the security therefor, and the details of any investments thereof, and

(f) any revisions during such period of the charges, fares, fees, rentals and tolls for the use or services of the Delaware Turnpike.

The Authority further covenants that promptly after the close of each Fiscal Year it will cause an audit to be made of its books and accounts relating to the Delaware Turnpike and the Receipts and Revenues of the Authority for the preceding Fiscal Year by an independent firm of certified public accountants of recognized ability and standing, to be chosen by the Authority. The Trustee shall make available to such accountants all of its books and records pertaining to the Delaware Turnpike and the Receipts and Revenues of the Authority. Promptly thereafter reports of each such audit shall be filed with the Authority and the Trustee and copies of such reports shall be mailed by the Authority to all holders of Bonds who shall have filed their names and addresses with the Authority board for such purpose. Each such audit report shall set forth in respect of the preceding Fiscal Year the same matters as are hereinabove required for the quarterly reports, the findings of such certified public accountants as to whether the moneys received by the Authority under the provisions of the Agreement during such Fiscal Year have been applied in accordance with the provisions of the Agreement, and whether any obligations for Turnpike Operating Expenses were incurred in the preceding Fiscal Year in excess of the total amount provided for Turnpike Operating Expenses in the Annual Budget for such Fiscal Year. Such quarterly reports and audit reports shall be open at all reasonable times to the inspection of the holders of Bonds and their agents and representatives.

The Authority further covenants that it will cause any additional reports or audits relating to the Delaware Turnpike to be made as required by law and that, as often as may be requested, it will furnish to the Trustee and the holder of any Bond such other information concerning the Delaware Turnpike or the operation thereof as any of them may reasonably request.

The cost of the reports and audits referred to above shall be payable from the Operating Fund.

Insurance

The Authority covenants that it will at all times, maintain, to the extent reasonably obtainable, the following insurance, with terms, conditions, provisions and costs, the Authority determines to be reasonable, subject to applicable, customary insurance practice:

(a) Multi-risk insurance on facilities of the Delaware Turnpike of an insurable nature and of the character usually insured by those operating similar facilities, covering direct physical loss or damage from causes customarily insured against, in amounts certified to be necessary or advisable by the Authority;

(b) Use and occupancy insurance covering loss of revenues by reason of the necessary interruption, total or partial, in the use of the Susquehanna River Bridge in the State of Maryland, in such amounts as the Authority shall certify will provide income during the period of interruption equal to the loss of Delaware Turnpike Revenues for a period of one year less the Turnpike Operating Expenses for that period;

(c) Public liability, landlord's liability and comprehensive motor vehicle liability insurance;

(d) During any improvement or reconstruction of the Delaware Turnpike, such insurance as is customarily carried by others under similar circumstances, unless maintained for the benefit of the Authority by contractors;

(e) Blanket crime policies on all officers and employees of the Authority who collect or have custody of or access to revenues, receipts or income of the Delaware Turnpike or any funds of the Delaware Turnpike;

(f) Boiler and machinery coverage; and

(g) Any additional or other insurance determined by the Authority to be necessary or advisable.

All such insurance policies shall be carried with a responsible insurance company or companies authorized or qualified under the laws of the State to assume the risks covered by such policy or policies.

The Trustees shall deposit the proceeds of physical loss or damage insurance to the credit of an account in the Capital Fund. The Authority shall give written instructions to the Trustee concerning the use of such money. The Trustee shall deposit the proceeds of use and occupancy insurance to the credit of the Revenue Fund immediately upon receipt and such proceeds shall be used, for the purposes permitted for moneys in such Fund. Instead of any of the foregoing policies of insurance, the Authority may establish one or more self-insurance funds to cover one or more of the risks required to be covered by the foregoing policies of insurance. Any self insurance fund shall be established pursuant to a written plan for funding and coverage adopted by the Authority. The plan shall, among other things, require that: (a) all funds be deposited with a fiduciary in trust pursuant to a written agreement; (b) an actuary shall prepare a written report recommending, among other things, the amounts to be deposited initially in the self insurance fund and the times by which such initial amounts shall be deposited; (c) a written report by an actuary, on at least a biennial basis, making recommendations on appropriate funding levels; and (d) the actuary hired by the Authority to make the foregoing reports shall be qualified and experienced.

Tax Law Compliance; Arbitrage Rebate

Tax Covenant. The Authority covenants for the benefit of the holders of the Bonds (a) that no use of the proceeds of the Bonds or the earnings thereon will be made, and no other action will be taken, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, (b) that all action with respect to the Bonds required to be taken to avoid characterization of the Bonds as "arbitrage bonds" under Section 148 of the Code shall be taken, (c) that the Authority will take all reasonable steps to ensure that interest on the Bonds is not included in gross income of the holder of any Bond for purposes of federal income taxation (unless such bonds are issued as federally taxable bonds) and (d) that the Authority will take no action to cause the Bonds to become "private activity bonds" as that term is used in Section 141(a) of the Code.

Rebate Account. The Agreement creates and establishes with the Trustee an account designated the "Delaware Transportation Authority Rebate Account" (the "Rebate Account"). The Trustee, at the direction of an Authorized Authority Representative shall transfer from the Investment Account to the Rebate Account amounts determined solely by the Authority as necessary to avoid characterization of the Bonds as "arbitrage bonds" under Section 148 of the Code. Amounts on deposit in the Rebate Account shall not be subject to any claim or charge in favor of the Trustee or any holder of a Bond. Upon receipt of written instructions from an Authorized Authority Representative, the Trustee shall pay to the United States of America amounts determined solely by the Authority and/or shall transfer amounts determined solely by the Authority to the Investment Account from the Rebate Account. All amounts on deposit in the Rebate Account may be invested in Qualified Investments at the direction of the Authority. Interest earned or profit realized on amounts invested in the Rebate Account shall be retained in the Rebate Account. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken with respect to amounts in the Rebate Fund or any calculations made by the Authority or any other person with respect to rebate. The Trustee may conclusively rely on any instructions received from an Authorized Authority Representative with respect to rebate.

Other Covenants

Inspection of Delaware Turnpike. The Authority covenants that it will cause its Engineering Consultants to make an inspection of the Delaware Turnpike at least once in every other year and, on or before the 1st day of October in such year, to submit to the Authority a report or reports setting forth their findings whether the Delaware Turnpike has been maintained in good repair, working order and condition.

Use and Operation of the Delaware Turnpike. The Authority covenants that it will establish and enforce reasonable rules and regulations governing the use of the Delaware Turnpike and the operation thereof, that all conditions of employment and all compensation, salaries, fees and wages paid by it in connection with the operation, maintenance and repair of the Delaware Turnpike will be reasonable, that no more persons will be employed by it than are necessary, that all persons employed by it will be qualified for their respective positions, that it will maintain and operate the Delaware Turnpike in an efficient and economical manner, that from the then current Receipts and Revenues of the Authority it will at all times maintain the Delaware Turnpike in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, and that it will observe and perform all of the terms and conditions contained in the Act.

Covenants as to Tolls. The Authority covenants that it will fix and revise from time to time, and charge and collect charges, fares, fees, rentals and tolls for the use of the Delaware Turnpike. The Authority further covenants that it will not reduce tolls in effect on the Delaware Turnpike after the date of issuance of the 2014 Bonds unless the Authority board files a certificate with the Trustee showing that the Authority would have met the tests described in Section 2.07(b)(i)(A) and (B) ("Additional Bonds Coverage Tests") of the Agreement with respect to the Outstanding Bonds assuming a reduction in Delaware Turnpike Revenues for the applicable twelve-month period utilized in that Section 2.07(b)(i)(A) and (B) as if the reduction occurred on the first day of that period. The Authority may make any other adjustment or reclassification of toll rates or establish special toll rates for the Delaware Turnpike, provided that such adjustment or reclassification is recommended in writing by the Authority's Traffic Consultants and will not reduce Delaware Turnpike Revenues unless the Authority meets the foregoing test. Notwithstanding the foregoing provision, the tolls in effect on August 1, 1988 shall not be reduced.

Covenant Against Sale and Encumbrance; Exceptions. The Authority covenants that it will not sell or otherwise dispose of or encumber the Delaware Turnpike, or any part thereof, or any other physical assets of the Authority, subject to the other provisions of the Agreement, except those physical assets which the Authority either reasonably determines to be of no use for purposes of the Authority or for which the Authority is acquiring replacements.

The Authority may lease, or grant easements, franchises or concessions for the use of any part of the Delaware Turnpike and the net proceeds of any such lease, easement, franchise or concession shall be deposited as earned to the credit of the Revenue Fund.

Events of Default and Remedies; Respective Rights of Senior and Junior Bondholders

Events of Default. Each of the following events shall constitute and is referred to in the Agreement as an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any Bond when the same shall become due and payable at maturity, upon redemption or otherwise;

(b) a failure to pay an installment of interest on any Bond after such interest shall have become due and payable;

(c) a failure to pay an amount due in respect of a put of any Bond for a period of two (2) Business Days after such amount shall have become due and payable (or such shorter period as provided by the applicable Supplemental Agreement);

(d) a failure of the Authority to transfer to the Trustee Receipts and Revenues of the Authority pledged to the Trustee under the Agreement;

(e) failure by the State to transfer to the Authority, or a reduction by the State subsequent to the effective date of the Agreement of the rate of, the Motor Fuel Taxes, the Document Fees or any fees and taxes yielding Additional Revenues imposed by the State;

(f) receipt by the Trustee of notice from the obligor of a Credit Facility ensuring the payment of principal and interest on any series of Bonds stating that an event of default under the applicable Credit Facility has occurred and directing the Trustee to declare the series of Bonds ensured by such Credit Facility to be immediately due and payable and directing the Trustee to draw on such Credit Facility;

(g) failure by the Authority to observe and perform any other covenant, condition, agreement or provision contained in the Bonds or in the Agreement on the part of the Authority to be observed or performed for the benefit of the holders of Bonds, which failure shall continue for a period of ninety (90) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of holders of not less than 10% in principal amount of the Bonds then Outstanding of any series, unless the Trustee, or the Trustee and the holders of a principal amount of Bonds not less than the principal amount of Bonds the holders of which requested that such notice be given, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the holders of such principal amount of Bonds, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Authority within such period and is being diligently pursued;

(h) the Authority (i) files a petition under the Bankruptcy Reform Act of 1978 (the "Bankruptcy Code"), as amended or superseded, makes an assignment for the benefit of creditors, enters into a composition with creditors or commences a case or proceeding for reorganization or readjustment of its debts, for dissolution, liquidation or commences a similar procedure under the law of any jurisdiction, whether now or hereafter in effect; (ii) is, or admits in writing that it is, insolvent, bankrupt, is unable generally to pay its debts as they become due or its debts are greater than its property net of any property which was transferred, concealed or removed with the intent to hinder, delay or defraud its creditors; (iii) applies to any government or governmental entity for the appointment of a Custodian (as such term is defined in Section 101(10) of the Bankruptcy Code) for itself or for all or any substantial or material part of its property; or (iv) has transferred, concealed or removed any of its property with intent to hinder, delay or defraud any of its creditors generally or the holders of the Bonds, in particular, or has received less than reasonably equivalent value in a transfer of all or a substantial or material part of its property; or

(i) the Authority (i) has commenced against it an involuntary case or proceeding referred to in paragraph (h) above which is not dismissed on the day of such commencement; (ii) has an order of relief entered against it in such an involuntary case or proceeding; (iii) consents to, grants approval of or acquiesces to such involuntary case or proceeding; or (iv) is subject to the appointment of a Custodian for it or all or any substantial part of its property and such Custodian is not dismissed by a court of competent jurisdiction (and all such property returned) on the day of such Custodian's appointment.

Upon the occurrence and continuation of any Event of Default other than an Event of Default described in (f) or (g) of the preceding paragraph with respect to Bonds of any series, the Trustee may, and at the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds of such series or upon the occurrence and continuation of an Event of Default described in (f) of the preceding paragraph and at the written request of the obligor under a Credit Facility ensuring the payment of the principal of and interest on a series of Bonds, shall, declare such series of Bonds to be immediately due and payable, whereupon they shall, without further action become and be immediately due and payable, anything in the Agreement or in the Bonds to the contrary notwithstanding. The Trustee shall give prompt notice of acceleration to any Tender Agent and any Remarketing Agent, and shall give notice thereof by Mail to all holders of Outstanding Bonds of all series. In the case of an Event of Default described in the preceding paragraph occurring when a Credit Facility is in effect and with respect to which the Trustee is required to draw to effect an acceleration of the Bonds, the Trustee shall make the aforesaid declaration on the first Business Day on or after the occurrence of such Event of Default that the Trustee may make a drawing or drawings on such Credit Facility (but shall not make such declaration prior to such date) unless provisions to the contrary are made in the applicable Supplemental Agreement.

The provisions of the preceding paragraph, however, are subject, when no Credit Facility shall be in effect ensuring the payment of principal of and interest on a series of Bonds, to the condition that if, after the principal of any Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Authority shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum borne by the Bonds) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee (including reasonable counsel fees and expenses), and all Events of Default other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority, any Tender Agent and any Remarketing Agent, and, if notice of the acceleration of any Bonds shall have been given to the holders of said Bonds, shall give prompt notice thereof by Mail to all holders of Outstanding Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of the second preceding paragraph are further subject to the condition that, if an Event of Default described in clause (f) of the third preceding paragraph shall have occurred and if the Trustee shall thereafter have received notice from the obligor of a Credit Facility ensuring the payment of principal of and interest on a series of Bonds (a) that the notice which caused the Event of Default to occur has been withdrawn and (b) that the amounts available to be drawn on that Credit Facility to pay (i) the principal of said Bonds or the portion of the purchase price equal to principal and (ii) interest on said Bonds and the portion of purchase price equal to accrued interest have been reinstated all in amounts that are required to maintain the then ratings on said Bonds, then, in every such case, such Event of Default shall be deemed waived and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the Authority, the obligor under the applicable Credit Facility, any Tender Agent and any Remarketing Agent, and, if notice of the acceleration of said Bonds shall have been given thereof, by Mail to all holders of Outstanding Bonds; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon or the rights of holders of any other series of Bonds.

Remedies. Upon the occurrence and continuation of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the obligor under any Credit Facility ensuring the payment of principal of and interest on a series of Bonds in respect of which an Event of Default has occurred or the holders of not less than 25% in principal amount of the Bonds of any series then Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust:

(a) by mandamus, or other suit, action or proceeding at law or in, equity, enforce all rights of the holders of said Bonds and require the Authority, or the obligor under any Credit Facility ensuring the payment of principal of and interest on any Bonds to carry out any agreements with or for the benefit of the holders of said Bonds and to perform its or their duties under the Act, any Credit Facility and the Agreement;

(b) bring suit upon said Bonds; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the holders of said Bonds.

Note: If the State violates its contractual obligation to impose and collect motor vehicle fuel taxes, motor vehicle document fees, motor vehicle registration fees or the fees and taxes yielding Additional Revenue at the rates in effect on the date of issuance of the 2014 Bonds or requires the use of that revenue for some purpose other than as assigned to secure the Bonds, the State would be subject to a bondholders' suit, and, under Delaware law, probably would not be able to avail itself of the defense of sovereign immunity. Payment of any award against the State obtained by a judgment creditor, however, must be appropriated by the State legislature. In addition the overriding interest of the State in promoting the health, safety and welfare of the people of the State, may affect the enforceability of the contractual obligation and may justify the impairment of the contract.

Limitation on Holders' Right to Institute Proceedings. No holder of a Bond of any series shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Agreement, or any other remedy thereunder or on the Bonds, unless such holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Agreement and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding of such series shall have made written request of the Trustee so to do, after the right to institute said suit, action or proceeding shall have accrued and is continuing and shall have afforded the Trustee sixty (60) days to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby (including reasonable counsel fees and expenses), and the Trustee shall not have complied with such request within sixty (60) days after receipt of the request (provided no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the Outstanding Bonds of such series); and such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the institution of said suit, action or proceeding; it being understood and intended that no one or more of the holders of the Bonds of such series shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Agreement, or to enforce any right thereunder or under the Bonds, except in the manner therein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Agreement and for the equal benefit of all holders of the Bonds of such series. In any event, no one or more holders of Bonds of any series shall have any right in any manner whatever by virtue of the Agreement to affect, disturb or prejudice the rights of any other holder of Bonds of any series or to obtain priority or preference over any other holder or to enforce any right under the Agreement except in the manner or to the extent therein provided and with respect to any series, for the equal and ratable benefit of all holders of Bonds of that Series.

Obligors' Right Under Credit Facility or Holders' Right to Direct Proceedings. Anything in the Agreement to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then

Outstanding thereunder with respect to which an Event of Default has occurred shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Agreement or exercising any trust or power conferred on the Trustee by the Agreement; provided, however, that the obligor under any Credit Facility shall have no such rights, as a holder of Bonds or a deemed holder of Bonds, in respect of proceedings taken by holders of Bonds against such obligor. For purposes of this Section, an obligor under any Credit Facility ensuring the payment of principal of and interest on any Bonds shall be deemed the holder of those Bonds, absent a default in the obligations of the obligor of that Credit Facility under the Credit Facility, unless the applicable Supplemental Agreement provides to the contrary.

Application of Money. Any money received by the Trustee or by any holder of a Bond pursuant to any right given or action taken under the provisions of Article IX ("Defaults and Remedies") of the Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the expenses, liabilities and advances incurred or made by the Trustee (including reasonable counsel fees and expenses), and the payment and setting aside of reasonable and necessary amounts to meet Turnpike Operating Expenses as determined by a firm of Engineering Consultants, shall be deposited in the Debt Service Fund for such series of Bonds and all money so deposited in the Debt Service Fund for such series of Bonds during the continuance of an Event of Default (other than money for the payment of Bonds which had matured or otherwise become payable prior to such Event of Default) shall be applied as follows with respect to each series of Bonds (provided, however, that any drawing by the Trustee under a Credit Facility for the payment of principal of, or premium, if any, or interest on the Bonds shall be applied only to the payment of the principal of or premium, if any, or interest on the particular Bonds identified in the applicable Credit Facility):

(a) Under and subject to the provisions of Section 7.22 of the Agreement, to the Rebate Account in an amount, together with any other amounts on deposit or credited to, such account, sufficient to meet the Authority's obligation to make payments to the United States of America as required under Section 148 of the Code.

(b) Unless the principal of all the Bonds shall have become due and payable, all such money shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on Senior Bonds, with interest on overdue installments of interest then due on such Bonds, if lawful, at the rate per annum borne by such Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment; (ii) second, to the payment to the persons entitled thereto of the unpaid principal of any Senior Bonds which shall have become due (other than such Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Agreement), with interest on such Bonds at their rate from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full such Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; (iii) third, to the payment to the persons entitled thereto of all installments of interest then due on Junior Bonds, with interest on overdue installments of interest then due on such Bonds, if lawful, at the rate per annum borne by such Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment; (iv) fourth, to the payment to the persons entitled thereto of the unpaid principal of any Junior Bonds which shall have become due (other than such Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Agreement), with interest on such Bonds at their rate from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full such Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; provided, however, that money derived from the rights of the Trustee under a Credit Facility shall not be applied to the payment of the principal of or premium, if any, or interest on any Bonds held of record by the Authority, by the obligor under a Credit Facility or by any Tender Agent or other person for the account of the Authority or other person if a Credit Facility prohibits by its terms a drawing thereunder for such purpose.

(c) If the principal of all Senior Bonds shall have become due and payable, all such money shall be applied (i) first to the payment of the principal and interest then due and unpaid upon Senior Bonds, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; and (ii) second, to the payment of the principal and interest then due and unpaid upon Junior Bonds whether or not the principal of all Junior Bonds shall have become due and payable, with interest on overdue interest and principal, as aforesaid, without preference or priority of principal over interest or of interest over any other installment of interest, or of any Junior Bond over any other Junior Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege; provided, however, that money derived from the rights of the Trustee under a Credit Facility shall not be applied to the payment of the principal of or premium, if any, or interest on Bonds held of record by the Authority, by the obligor under a Credit Facility or by any Tender Agent for the account of the Authority if the applicable Credit Facility prohibits by its terms a drawing thereunder for such purpose.

(d) If the principal of all Junior Bonds shall have become due and payable and there are no Senior Bonds Outstanding, all such money shall be applied as set forth in clauses (b)(iii) and (b)(iv) above.

(e) If the principal of all the Bonds of a series shall have come due and payable, and if acceleration of the maturity of said Bonds by reason of such Event of Default shall thereafter have been rescinded and annulled under the provisions of Article IX ("Defaults and Remedies") of the Agreement, then, subject to the provisions of clause (c) of this Section which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the money shall be applied in accordance with the provisions of clause (b) of this Section.

Trustee's Notice of Event of Default. The Trustee shall not be required to take notice, or be deemed to have notice, of any default or Event of Default under the Agreement (i) other than an Event of Default under clause (a), (b) or (c) of the first paragraph of Section 9.01 ("Events of Default") of the Agreement or (ii) unless an officer of the Trustee assigned by the Trustee to administer its corporate trust matters has been specifically notified in writing of such default or Event of Default by holders of at least 25% in principal amount of the Bonds then Outstanding of any series, by the Authority, by the obligor under a Credit Facility ensuring payment of principal or interest on any series of Bonds, by a Tender Agent or in the case of an Event of Default under clause (h) or (i) of the first paragraph of Section 9.01 of the Agreement, by any holder. The Trustee may, however, at any time, in its discretion, require of the Authority full information and advice as to the performance of any of the covenants, conditions and agreements contained in the Agreement.

Action by Trustee. The Trustee shall be under no obligation to take any action in respect of any default or Event of Default under the Agreement with respect to Bonds of any series other than an Event of Default described in clause (f) of Section 9.01 ("Events of Default") of the Agreement, or toward the execution or enforcement of any of the trusts thereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by holders of at least 25% in principal amount of the Outstanding Bonds of such Series and, if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may reasonably require, with security and indemnity satisfactory to it (including reasonable counsel fees and expenses); but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provisions of the Agreement to the Trustee to take action in respect to any default or Event of Default without such notice or request from the holders of Bonds or the obligor under a Credit Facility or without such security or indemnity.

Notice to Owners of Event of Default. If an Event of Default occurs of which the Trustee has notice within the meaning of Section 10.05 ("Notice of Event of Default") of the Agreement and any such Event of Default shall continue for at least two days after the Trustee has notice thereof within the meaning of Section 10.05 of the Agreement, unless the Trustee shall have theretofore given a notice of acceleration pursuant to Section 9.01 ("Events of Default") of the Agreement, the Trustee shall give prompt notice thereof to the Authority, any Tender Agent, any Remarketing Agent and any obligor under a Credit Facility and give notice by Publication and by Mail to all holders of Outstanding Bonds for which it is acting as Trustee. Such Trustee shall also give notice of any Event of Default to any other Trustee appointed pursuant to the Agreement and such Trustee shall likewise give prompt notice to all holders of Outstanding Bonds for which it is acting as Trustee.

Trustee; Paying Agents

Acceptance of Trusts. The Trustee accepts and agrees to execute the trusts created by the Agreement, but only upon the additional terms set forth in Article X ("Trustee; Paying Agent and Co-Paying Agents; Registrar") of the Agreement, to all of which the Authority agrees and the respective holders of the Bonds agree by their acceptance of delivery of any of the Bonds. By accepting and agreeing to act as Trustee for holders of Senior Bonds and/or Junior Bonds, the Trustee is agreeing to act for holders of Bonds of all series of Senior Bonds and/or Junior Bonds, as the case may be, subject to the rights of the Trustee to resign and be discharged of the trusts created by the Agreement.

Paying Agent; Co-Paying Agents; Depositary. The Authority shall appoint the Paying Agent for the Bonds and may at any time or from time appoint one or more Co-Paying Agents for a series of Bonds and one or more Depositaries for the receipt of Revenue and Receipts pledged to the Trustee under the Agreement, subject to the conditions set forth in Section 10.22 ("Qualifications of Paying Agent, Co-Paying Agents and Depositary; Resignation; Removal") of the Agreement.

Responsibility of Fiduciaries

Notwithstanding any other provisions of Article X of the Agreement, the Trustee shall, during the existence of an Event of Default of which the Trustee has actual notice, exercise such of the rights and powers vested in it by the Agreement and use the same degree of skill and care in their exercise as a prudent man would use and exercise under the circumstances in the conduct of his own affairs.

Limitation on Liability. The Trustee may execute any of the trusts or powers created under the Agreement and perform the duties required of it thereunder by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trust and its duty thereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or employee selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Agreement or for anything whatsoever in connection with the trust created thereby, except only for its own negligence, willful misconduct or bad faith or for failure to exercise reasonable care in the selection of any attorney, agent or employee acting thereunder. The Trustee shall notify the Authority before selecting any agent to act on behalf of the Trustee in order to permit the Authority reasonable opportunity to join in any contract with such agent. The Authority shall, from the Receipts and Revenue of the Authority, indemnify and save the Trustee harmless against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties under the Agreement, except for liabilities arising out of the negligence, willful misconduct or bad faith of the Trustee.

Good Faith Reliance. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, telex, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of the Agreement, or upon the written opinion of any attorney, engineer, accountant or other expert believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements.

Defeasance

If the Authority shall pay or cause to be paid to the holder of any Bond secured by the Agreement the principal of and premium, if any, and interest due and payable, and thereafter to become due and payable, upon such Bond or portion of such Bond, such Bond or portion thereof shall cease to be entitled to any lien, benefit or security under the Agreement. If the Authority shall pay or cause to be paid to the holders of all the Bonds secured thereby the principal and premium, if any, and interest due and payable, and thereafter to become due and payable, thereon, and shall pay or cause to be paid all other sums payable thereunder by the Authority, including but not limited to Subordinate Indebtedness, if any, then, and in that case, the right, title and interest of the Trustee in and to the Trust Estate shall thereupon cease, terminate and become void. In such event, the Trustee shall assign, transfer and turn over to the Authority the Trust Estate, including, without limitation, any balance remaining in any Fund; provided, however, that prior to any such assignment, transfer and turning over to the Authority as aforesaid, the Trustee shall pay to any obligor under a Credit Facility an amount equal to the lesser of (i) the total amount which the Credit Facility obligor informs the Trustee in writing is owed by the Authority to the obligor under such Credit Facility and (ii) the total amount remaining in all Funds.

All or any portion of Outstanding Bonds or portions of Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in this Section when:

(a) in the event said Bonds or portions thereof have been selected for redemption in accordance with Section 3.02 ("Selection of Bonds to be Redeemed") of the Agreement, the Trustee shall have given, or the Authority shall have given to the Trustee in form satisfactory to it, irrevocable instructions to give, on a date in accordance with the provisions of Section 3.03 ("Procedure for Redemption") of the Agreement, notice of redemption of such Bonds or portions thereof; and

(b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which, when due, and without any regard to reinvestment thereof, will provide moneys which, together with the moneys, if any deposited with or held by the Trustee, shall be sufficient to pay when due the principal of and premium, if any, and interest (at the maximum rate permitted, if such deposit shall be made with respect to Bonds bearing interest at the Short-Term Rate reflecting however any period during which the Short-Term Rate has been fixed at a rate or rates less than the maximum permitted rate) due and to become due on said Bonds or portions thereof on and prior to the redemption date or maturity date thereof, as the case may be; provided, however, that, if required by the Supplemental Agreement pursuant to which the Bonds were issued, such moneys shall constitute Available Moneys and that such Government Obligations either shall have been purchased with Available Moneys, or, shall otherwise qualify as Available Moneys; and

(c) in the event said Bonds or portions thereof do not mature and are not to be redeemed within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to Section 3.03 ("Procedure for Redemption") of the Agreement, a notice to the holders of said Bonds or portions thereof that the deposit required by clause (b) above has been made with the Trustee and that said Bonds or portions thereof are deemed to have been paid in accordance with Article VIII of the Agreement and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds or portions thereof.

Neither the Government Obligations nor moneys deposited with the Trustee pursuant to Article VIII of the Agreement nor principal or interest payments on any such Government Obligations shall be withdrawn (unless a substitution is made with other Government Obligations) or used for any purpose other than, and such Government Obligations, moneys and principal or interest payments shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds or portions thereof, or for the payment of the purchase of said Bonds in accordance with any applicable agreement with a Tender Agent or other person; provided, that, during an Interest Period which is not a fixed rate period with respect to Bonds bearing interest at a Short-Term Rate or with respect to any Bonds bearing interest at the Long-Term Rate, such moneys, if not then needed for such purposes, shall, at the direction of an Authorized Authority Representative and to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the earlier of (a) the date moneys shall be required for the purchase of Bonds pursuant to any applicable agreement with a Tender Agent or other person; and (b) the Interest Payment Date next succeeding the date of investment or reinvestment, and interest earned from such investments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge under the Agreement, unless there are insufficient other funds to redeem said Bonds; and provided, further, that, during a fixed rate period with respect to Bonds bearing interest at a Short-Term Rate or with respect to any Bonds bearing interest at the Long-Term Rate, any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purposes, shall, at the direction of an Authorized Authority Representative and to the extent practicable, be invested in Government Obligations of the type described in clause (b) of the next preceding paragraph maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bonds or portions thereof on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge under the Agreement unless there are insufficient other funds to redeem said

Bonds. If payment of less than all the Bonds is to be provided for in the manner and with the effect provided in this Section, the Authority shall select such Bonds or portions of Bonds in the manner specified by Section 3.02 ("Selection of Bonds to be Redeemed") of the Agreement for selection for redemption of less than all Bonds in the principal amount designated to the Trustee by the Authority.

Modification of The Agreement

Limitations. The Agreement shall not be modified or amended in any respect subsequent to the first issuance of the Bonds except as provided in and in accordance with and subject to the provisions of Article XII ("Modification of This Agreement") of the Agreement.

Supplemental Agreements without Consent of Holders of Bonds. The Authority and the Trustee may, from time to time and at any time, without the consent of or notice to the holders of the Bonds, enter into Supplemental Agreements as follows:

(a) to cure any formal defect, omission, inconsistency or ambiguity in the Agreement;

(b) to grant to or confer or impose upon the Trustee for the benefit of the holders of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Agreement as theretofore in effect;

(c) to add to the covenants and agreements of, and limitations and restrictions upon, the Authority in the Agreement, other covenants, agreements, limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Agreement as theretofore in effect, including, but not limited to, agreements to pledge Additional Revenues to the Trustee for the benefit of the holders of the Bonds;

(d) to confirm, as further assurance, any pledge under, and the subjection to any claim, lien or pledge created or to be created by, the Agreement, of the Receipts and Revenues of the Authority pledged or to be pledged under the Agreement or of any other moneys, securities or funds;

(e) to authorize the issuance of additional Bonds pursuant to the Agreement, to authorize a different denomination or denominations of the Bonds or to permit the issuance of the Bonds in the form of coupon Bonds and to make correlative amendments and modifications to the Agreement regarding exchangeability of Bonds of different denominations and forms, redemptions of portions of Bonds of particular denominations and forms and similar amendments and modifications of a technical nature;

(f) to modify, alter, amend or supplement the Agreement in any and all respects which may be necessary, desirable or appropriate in connection with any supplement to the Agreement relating to the priority of sources of funds derived from a Credit Facility to be used for the payment of the principal of and premium, if any, and interest on the Bonds, changes to the provisions relating to the priority of sources of funds derived from a Credit Facility to be used for the purchase of Bonds and, changes to the default provisions referred to in Section 9.01(c) or (f) ("Events of Default") of the Agreement;

(g) to modify, alter, supplement or amend the Agreement in such manner as shall permit the qualification thereof under the Trust Indenture Act of 1939, as from time to time amended;

(h) to modify, alter, supplement or amend the Agreement in such manner as shall be necessary, desirable or appropriate in order to provide for the registration and registration of transfer of the Bonds through a book-entry or similar method, whether or not the Bonds are evidenced by certificates;

(i) to provide a method for the determination of a Short-Term Rate; and

(j) to modify, alter, amend or supplement the Agreement in any other respect which is not materially adverse to the holders of the Bonds and which does not involve a change described in clause (i), (ii), (iii) or (iv) of Section 12.03(a) ("Supplemental Agreements with Consent of Holders of Bonds") of the Agreement.

Before the Authority and the Trustee shall enter into any Supplemental Agreement pursuant to this Section, there shall have been delivered to the Trustee an opinion of Bond Counsel stating that such Supplemental Agreement is authorized or permitted by the Agreement and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and does not adversely affect the exclusion from gross income of the interest on the Bonds for purposes of Federal income taxation.

Supplemental Agreements with Consent of Holders of Bonds. (a) Except for any Supplemental Agreement entered into pursuant to Section 12.02 ("Supplemental Agreements without Consent of Holders of Bonds") of the Agreement, subject to the terms and provisions contained in this Section and not otherwise, the holders of not less than fifty-one (51) percent in aggregate principal amount of the Bonds then Outstanding which would be adversely affected thereby shall have the right from time to time to consent to and approve the execution and delivery by the Authority and the Trustee of any Supplemental Agreement deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Agreement; provided, however, that, unless approved in writing by the holders of all the Bonds then Outstanding which would be adversely affected thereby, nothing therein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or premium, if any, or interest on any Outstanding Bond, a change in the purchase price or time of purchase of Bonds put pursuant to the terms thereof, a reduction in the principal amount or redemption price of any Outstanding Bond or a change in the method of determining the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge of, the Receipts and Revenues of the Authority pledged under the Agreement ranking prior to or on a parity with the claim, lien or pledge created by the Agreement, or (iii) a preference or priority of any other Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of Bonds the consent of the holders of the Bonds of which is required for any such Supplemental Agreement.

(b) If at any time the Authority shall request the Trustee to enter into any Supplemental Agreement for any of the purposes of this Section, the Trustee shall cause notice of the proposed Supplemental Agreement to be given by Publication at least once a week for two successive weeks, and by Mail to all holders of Outstanding Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Agreement and shall state that a copy thereof is on file at the office of the Trustee for inspection by all holders of Bonds.

(c) Within two years after the date of the first publication of such notice, the Authority and the Trustee may enter into such Supplemental Agreement in substantially the form described in such notice only if there shall have first been delivered to the Trustee (i) the required consents, in writing, of the holders of the Bonds and (ii) an opinion of Bond Counsel stating that such Supplemental Agreement is authorized or permitted by the Agreement and the Act, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the Authority in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Bonds for purposes of Federal income taxation.

(d) If the holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the execution and delivery thereof, no holder of a Bond shall have any right to object to the execution and delivery of such Supplemental Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

(e) Subject to the terms and provisions contained in this subsection (e) of this Section, the holders of all the Bonds at any time Outstanding shall have the right, and the Authority and the Trustee by their execution and delivery of the Agreement expressly confer upon such holders the right to modify, alter, amend or supplement the Agreement in any respect, including without limitation in respect of the matters described in clauses (i), (ii), (iii) and (iv) of the proviso contained in subsection (a) of this Section, by delivering to the Authority and the Trustee a written instrument or instruments, executed by or on behalf of such holders, containing a form of Supplemental Agreement which sets forth such modifications, alterations, amendments and supplements, and, upon the expiration of a thirty (30) day period commencing on the date of such delivery during which no notice of objection shall have been delivered by the Authority and the Trustee to such holders at an address specified in such written instrument, such Supplemental Agreement shall be deemed to have been approved and confirmed by the Authority and the Trustee, to the same extent as if actually executed and delivered by the Authority and the Trustee and such

Supplemental Agreement shall thereupon become and be for all purposes in full force and effect without further action by the Authority and the Trustee. The foregoing provisions are, however, subject to the following conditions:

(i) no such Supplemental Agreement shall in any way affect the limited nature of the obligations of the Authority under the Agreement as set forth in Sections 2.06 ("Security for the Bonds") and 7.01 ("Payment of Bonds") thereof or shall adversely affect any of its rights thereunder;

(ii) no such Supplemental Agreement shall be to the prejudice of the obligor under any Credit Facility, the Paying Agent or Co-Paying Agent, any Depositary, the Registrar, any Tender Agent, or any Remarketing Agent; and

(iii) there shall have been delivered to the Authority and the Trustee an opinion of Bond Counsel stating that such Supplemental Agreement is authorized or permitted by the Agreement and the Act, complies with their respective terms, will, upon the expiration of the aforesaid thirty (30) day period, be valid and binding upon the Authority in accordance with its terms and will not adversely affect the exclusion from gross income of the interest on the Bonds for the purposes of Federal income taxation.

Effect of Supplemental Agreement. Upon the execution and delivery of any Supplemental Agreement pursuant to the provisions of the preceding Sections, the Agreement shall be, and be deemed to be, modified, altered, amended or supplemented in accordance therewith, and the respective rights, duties and obligations under the Agreement of the Authority, the Trustee and all holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Agreement subject in all respects to such modifications, alterations, amendments and supplements.

APPENDIX C

Form of Continuing Disclosure Agreement
And Supplement to Continuing Disclosure Agreement

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DELAWARE TRANSPORTATION AUTHORITY
$120,640,000
TRANSPORTATION SYSTEM SENIOR REVENUE BONDS, SERIES 1997
$19,385,000
TRANSPORTATION SYSTEM JUNIOR REVENUE BONDS, SERIES 1997

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of August 15, 1997 (the "Disclosure Agreement") is executed and delivered by THE DELAWARE TRANSPORTATION AUTHORITY (as more fully defined below, the "Authority") in connection with the issuance of the above captioned bonds (the "1997 Bonds"). The Authority, intending to be legally bound, hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the Holders from time to time of the Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized terms used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Additional Bonds" shall mean any indebtedness of the Authority issued subsequent to the 1997 Bonds which the Authority has declared in writing to be covered by this Disclosure Agreement.

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Authority" shall mean The Delaware Transportation Authority, or any successor Obligated Person that assumes either by operation of law or by contract or both (i) the obligation to pay debt service on the Bonds and (ii) the obligations of the Authority under this Disclosure Agreement.

"Bonds" shall mean the 1997 Bonds and any Additional Bonds, if any.

"Dissemination Agent" shall mean any agent of the Authority designated in writing by the Authority which has filed with the Authority a written acceptance of such designation.

"Holder" shall mean any registered holder of Bonds, provided however that with respect to any Bond registered in a "street name" or the name of a nominee such as The Depository Trust Company, the term "holder" shall mean any person which produces reasonable documentary evidence that it is a beneficial owner of a Bond.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor organization. The current address of the MSRB is:

MUNICIPAL SECURITIES RULEMAKING BOARD
Continuing Disclosure Information System
1640 King Street, Suite 300
Alexandria, VA 22314-2719
(202) 223-9503 (phone)
(703) 683-1930 (fax)

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

BLOOMBERG MUNICIPAL REPOSITORIES
Attn: Municipal Dept.
Bloomberg Business Park
100 Business Park Drive
Skillman, New Jersey 08558
(609) 279-3200 (phone)
(609) 279-3224 (phone)
(609) 279-5962 (fax)
(U.S. Mail: P.O. Box 840
Princeton, NJ 08542-0840]
E-Mail: Munis@Bloomberg.com

THOMSON NRMSIR
Attn: Municipal Disclosure
395 Hudson Street, 3rd Fl.
New York, New York 10014
(212) 807-5001 (phone)
(800) 689-8466 (phone)
(212) 989-2078 (fax)
E-Mail: Disclosure@Muller.com

DISCLOSURE, INC.
Attn: Document Acquisitions/Municipal Securities
5161 River Road
Bethesda, Maryland 20816
(301) 718-2390 (phone)
(800) 638-8241 (phone)
(301) 951-1366 (fax)
E-Mail: Sherri.sewalt@Disclosure.com

DONNELLEY FINANCIAL
559 Main Street
Municipal Securities Disclosure Archive
Hudson, Massachusetts 01749
(800) 580-3670 (phone)
(508) 562-1969 (fax)
E-Mail: Sspotkill@rrdfin.com

KENNY INFORMATION SYSTEMS, INC.
Attn: Kenny Repository Service
65 Broadway, 16th Fl.
New York, New York 10006
(212) 770-4595 (phone)
(212) 797-7994 (fax)

MOODY'S NRMSIR
Attn: Public Finance Information Center
99 Church Street, 6th Floor
New York, New York 10007-2701
(800) 339-6306 (phone)
(212) 553-1460 (fax)

DPC DATA INC.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701 (phone)
(201) 947-0107 (fax)
E-Mail: nrmsir@dpcdata.com

"Obligated Person" shall have the meaning set forth in the Rule, provided that the sole objective criteria used to select the Obligated Person shall be the entity obligated to repay all debt service with respect to the relevant Bonds.

"Participating Underwriter" shall mean any of the original underwriters of any Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Repository" shall mean each National Repository and each State Repository, if any.

"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, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action letters and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

"State" shall mean the Department of Finance of the State of Delaware, to the attention of the Director of Bond Finance.

"State Repository" shall mean any public or private repository or entity designated by the State of Delaware as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

"Trust Agreement" shall mean the Trust Agreement dated as of August 1, 1988 between the Authority and Wilmington Trust Company, as amended.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the first day of the eighth calendar month immediately following the end of the Authority's fiscal year, provide to the State and each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent, if any. 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 Agreement; provided, however, that audited financial statements of the Authority may be submitted separately from the balance of the Annual Report.

(b) If the Authority is unable to provide the Annual Report to Repositories by the date required in subsection (a), the Authority shall send a notice to each Repository (or to the MSRB and the State Repository) in substantially the form attached as Exhibit A.

(c) The Dissemination Agent, if any, shall (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and (ii) file a report with the Authority certifying that the Annual Report has been filed pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

(d) Audited financial statements of the Authority not submitted as part of the Annual Report shall be provided to each Repository, if and when available to the Authority, and in any event not more than thirty (30) days after receipt thereof from the Authority's auditors. In the event that audited financial statements are not submitted as part of the Annual Report, the Authority shall provide in lieu thereof unaudited financial statements meeting the description set forth in Section 4(a)(i) hereof.

(e) The Authority shall promptly provide written notice of any change in its fiscal year to the MSRB and to each Repository.

SECTION 4. Content of Annual Reports

(a) The Authority's Annual Report shall contain or incorporate by reference the information listed in Exhibit B with respect to the relevant fiscal year.

(b) Any or all of the information required may be incorporated by reference from other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference.

(c) If any information described in Section 4(a) above can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the Authority under this Section 4, provided however that the Authority shall, to the greatest extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds (each, a "Listed Event"):

1. Principal and interest payment delinquencies;

2. Non payment-related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

7. Modifications to rights of Bondholders;

8. Bond calls (other than mandatory sinking fund redemption);

9. Defeasance of Bonds;

10. Release, substitution, or sale of property securing repayment of any Bonds; or

11. Rating changes.

(b) If the occurrence of a Listed Event would be material to holders of Bonds in accordance with the applicable "materiality" standard under then-current securities laws, the Authority shall in a timely manner file, or cause the Dissemination Agent to file, a notice of such occurrence with the MSRB and the State Repository (if any). Notwithstanding the foregoing, notice of Listed Events need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement, provided that such notice is given in a timely manner.

SECTION 6. Accounting Standards. The financial statements described in Section 4(a)(i) above shall be audited by either a certified public accountant or an independent public accountant and shall be prepared in accordance with both (a) generally accepted accounting principles applicable in the preparation of financial statements of municipalities and other public entities as such principles are from time to time promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body ("GAAP"), and (b) applicable federal and state auditing statutes, regulations, standards and/or guidelines; provided however, that the Authority may from time to time modify its accounting principles to the extent necessary or desirable to comply with changes in either GAAP or applicable federal or state statutes, regulations, standards and/or guidelines. Any such modification of accounting standards to conform to changes in either GAAP or applicable federal or state auditing statutes, regulations, standards or guidelines shall not constitute an amendment to this Disclosure

Agreement within the meaning of Section 9 hereof; however, such modifications shall be disclosed in the first Annual Report to be provided subsequent to such modifications.

SECTION 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) the assumption by a successor Obligated Person of all of the obligations of the prior Obligated Person both hereunder and under the Bonds. The prior Obligated Person shall provide timely written notice to each Depository of any termination of its obligations hereunder.

SECTION 8. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendments.

(a) Notwithstanding any other provision of this Disclosure Agreement, the Authority may modify or amend this Disclosure Agreement upon receipt of a written opinion of nationally recognized bond counsel to the effect that the then-current requirements of the Rule have been satisfied. The Authority acknowledges and agrees that the current SEC interpretation of the Rule requires satisfaction of the following preconditions:

(i) the modification or amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the Authority, or change in the type of business conducted by the Authority;

(ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and

(iii) the modification or amendment does not materially adversely affect the interests of Holders, as determined either by a party unaffiliated with the Authority (such as the Trustee or nationally recognized bond counsel) or by an approving vote of a majority of Holders.

Compliance with the provisions of this Section 9(a) shall be conclusively evidenced by a written opinion of nationally recognized bond counsel to the effect that the modification or amendment satisfies the requirements of this Section 9(a) and the then-current requirements of the Rule.

(b) The Authority shall report any modification or amendment of this Disclosure Agreement as required by the Rule. To the extent required by the Rule, the Authority shall include as a component of the first Annual Report to be provided subsequent to the relevant amendment, a copy of the amendment, together with a notice explaining in narrative form both (i) the reasons for the amendment, and (ii) the impact of the change in the type of operating data or financial information being provided. To the extent required by the Rule, if the amendment relates to changes in accounting principles to be followed in preparing financial statements, the first Annual Report to be provided subsequent to the relevant amendment shall also include 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 and a qualitative (and to the extent reasonably feasible, quantitative) discussion of the differences in the accounting principles and the impact of the change in the accounting principles upon the presentation of the financial information. Written notice of any such change in accounting principles shall be provided in a timely fashion to each Depository.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or 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 Agreement. If the Authority 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 Agreement, the Authority shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Authority to comply with any provisions of this Disclosure Agreement, the Trustee, any Participating Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance; provided however that nothing herein shall limit any Holder's rights under applicable federal securities law.

SECTION 12. Severability. In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of the Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

SECTION 13. Entire Agreement. This Disclosure Agreement contains the entire agreement of the Authority with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto, provided, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in *pari materia* with the Rule.

SECTION 14. Captions. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

SECTION 15. Beneficiaries. This Disclosure Agreement is being entered into solely for the benefit of the Participating Underwriters and Holders from time to time of the Bonds, and nothing in this Disclosure Agreement expressed or implied is intended to or shall be construed to give to any other person or entity any legal or equitable right, remedy or claim under or in respect to this Disclosure Agreement or any covenants, conditions or provisions contained herein.

SECTION 16. Governing Law. This Disclosure Agreement shall be deemed to be a contract made under the laws of the State of Delaware, and all provisions hereof shall be governed and construed in accordance with the laws of the State of Delaware, without reference to the choice of law principles thereof.

IN WITNESS WHEREOF, the Delaware Transportation Authority has caused this Disclosure Agreement to be duly executed as of the day and year first above written.

DELAWARE TRANSPORTATION AUTHORITY

(SEAL)

By: ______________________________
Transportation Trust Fund Administrator

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]

DELAWARE TRANSPORTATION AUTHORITY
$120,640,000
TRANSPORTATION SYSTEM SENIOR REVENUE BONDS, SERIES 1997
$19,385,000
TRANSPORTATION SYSTEM JUNIOR REVENUE BONDS, SERIES 1997

NOTICE IS HEREBY GIVEN that The Delaware Transportation Authority (the "Authority") has not provided an Annual Report [Audited Annual Financial Statements] as required by the Continuing Disclosure Agreement which was entered into in connection with the issuance of the above-captioned bonds. The Authority anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by ____________________________.

Date: ____________, ____

DELAWARE TRANSPORTATION AUTHORITY

By: ____

EXHIBIT B

CONTENTS OF ANNUAL REPORT

The Annual Report shall contain the following with respect to the prior fiscal year:

1. Audited financial statements in form and content substantially the same as those appended to the Authority's Official Statement with respect to the Bonds;

2. An update of the type of information included in the below-listed tables in the Official Statement:

   (a) Summary of Revenue Dedicated to the Trust Fund (p. 7);

   (b) Summary Results (p. 11);

   (c) History of Gallonage and Revenue from Motor Fuel Taxes (p. 27);

   (d) Vehicle Trips and Delaware Turnpike Revenue (p. 32);

   (e) Delaware Turnpike Barrier Tolls (p. 34);

   (f) Route 1 Toll Schedule and the amount of toll revenue received from the Route 1 Toll Road during the prior fiscal year (pp. 36-37);

   (g) History of Motor Vehicle Document Fees (p. 38);

   (h) History of Motor Vehicle Registrations and Revenue (p. 42); and

   (i) History of Miscellaneous Transportation Revenue (p. 46);

3. A statement of the proposed capital authorizations which have been approved for the current fiscal year (p. 52).

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION SYSTEM SENIOR REVENUE BONDS, SERIES 2010

SUPPLEMENT TO CONTINUING DISCLOSURE AGREEMENT

This Supplement to Continuing Disclosure Agreement, dated December 9, 2010 (the "2010 Supplement"), is executed and delivered by the Delaware Transportation Authority (the "Authority") in connection with the issuance of the Authority's Transportation System Senior Revenue Bonds, Series 2010.

WHEREAS, the Authority has previously entered into a Continuing Disclosure Agreement dated as of August 15, 1997 (the "Original Disclosure Agreement"), as heretofore and herein supplemented (hereinafter collectively referred to as the "Disclosure Agreement"), in which the Authority agreed to take certain actions in order to assist the Participating Underwriter (as defined in the Original Disclosure Agreement) in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"); and

WHEREAS, pursuant to Section 2 of the Original Disclosure Agreement, the Authority has the ability to supplement the Original Disclosure Agreement to include additional bonds with the same force and effect as if all terms and provisions of such Original Disclosure Agreement had originally provided for the inclusion of such bonds.

WHEREAS, pursuant to Section 9 of the Original Disclosure Agreement, the Authority has the ability to amend the Original Disclosure Agreement upon receipt of a written opinion of nationally recognized bond counsel to the effect that the then-current requirements of the Rule have been satisfied.

NOW, THEREFORE, the Authority, intending to be legally bound, hereby covenants and agrees as follows:

SECTION 1. Written Declaration of Authority. The Authority has determined that the 2010 Bonds shall constitute "Additional Bonds" under the Original Disclosure Agreement.

SECTION 2. Amendment. Section 5 of the Original Disclosure Agreement is hereby deleted in its entirety, and in its place shall be substituted the following:

"SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices 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 debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

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

7. Modifications to rights of Bondholders, if material;

8. Bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of any Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Authority (for the purposes of the event identified in subsection 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other 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 Authority, 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 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 Authority);

13. The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. Failure to provide annual financial information as required.

(b) Upon the occurrence of a Listed Event, the Authority shall, or cause the Dissemination Agent to file, a notice of such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) Business Days after the occurrence of the Listed Event."

SECTION 3. Original Disclosure Agreement Applicable to 2010 Bonds. This 2010 Supplement shall be construed as a supplement to the Original Disclosure Agreement and shall be governed by the provisions thereof. Except as hereby supplemented and amended, all the terms, covenants and conditions of the Original Disclosure Agreement are hereby confirmed, ratified and approved in all respects, shall continue in full force and effect, and shall apply to the 2010 Bonds with the same force and effect as if all terms and provisions of the Original Disclosure Agreement had originally provided for the inclusion of the 2010 Bonds.

SECTION 4. Compliance. The Authority has not failed to comply with the requirements of the Original Disclosure Agreement.

SECTION 5. "New" Repository. Effective July 1, 2009, any future Annual Report and any notices filed in connection with the Disclosure Agreement shall be filed in accordance with the requirements of the Rule with MSRB's EMMA at http://emma.msrb.org/ and any future Repository as may be required under the Rule. "EMMA" is the Electronic Municipal Market Access System. The Securities and Exchange Commission has appointed MSRB to replace the four nationally recognized municipal securities information repositories effective as of July 1, 2009.

SECTION 6. Governing Law. This 2010 Supplement shall be deemed to be a contract made under the laws of the State of Delaware, and all provisions hereof shall be governed and construed in accordance with the laws of the State of Delaware, without reference to the choice of law principles thereof.

IN WITNESS WHEREOF, the Delaware Transportation Authority has caused this 2010 Supplement to be duly executed as of the day and year first above written.

DELAWARE TRANSPORTATION AUTHORITY

(SEAL)

By:________________________________

Director of Finance,
Department of Transportation

APPENDIX D

Proposed Form of Opinion of Bond Counsel

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May __, 2014

DELAWARE TRANSPORTATION AUTHORITY
TRANSPORTATION SYSTEM SENIOR REVENUE BONDS, SERIES 2014

TO THE PURCHASERS OF THE ABOVE-CAPTIONED BONDS:

We have acted as bond counsel in connection with the issuance on the date hereof by the Delaware Transportation Authority (the “Authority”), a body politic and corporate constituting a public instrumentality of The State of Delaware (the “State”), of its $108,760,000 Delaware Transportation Authority Transportation System Senior Revenue Bonds, Series 2014 (the “Bonds”). The Bonds are dated the date of issuance, and are subject to redemption, in whole or in part, at the times, in the manner and upon the terms set forth in the Bonds.

The Bonds are issued pursuant to Chapter 13, Title 2, Delaware Code, as amended, and Chapter 14, Title 2, Delaware Code, as amended (collectively, the “Act”), a Trust Agreement dated as of August 1, 1988, by and between the Authority and Wilmington Trust Company, a State banking corporation (“WTC”) (WTC, not in its individual capacity but solely as trustee, the “Trustee”), as amended and supplemented, including by Supplemental Agreement No. 26, dated May 15, 2014 (the “Trust Agreement”), and a resolution of the Authority dated May 6, 2014 (the “Resolution”), and other laws of the State, for the purposes of refunding certain outstanding Senior Bonds of the Authority and paying the costs of issuing the Bonds.

As bond counsel, we have examined an executed counterpart of the Trust Agreement, a certified copy of the Resolution, the form of the Bonds and applicable laws. In addition, we have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary for the purposes of the opinion rendered below, including the Authority's Tax Certificate (the “Tax Certificate”). In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. We have relied upon the aforesaid instruments, certificates and documents as to any facts material to our opinion, when relevant facts were not independently established and on the performance of the covenants of the Authority contained in the Resolution. We have relied, as to the execution, authentication and delivery of, and payment for, the Bonds, on certificates of the Authority and the Trustee.

Based on the foregoing, we are of the opinion, on the date hereof, that:

(1) The Authority is a body politic and corporate constituting a public instrumentality of the State duly created and validly existing under and by virtue of the Act.

(2) The Resolution has been duly adopted by the Authority, is in full force and effect and is a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms.

(3) The Authority has duly authorized, executed and delivered the Trust Agreement and the Trust Agreement constitutes a legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

(4) The Bonds constitute legal and valid limited obligations of the Authority enforceable against the Authority in accordance with their terms. The Bonds are entitled to the benefits and the security, and are subject only to the terms and conditions, set forth in the Resolution and the Trust Agreement.

(5) Interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the Authority comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. The Authority has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on the Bonds is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to the corporate alternative minimum tax. We express no opinion regarding other federal tax consequences relating to the Bonds or the receipt of interest thereon.

(6) Under existing statutes, the Bonds, interest on the Bonds and their transfer shall be exempt from taxation by the State and its political subdivisions, except for estate, inheritance or gift taxes imposed by the State.

The foregoing opinions relating to the enforceability against the Authority of the Resolution, the Trust Agreement and the Bonds are qualified to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights and remedies of creditors generally, and general principles of equity.

APPENDIX E

“Traffic and Revenue Report for the Delaware Turnpike and Route 1 Toll Road”
March 18, 2014

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Traffic & Revenue Report

I-95/Delaware Turnpike

SR 1 Toll Road

Prepared for:

Delaware Department of Transportation

Prepared by:

Stantec

March 18, 2014

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March 18, 2014
File: 193410350

Mr. Shailen P. Bhatt
Delaware Department of Transportation
800 Bay Road/Route 113
Dover, DE 19903

Attn: Mr. Brian Motyl, Assistant Director, Finance

Reference: Traffic & Revenue Report, I-95/Delaware Turnpike and SR 1 Toll Road

In accordance with your request, Stantec Consulting Services Inc. (Stantec) has developed estimates of traffic and revenue for the Delaware Turnpike (I-95) and the State Route (SR) 1 Toll Road through Fiscal Year 2020, in connection with the issuance by the Delaware Transportation Authority of Delaware Transportation Authority Transportation System Senior Revenue Bonds, 2014 Series.

As described in this letter report, the estimates for the Turnpike are based on its actual traffic and earnings record from its opening in 1963 through January, 2014 (FY 2014), and on a series of comprehensive studies of traffic patterns and revenue trends undertaken over the course of the Turnpike's 51 years of operation. For SR 1 Toll Road, the estimates are based on its actual traffic and revenue record since the opening of the first section of the project in December 1993; its staged completion through May 2003; and, as with the Turnpike, the results through January, 2014.

Several factors have had a significant impact on traffic on the toll roads in the last ten years. These include the recession of 2007 – 2009 and its lingering effects; the 2005 and 2007 toll increases; severe weather events such as Superstorm Sandy in October 2012 and harsh winter storms over the last few years; and the increase in fuel prices in 2008 and 2011.

Traffic volumes on I-95/Delaware Turnpike decreased from a high of 28.6 million in FY 2004 to 24.5 million in FY 2011. Since then, traffic volumes have been fluctuating due to the factors noted. In FY 2012, traffic increased 2.5 percent, but decreased 0.9 percent in FY 2013. For the first seven months of FY 2014, traffic is 0.9 percent higher than last year, despite a 3.2 percent decrease in January 2014 due to harsh winter weather conditions.

On SR 1 Toll Road, traffic volumes have been increasing rather consistently, with the exception of the impacts of the 2007 toll increase in FY 2008 and the effects of the recession in FY 2009. In 2004, there were 32.3 million transactions on the toll road and this increased to 38.3 million in FY 2013. For the first seven months of FY 2014, traffic is 2.7 percent higher than the same period in FY 2013.

1.0 I-95/Delaware Turnpike

The Delaware Turnpike is an integral part of the transportation network in the Northeast Corridor. The 11-mile Delaware Turnpike is a key link in the Northeast Corridor's I-95 route from New England, New York, Philadelphia and Wilmington to Baltimore, Washington and the South. It forms the trunk of the system, whose branches include I-95 (north to Wilmington, Philadelphia and Trenton), I-295 and the New Jersey Turnpike (north to Trenton and New York), and I-495 (north toward Philadelphia via the Port of Wilmington). To the south, it connects directly with Maryland's Turnpike (I-95) for service to Baltimore and beyond.

Delaware Turnpike interchanges in New Castle County, the most northerly of Delaware's three counties, are located, from north (east) to south (west), at SR 141, combined SR 1/7, SR 273 and SR 896. The SR 1/7 connection leads to the SR 1 Toll Road at Tybouts while SR 896 connects with US 301 which leads to the Chesapeake Bay Bridge at Annapolis.

The Turnpike serves both long-distance Northeast Corridor traffic and commuter traffic between Wilmington and Newark (via SR 896), where the volumes are highest. The Turnpike currently consists of 10 lanes from SR 141 to SR 1 and then transitions down to eight lanes between SR 1 and the Newark plaza. South (west) of the Newark plaza, the number of lanes drops to six, coinciding with the six Turnpike lanes on I-95 in Maryland.

A single Turnpike toll plaza (the Newark plaza) is located between SR 896 and the Maryland line. The Newark toll plaza currently has a total of 20 toll lanes, of which four are dedicated E-ZPass lanes. Conversion of two toll lanes in each direction to high-speed E-ZPass lanes was completed in July, 2011. As a result, delays at the toll plaza due to capacity constraints were alleviated.

A service plaza, with fuel and restaurant facilities, is located in the median of the Turnpike between the SR 273 and SR 896 interchanges, producing concession revenue for the Authority. The service plaza was reconstructed during FY 2010 and as of June 25, 2010 was reopened to patrons.

1.1 TOLL COLLECTION

The Delaware Turnpike was opened to traffic in 1963. When the toll collection system was established at that time, it consisted of a single mainline plaza (the Newark plaza) near the Maryland line and ramp tolls at SR 896, SR 273 and SR 7, resulting in a "closed" toll system with all users paying at one point or another. The ramp tolls were removed in 1976, so that, now, local users who do not travel into Maryland can use the Turnpike toll-free.

Tolls at the Newark plaza have been increased periodically (in 1977, 1981, 1984, 1989, 1993, 1999, 2005 and 2007) over the years, since the initial 30-cent toll (for autos, higher for trucks) was established in 1963. Table 1.1 provides a summary of the toll schedule implemented on October 1, 2007 and currently in place. Note that cash and E-ZPass patrons are charged the same rate.

Table 1.1 Tolls on I-95/Delaware Turnpike

Vehicle Class	Tolls		Increase
	Through 9/30/07	Effective 10/1/07	
Passenger Cars (2-Axle)	$ 3.00	$ 4.00	33%
3-Axle	$ 5.00	$ 6.00	20%
4-Axle	$ 6.00	$ 7.00	17%
5-Axle	$ 8.00	$ 9.00	13%
6-Axle	$ 10.00	$ 11.00	10%
Permit	$ 10.00	$ 11.00	10%

For the full-length, 11-mile stretch from SR 141 to the Maryland line, the two-axle toll rate for cash patrons is 36 cents per mile. While this seems high, the 13-mile section of I-95 north of SR 141 is toll-free, thereby reducing the overall (24-mile) per-mile rate to 16.7 cents per mile.

Since the Delaware Turnpike section of I-95 connects directly with the Maryland section of I-95, it is useful to compare the two toll schedules. After the last revision of the I-95 Delaware Turnpike toll rates in 2007, MdTA increased truck tolls significantly at all of its tolled facilities, including I-95 in Maryland in May, 2009. Following this, a series of toll rate increases was implemented on I-95 whereby tolls for all vehicle classes were increased by 60 percent. For passenger cars, cash tolls increased in two steps from $5.00 prior to October, 2011 to $8.00 after July, 2013. Truck tolls were increased in three steps; the cash and E-ZPass rates for 5-axle trucks increasing from $30.00 to $48.00.

Tolls on I-95 in Delaware and in Maryland for autos and for the predominant long-distance five-axle trucks are compared in Table 1.2. Round-trip tolls are shown because the Maryland tolls are collected in only one direction (northbound), while the Delaware Turnpike tolls are collected in each direction.

Table 1.2 Comparative I-95 Tolls

Vehicle Class	Representative Round Trip Tolls	
	Newark Plaza (1)	Susquehanna Plaza (2)
2-Axle	$8.00	$8.00 cash/$7.20 E-ZPass (3)
5-Axle	$18.00	$48.00

Notes: (1) Tolls effective October 1, 2007, collected in each direction; round-trip tolls shown in table.
(2) Tolls effective July 1, 2013; collected northbound only, no tolls collected southbound.
(3) Commuter discount plan available for 2-axle vehicle using Maryland E-ZPass accounts for $70 for 25 trips within 45 days. At Susquehanna plaza, effective toll for round trip, collected northbound only, is $2.80.

One-way tolls have been considered at Delaware's Newark plaza and rejected, due to the network of alternative routes crossing the state line between Delaware and Maryland. There is no natural barrier between Delaware and Maryland as there is at the Susquehanna River in Maryland. A doubling of the toll at the Newark plaza in one direction could potentially induce significant traffic diversions, particularly by trucks.

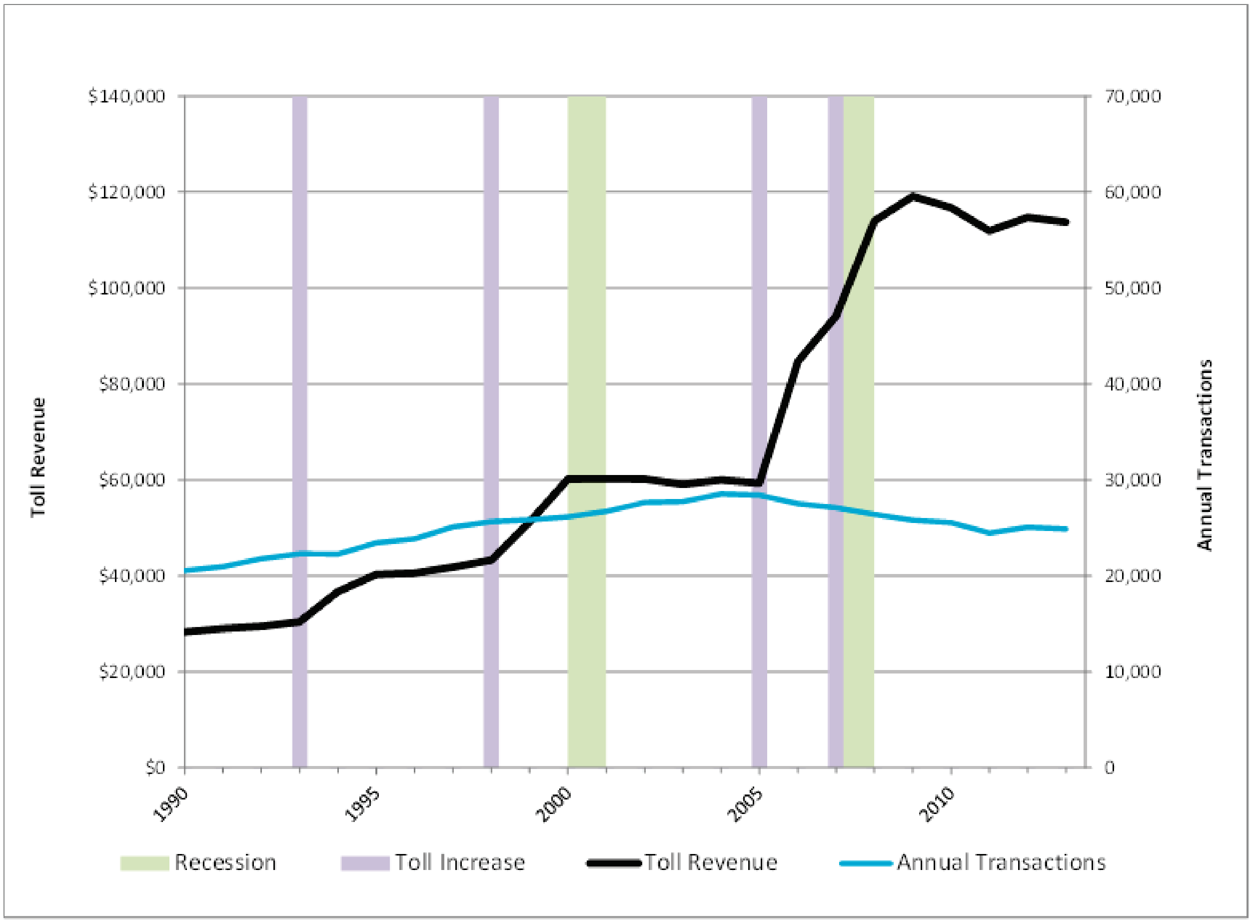
The Delaware toll facilities are members of the E-ZPass Interagency Group (IAG) which was founded in 1993 to enable customers of the member IAG agencies to use their E-ZPass tags on any E-ZPass-equipped toll facility operated by another IAG member. The IAG now encompasses 25 toll agencies in 15 states and processes over 2.4 billion toll transactions annually. There are more than 24 million E-ZPass devices in circulation. As the IAG has grown, the E-ZPass customer base has increased which has helped increase E-ZPass usage on the Delaware toll facilities.

1.2 HISTORICAL GROWTH OF TRAFFIC, TOLL REVENUE AND CONCESSION REVENUE

With the opening of the Delaware Turnpike in 1963, the Turnpike has a 51-year record at the Newark toll plaza of traffic and revenue growth. During its first 25 years of operation, traffic through the Newark plaza increased by a factor of 3.4, from 5.9 million vehicles in 1964, its first full year of operation, to 19.9 million vehicles in FY 1989. (References to *traffic* or *transactions* throughout the report are intended to mean *toll-paying traffic*.) During this same period, toll revenues collected at the Newark plaza increased by a factor of 13.7, from $1.9 million to $26.1 million, reflecting the completion of nearly all of I-95 between Maine and Florida, and the Turnpike's toll increases from $.30 (for passenger cars, higher for trucks) early in the period to $1.00 by the end of the period. Early in the period, tolls were also collected on the Turnpike ramps at SR 7, SR 273, and SR 896, but as mentioned previously, these tolls were discontinued in 1976. Commensurate with the increasing traffic over the years, concession revenues (from the two service stations and restaurant facility) increased from $690,000 in 1964 to $1,556,000 in FY 1989. (The source of all traffic and revenue data is from DelDOT Toll Operations.)

Turnpike traffic and revenue record for the period from FY 1990 through January 2014 are listed in Table 1.3 and shown graphically in Figure 1.1. From the period between 1989 and 2004, traffic, toll revenue and concession revenue continued to generally increase, despite the 25 percent toll increase (from $1.00 to $1.25 for passenger cars and other two-axle vehicles, higher for trucks) in September 1993 (FY 1994), and the increase in the passenger car cash toll from $1.25 to $2.00 in January 1999 (FY 1999). For FY 2005, traffic and revenue did decrease slightly in response to higher fuel prices in the wake of Hurricane Katrina, although concession revenue did increase. This increase was attributed to rising fuel sales.

Figure 1.1 I-95/Delaware Turnpike Traffic and Revenue, FY 1990 – 2013



Revenues for FY 2006 increased significantly due to the increased toll rates for all vehicles that went into effect on October 1, 2005 along with discontinuing the *EZ-Pass* discount for autos. Revenue increased significantly again in FY 2008 in response to the toll increase in October 2007, although the number of patrons using the facility in FY 2008 was approximately 7.0 percent less than the number of patrons in FY 2005. Similarly revenue increased in FY 2009 as a result of having the increased tolls in effect for an entire fiscal year, and transactions continued to decline in response to the toll increase and the recession. As the effects of the recession continued into FY 2010, transactions and revenue declined. Toll revenue decreased by approximately 2.0 percent from FY 2009 and the average toll rate decreased to $4.57 per transaction reflecting a lower overall share of truck transactions.

For FY 2011, traffic was 4.2 percent lower than FY 2010 and toll revenue was 4.1 percent lower in response to both the declining economy and, for the last several months of the year, the effect of higher fuel prices. Also, in November 2010, construction required closures at the Turnpike toll plaza during the Thanksgiving holiday weekend. If the estimated revenue loss of approximately $86,600 due to the closure had not occurred, the change in revenues would have been -4.0 percent for the year.

Table 1.3 I-95/Delaware Turnpike Traffic and Revenue, FY 1990 – 2014

Fiscal Year	Annual Transactions		Toll Revenue			Concession Revenue		Total Revenue
	Volume (000)	Percent Change	Amount (000)	Percent Change	Average per Vehicle	Amount (000)	Average per Vehicle	
1990	20,526	--	$ 28,316	--	$ 1.380	$ 1,567	$ 0.076	$ 29,883
1991	20,950	2.1%	$ 28,996	2.4%	$ 1.384	$ 1,545	$ 0.074	$ 30,541
1992	21,789	4.0%	$ 29,476	1.7%	$ 1.353	$ 1,669	$ 0.077	$ 31,145
1993	22,305	2.4%	$ 30,418	3.2%	$ 1.364	$ 1,842	$ 0.083	$ 32,260
1994 (1)	22,251	-0.2%	$ 36,748	20.8%	$ 1.652	$ 1,853	$ 0.083	$ 38,601
1995 (1)	23,451	5.4%	$ 40,258	9.6%	$ 1.717	$ 2,047	$ 0.087	$ 42,305
1996	23,848	1.7%	$ 40,580	0.8%	$ 1.702	$ 2,075	$ 0.087	$ 42,655
1997	25,091	5.2%	$ 41,795	3.0%	$ 1.666	$ 2,124	$ 0.085	$ 43,919
1998	25,649	2.2%	$ 43,276	3.5%	$ 1.687	$ 2,216	$ 0.086	$ 45,492
1999 (2)	25,837	0.7%	$ 51,258	18.4%	$ 1.984	$ 2,265	$ 0.088	$ 53,523
2000 (2)	26,138	1.2%	$ 60,187	17.4%	$ 2.303	$ 2,313	$ 0.088	$ 62,500
2001	26,724	2.2%	$ 60,243	0.1%	$ 2.254	$ 2,304	$ 0.086	$ 62,547
2002	27,633	3.4%	$ 60,165	-0.1%	$ 2.177	$ 2,302	$ 0.083	$ 62,467
2003 (3)	27,727	0.3%	$ 59,099	-1.8%	$ 2.131	$ 2,332	$ 0.084	$ 61,431
2004	28,553	3.0%	$ 59,986	1.5%	$ 2.101	$ 2,465	$ 0.086	$ 62,451
2005 (4)	28,411	-0.5%	$ 59,346	-1.1%	$ 2.089	$ 2,591	$ 0.091	$ 61,937
2006 (5)	27,527	-3.1%	$ 84,723	42.8%	$ 3.078	$ 2,698	$ 0.098	$ 87,421
2007	27,110	-1.5%	$ 94,195	11.2%	$ 3.475	$ 2,800	$ 0.103	$ 96,995
2008 (6)	26,410	-2.6%	$ 113,989	21.0%	$ 4.316	$ 2,499	$ 0.095	$ 116,488
2009	25,812	-2.3%	$ 119,105	4.5%	$ 4.614	$ 2,408	$ 0.093	$ 121,513
2010	25,542	-1.0%	$ 116,727	-2.0%	$ 4.570	$ 2,161	$ 0.085	$ 118,888
2011	24,460	-4.2%	$ 111,932	-4.1%	$ 4.576	$ 1,782	$ 0.073	$ 113,714
2012	25,079	2.5%	$ 114,729	2.5%	$ 4.575	$ 2,024	$ 0.081	$ 116,753
2013	24,858	-0.9%	$ 113,769	-0.8%	$ 4.577	$ 2,377	$ 0.096	$ 116,146
July - January								
2013	14,679		$ 67,054		$ 4.568	$ 1,373	$ 0.094	$ 68,427
2014	14,815	0.9%	$ 67,525	0.7%	$ 4.558	$ 1,460	$ 0.099	$ 68,985

Notes: (1) Toll increase September, 1993, impact reflected in FY 1993 and FY 1994.
(2) Toll increase January, 1999, impact reflected in FY 1999 and FY 2000.
(3) Growth affected by severe winter weather.
(4) Growth affected by increased fuel prices.
(5) Toll increase October, 2005 impact reflected in FY 2006.
(6) Toll increase October,2007 and increased fuel prices reflected in FY 2008.

In FY 2012, both passenger cars and commercial vehicles were 2.5 percent higher than FY 2011 showing some recovery from the recession. Higher volumes in January 2012 were the result of improved weather compared to heavy snow and cold weather in 2011. Also, 2012 was a leap year and monthly transactions for February showed an increase over 2011 due to the additional day.

For FY 2013, traffic decreased 0.9 percent; however, a year over year comparison of monthly data provides mixed results in terms of change in transactions. Factors that could influence this are:

- In the aftermath of Superstorm Sandy at the end of October, 2012, traffic volumes were reduced all along the East Coast in October and November. Toll collection was suspended at the Newark plaza from 10:15 am on Monday, October 29th through noon Tuesday, October 30th;
- Traffic volumes were less in February, 2013 when compared to the previous year due to the extra leap year day in February, 2012;
- July 4th fell on a Wednesday in 2012 and part of the weekend holiday traffic was in June; therefore, traffic in July, 2012, the first month in FY 2013, was less than the previous year; and
- Easter fell in April, 2012 and in March, 2013 resulting in higher traffic volumes in March FY 2013 and lower volumes in April 2013 when compared to the previous year. When added together, the number of transactions for this two-month period is approximately the same.

For the first seven months of FY 2014, traffic volumes are 0.9 percent higher that FY 2013. Traffic increased in FY 2014 due to the gradually improving economy and the recovery from Superstorm Sandy in October and November. This growth was partially offset by the severe winter weather conditions in January 2014.

The final set of columns in Table 1.3 includes concession revenues earned from the fuel sales and sales of convenience items as well as the restaurant operated by Marriott at the previous service plaza. Due to its location midway between New York and Washington, the Delaware Turnpike service plaza is one of the busiest, if not the busiest, turnpike service plaza in the Northeast Corridor.

In recent years the revenue from concessions has varied due to the change in travel resulting from the increased fuel prices and the impacts of the recession and weak recovery, as well as the period when the service plaza was reconstructed. Note that the reduced concession revenue for FY 2010 includes primarily temporary rent payments made during reconstruction of the service plaza between Labor Day 2009 and June, 2010. Concession revenue in FY 2011 was approximately 17 percent less than the previous year due to two factors: first, the 4.2 percent reduction in traffic and second, the low transaction rate per vehicle. In FY 2012, the rate per vehicle rebounded and concession revenue increased 13.6 percent over FY 2011. This trend continued in FY 2013 and the first seven months of FY 2014, with the rate per vehicle at $0.099.

Over the last several years traffic on the I-95/Delaware Turnpike has been fluctuating in response to economic contraction, volatile fuel prices and severe weather events. Using the monthly data provided by the Delaware Department of Transportation (DelDOT), a monthly comparison of transactions by vehicle type was prepared for FY 2012, FY 2013 and FY 2014 through January to determine if the current data provide an indication of recent overall travel patterns. The comparison is provided in Table 1.4.

Since 2-axle vehicles account for more than 85 percent of total transactions on the I-95/Delaware Turnpike, the trend for passenger cars is similar to the trend for total transactions noted above. Passenger car growth for fiscal years 2013 and 2014 has been uneven due to Superstorm Sandy in October, 2012 and other unusual weather events; the extra leap year day in 2012; and the number of weekdays, weekend days and holidays in individual months.

Commercial vehicle transactions have shown an uneven growth trend. There has been little improvement since FY 2012 when volumes were 2.5 percent greater than FY 2011. For FY 2013, transactions for the full year were 0.4 percent less than FY 2012. There was no distinct pattern for the year with monthly variations ranging from -8.3 percent in September to +7.7 percent in November. Performance in FY 2014 has fluctuated and traffic volumes for the first seven months are 0.8 percent lower than FY 2013; however, again there is no distinct monthly pattern. These patterns indicate that economic conditions are improving but are not yet stable, with conditions varying on a short term basis.

Table 1.4 I-95/Delaware Turnpike, Transaction Changes, FY 2012 - FY 2014

Month	Passenger Cars				
	FY 2012	Percent Change	FY 2013	Percent Change	FY 2014
July	2,252,847	-2.7%	2,191,714	-1.0%	2,170,380
August	2,044,745	8.7%	2,222,723	4.5%	2,323,831
September	1,718,033	1.4%	1,741,777	-1.1%	1,722,042
October	1,766,279	-8.6%	1,615,250	4.5%	1,688,017
November	1,823,443	-4.5%	1,741,246	2.4%	1,782,951
December	1,829,931	0.6%	1,841,133	1.3%	1,864,159
January	1,445,933	-1.3%	1,426,546	-3.2%	1,381,352
February	1,387,542	-7.7%	1,280,881		
March	1,651,652	9.8%	1,812,741		
April	1,917,648	-8.9%	1,746,223		
May	1,928,896	2.2%	1,970,796		
June	2,033,160	-1.7%	1,999,578		
Total Year	21,800,109	-1.0%	21,590,608		
Jul - Jan			12,780,389	1.2%	12,932,732

Month	Commercial Vehicles				
	FY 2012	Percent Change	FY 2013	Percent Change	FY 2014
July	270,522	2.5%	277,287	1.7%	281,919
August	287,991	-0.9%	285,353	-0.6%	283,721
September	280,412	-8.3%	257,065	3.3%	265,469
October	280,730	-3.2%	271,818	5.6%	286,917
November	269,017	7.7%	289,781	-10.0%	260,789
December	261,766	-3.4%	252,853	1.0%	255,371
January	250,968	5.3%	264,313	-6.0%	248,461
February	247,237	-3.3%	239,199		
March	279,972	-0.8%	277,713		
April	274,030	2.7%	281,388		
May	294,549	-0.1%	294,247		
June	282,120	-2.0%	276,501		
Total Year	3,279,314	-0.4%	3,267,518		
Jul - Jan			1,898,470	-0.8%	1,882,647

1.3 TRAFFIC CHARACTERISTICS

Traffic on the I-95/Delaware Turnpike is characterized by method of toll payment (cash, E-ZPass), type of vehicle (auto, truck) and monthly traffic patterns.

1.3.1 Toll Payment Method

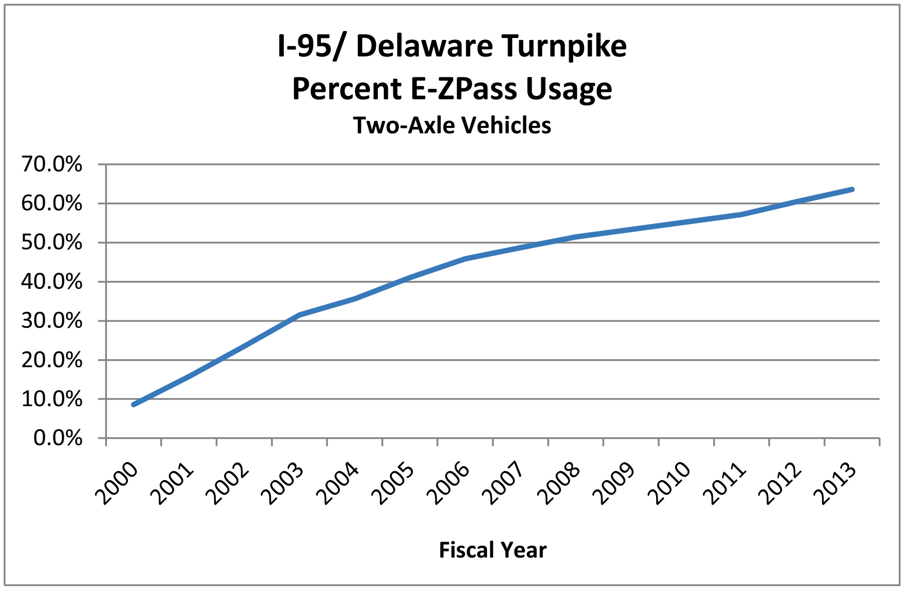
Transactions for two-axle vehicles by payment type (cash versus E-ZPass) since FY 2000, the first full year following the implementation of E-ZPass on the Turnpike in January 1999, are listed in Table 1.5 and shown graphically in Figure 1.2. Only the two-axle/E-ZPass users were eligible for the E-ZPass discount ($1.25 E-ZPass versus $2.00 cash) between January 1999 and September 30, 2005. The table indicates that the two-axle E-ZPass market share consistently increased during the six years when a deep discount was offered on the Delaware Turnpike, reaching the 41 percent level in FY 2005.

E-ZPass usage has continued to increase although at a slower rate than the period to when the discount was in place. Part of this increase can be attributed to the regional aspect of E-ZPass convenience and cost savings in the Northeast Corridor, where other toll road operators have offered a discount for E-ZPass users and have introduced All Electronic Toll (AET) collection. As a result of these programs and improvements, E-ZPass exceeds 80 percent on some facilities in the New York metropolitan area. For the first seven months of FY 2014, 65 percent of the two-axle transactions on the I-95/Delaware Turnpike were by E-ZPass.

Table 1.5 I-95/Delaware Turnpike E-ZPass Usage by Passenger Cars FY 2000 – 2014

Fiscal	Two-Axle Transactions (000)			Percent
Year	Cash	E-ZPass	Total	E-ZPass
2000	20,306	1,907	22,213	8.6%
2001	19,057	3,568	22,625	15.8%
2002	18,297	5,615	23,912	23.5%
2003	16,524	7,589	24,113	31.5%
2004	15,965	8,841	24,806	35.6%
2005	14,434	10,061	24,495	41.1%
2006	12,786	10,835	23,621	45.9%
2007	11,908	11,294	23,202	48.7%
2008	10,960	11,590	22,550	51.4%
2009	10,378	11,858	22,236	53.3%
2010	9,949	12,291	22,240	55.3%
2011	9,102	12,159	21,261	57.2%
2012	8,619	13,181	21,800	60.5%
2013	7,868	13,723	21,591	63.6%
July - January				
2013	4,778	8,003	12,781	62.6%
2014	4,530	8,403	12,933	65.0%

Figure 1.2 I-95/Delaware Turnpike Passenger Cars E-ZPass Usage FY 2000 – 2013



Commercial vehicles have a higher level of E-ZPass use, reaching 84 percent for the first seven months of FY 2014. This is due to the increased accountability available by using E-ZPass instead of cash and also the ease of usage. In addition to the acceptance of E-ZPass toll payment on toll facilities throughout the Northeast and Midwest states, many facilities have introduced AET. The level of E-ZPass usage by commercial vehicles for FY 2010 to date is shown in Table 1.6.

Table 1.6 I-95/Delaware Turnpike E-ZPass Usage by Commercial Vehicles FY 2010 - 2014

Fiscal	Commercial Vehicle Transactions (000)			Percent
Year	Cash	E-ZPass	Total	E-ZPass
2010	784	2,519	3,303	76.3%
2011	708	2,491	3,199	77.9%
2012	638	2,642	3,280	80.5%
2013	588	2,680	3,268	82.0%
July - January				
2013	344	1,554	1,898	81.9%
2014	298	1,584	1,882	84.2%

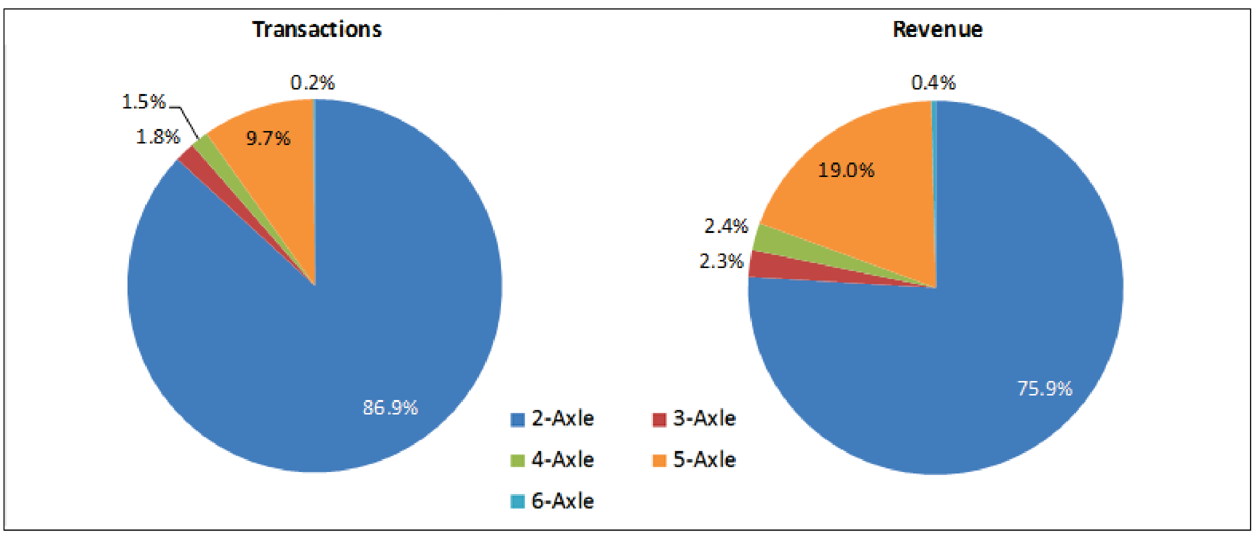
1.3.2 Vehicle Types

Traffic and revenue results for FY 2013 by vehicle toll classification are summarized in Table 1.7 and shown graphically in Figure 1.3. While two-axle vehicles are 86.9 percent of total transactions, they are only 75.9 percent of toll revenue. The second highest toll classification category is five-axle vehicles which account for almost 10 percent of transactions and 19 percent of toll revenue. The remaining commercial vehicle categories account for 3.5 percent of transactions and 5.1 percent of toll revenue.

Table 1.7 I-95/Delaware Turnpike Traffic and Revenue by Toll Classification, FY 2013

Vehicle Class	Transactions		Toll	Toll Revenue	
	Volume (000)	Percent of Total		Amount (000)	Percent of Total
2-Axle	21,591	86.9%	$ 4.00	$ 86,364	75.9%
3-Axle	439	1.8%	$ 6.00	$ 2,634	2.3%
4-Axle	384	1.5%	$ 7.00	$ 2,688	2.4%
5-Axle	2,403	9.7%	$ 9.00	$ 21,627	19.0%
6-Axle	38	0.2%	$ 11.00	$ 420	0.4%
Permit	4	0.0%	$ 11.00	$ 39	0.0%
Total	24,859	100.0%		$ 113,772	100.0%

Figure 1.3 I-95/Delaware Turnpike Traffic and Revenue by Vehicle Class, FY 2013



1.3.3 Monthly Traffic Patterns

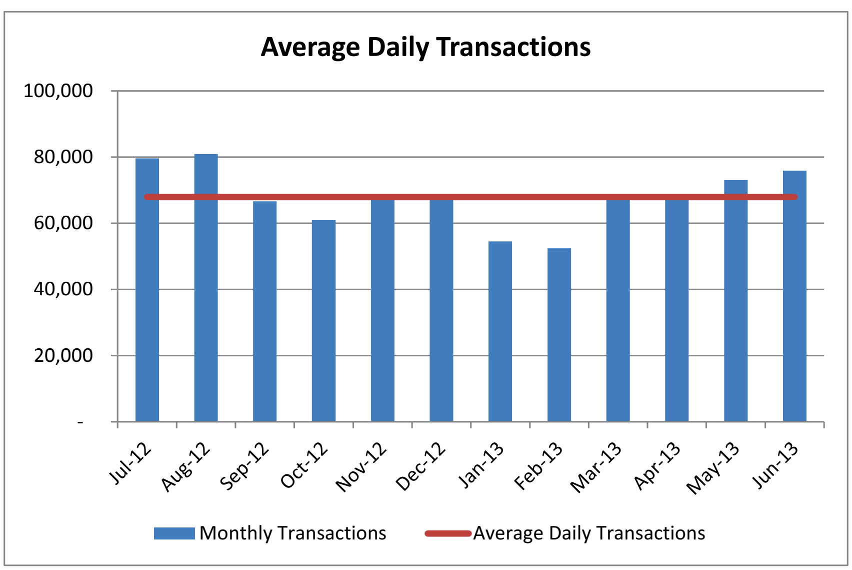
Monthly average daily toll transactions ranged from 23 percent below the Average Annual Daily Traffic (AADT) volumes in February to 19 per cent above the average in August. The February data reflect the winter conditions while July and August traditionally have the highest traffic volumes due to the influences of recreational travel in the Northeast Corridor. October traffic was below normal as a result of Superstorm Sandy which had an impact on travel in Delaware and other east coast states. The effects of

Sandy were also apparent in November which normally has a noticeable spike in traffic resulting from Thanksgiving weekend travel, and consistently has been the highest traffic period on the Turnpike. December results reflect additional traffic associated with the Christmas/New Year holiday period. As expected, January and February have the lowest travel levels due to the inclement weather common at this time of the year. Traffic volumes in April were closest to AADT. Monthly variations in traffic at the Newark Plaza are presented in Table 1.8 and shown graphically in Figure 1.4.

Table 1.8 I-95/Delaware Turnpike Monthly Traffic, FY 2013

Month	Monthly Transactions		Average Daily Transactions	
	Volume (000)	Percent of Year	Volume	Ratio to Annual Average Daily Transactions
Jul-12	2,469	9.9%	79,645	1.17
Aug-12	2,508	10.1%	80,906	1.19
Sep-12	1,998	8.0%	66,602	0.98
Oct-12	1,888	7.6%	60,898	0.90
Nov-12	2,031	8.2%	67,701	1.00
Dec-12	2,094	8.4%	67,548	0.99
Jan-13	1,691	6.8%	54,544	0.80
Feb-13	1,520	6.1%	52,417	0.77
Mar-13	2,090	8.4%	67,434	0.99
Apr-13	2,028	8.2%	67,587	1.00
May-13	2,265	9.1%	73,066	1.08
Jun-13	2,276	9.2%	75,869	1.12
Year	24,858	100.0%	67,918	1.00

Figure 1.4 I-95/Delaware Turnpike Monthly Traffic, FY 2013



1.4 FACTORS AFFECTING TRAFFIC GROWTH

As an established route within an established region, the factors affecting Delaware Turnpike traffic growth during the forecast period through 2020 were considered to be the expected population trends and forecasts in the Northeast Corridor and their relationship to traffic growth; coupled with the effects of on-going weakness in economic conditions. In addition, price of gasoline and highway improvements in the regional transportation network were also considered.

1.4.1 Northeast Corridor Population

With the Delaware Turnpike serving as a central link in I-95 between Washington and New York, the population of the five states and District of Columbia provide the base from which most of the traffic passing through the Newark Plaza is generated. Table 1.9 lists the historical and projected population for this region.

Table 1.9 Northeast Corridor Population

Year	Population (000)							Average Annual Growth Rate
	DC	MD	DE	PA	NJ	NY	Total	
1980	638	4,217	594	11,864	7,365	17,558	42,236	-
1990	604	4,781	665	11,895	7,740	17,990	43,675	0.3%
2000	572	5,311	786	12,286	8,431	18,976	46,362	0.6%
2005	582	5,583	838	12,418	8,622	19,336	47,379	0.4%
2010	602	5,774	898	12,702	8,792	19,378	48,146	0.3%
2015	654	5,962	952	12,706	9,024	19,547	48,845	0.3%
2020	676	6,216	996	12,872	9,242	19,697	49,699	0.3%
2025	702	6,428	1,032	13,031	9,446	19,787	50,426	0.3%
2030	723	6,612	1,060	13,190	9,648	19,795	51,028	0.2%

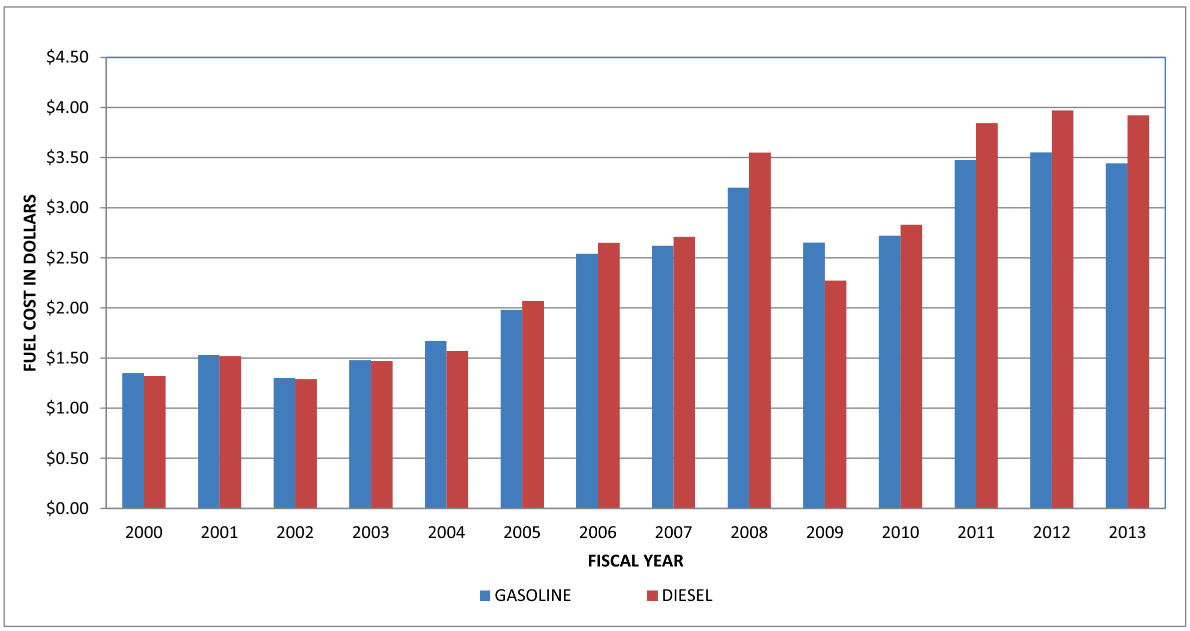
Source: Delaware Population Consortium, State of Maryland, Metropolitan Washington Council of Governments, State of New Jersey, Cornell University

The values in Table 1.9 include the historical population values from the Census Bureau for years up to and including 2010. The forecasted growth for these regions is provided by the Census Bureau and state and Metropolitan Planning Organization (MPO) sources. As expected, the relatively low level of annual growth reflects the extensive existing development of the regions served by the Delaware Turnpike. The compounded average growth rate of the corridor population from 1990 to 2010 is 0.5 percent per year, while the compounded growth rate for Delaware is approximately 1.5 percent. Population in the region is estimated to grow at an average annual rate of 0.3 percent through 2025, which includes the period of the traffic and revenue forecasts included in this report.

1.4.2 Fuel Prices and Vehicle Miles of Travel

Over the last several years, the cost of fuel and the recession have had significant impacts on the travel characteristics not only in the Delaware Turnpike corridor, but across the nation. As shown in Figure 1.5, the cost of gasoline and diesel fuel increased by approximately 135 percent and 166.5 respectively over the 9-year period from FY 2000-2008, reflecting the impact of Hurricane Katrina in FY 2005, while the increases through FY 2008 reflected strong worldwide demand, particularly in developing nations. In FY 2009, the price of fuel declined as the impact of the recession slowed the demand for travel and reduced fuel consumption. Since FY 2010, recovery from the global recession has increased demand for fuel and the corresponding cost, though the cost has been relatively stable over the past three years.

Figure 1.5 Fuel Cost Trends



Source: U.S. Energy Information Agency

In July, 2008, the average price of gasoline was the highest recorded of $4.143 per gallon on the east coast of the U.S. Prices then dropped in the second half of 2008, remaining steady through 2009 and increasing through 2010. In May, 2011, the next peak, prices were $4.02 per gallon on the east coast. As of March 3, 2014, the U.S. Energy Information Administration reports that the price of gasoline averaged $3.48 per gallon nationally, and $3.57 in the Central Atlantic states.

Factors contributing to changes in the price and availability of gasoline are both upward and downward and each has an unknown element that contributes to uncertainty. These factors include:

- Dependency on imported crude oil - U.S. dependency on imported fuel has decreased as a result of continued domestic development of light oil and increased development of offshore resources in the Gulf of Mexico. The U.S. Energy Information Administration (EIA) of the Department of Energy anticipates that, by 2020, domestic crude oil production will be at the high levels previously seen in 1994;

- Use of substitute fuels – The use of biofuels has increased in the US, thus reducing the need for gasoline;

- Level of demand – Domestic economic recovery is expected to be the slowest growth of any recovery since 1960 and, while the total energy consumption is estimated to increase over the next 25 years, per capita consumption is expected to decrease, according to EIA. The slowing of domestic demand should result in lower prices; however, this may be offset by increased demand overseas as world economic conditions improve;

- The political situation in oil-producing countries creates tension and uncertainty. Economists say these are partially reflected in current oil prices; and

- Motor vehicle fuel efficiency – The adjusted composite model year 2012 fuel economy of 23.6 miles per gallon (mpg) was the highest level of fuel efficiency since the US Environmental Protection Agency (EPA) began its analysis of light-duty automotive vehicles in 1975. Preliminary 2013 fuel efficiency results indicate a further 0.4 mpg increase in fuel economy. In April 2010, the National Highway Traffic Safety Administration and the EPA raised the fleet wide federal Corporate Average Fuel Economy (CAFE) requirements to 34.1 mpg for 2016, which is an average of passenger cars (37.8 mpg) and light trucks (28.8 mpg).

In the near term, the Energy Information Agency (EIA), in the February, 2014 Short-Term Energy Outlook, indicates that the price of regular grade gasoline will average about $3.44 in 2014, decreasing to $3.37 in 2015. It is assumed that the on-going increases of fuel economy will help offset the periodic spikes in fuel prices that will occur sporadically during the forecast period out to 2020.

Sharp increases in the price of gasoline in 2008 and 2011 resulted in decreases in Vehicle Miles of Travel (VMT) in the US and in the region served by the I-95/Delaware Turnpike. Data from the U.S. Federal Highway Administration shown in Table 1.10 indicate that VMT on a national level decreased 2.5 percent between 2007 and 2008 and 2.2 percent between 2010 and 2011. Similar patterns can be seen in data for Delaware and the neighboring states of New Jersey, Pennsylvania and Maryland. VMT in Delaware decreased from a high of 9.5 billion miles in 2006 down to 8.9 billion in 2011. Since then, travel has increased, reaching an annual level of 9.2 billion in 2013.

Table 1.10 Vehicle Miles of Travel in U.S. and States Served by I-95/Delaware Turnpike

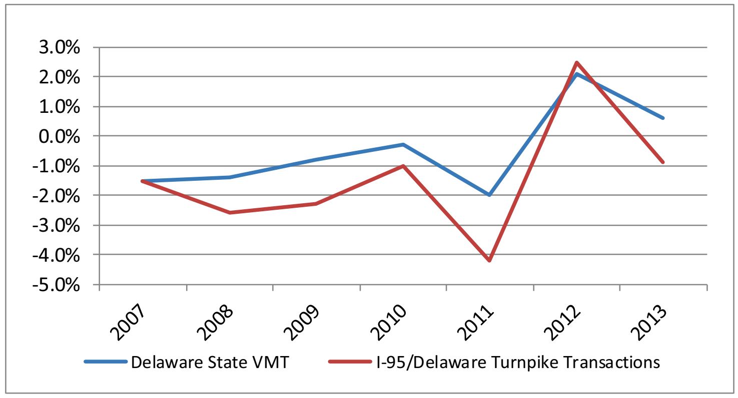
Annual VMT (000)					
Year	US	NJ	DE	PA	MD
2006	2,999,349	73,966	9,486	108,431	56,215
2007	3,003,410	74,369	9,344	106,847	56,012
2008	2,927,641	73,459	9,214	107,876	54,833
2009	2,979,599	73,515	9,143	106,659	55,281
2010	2,996,295	73,538	9,118	104,217	55,597
2011	2,931,080	71,944	8,936	100,235	55,990
2012	2,954,205	73,864	9,125	99,318	56,280
2013	2,972,233	73,786	9,180	98,978	56,414
Percent Change over Previous Year					
2007	0.1%	0.5%	-1.5%	-1.5%	-0.4%
2008	-2.5%	-1.2%	-1.4%	1.0%	-2.1%
2009	1.8%	0.1%	-0.8%	-1.1%	0.8%
2010	0.6%	0.0%	-0.3%	-2.3%	0.6%
2011	-2.2%	-2.2%	-2.0%	-3.8%	0.7%
2012	0.8%	2.7%	2.1%	-0.9%	0.5%
2013	0.6%	-0.1%	0.6%	-0.3%	0.2%

Source: US Federal Highway Administration.

The percent change for Delaware VMT and I-95/Delaware Turnpike transactions are shown in Figure 1.6. As shown in the graph, the patterns of change are similar, even though the data sets are off by six months since the VMT data are on a calendar year basis while the Turnpike data are reported for the fiscal year. Also, the effect of the October, 2007 toll increase can be seen in the decrease in Turnpike transactions for FY 2008. Despite these differences, the comparison does indicate that the growth trend for Turnpike traffic follows the general travel pattern for the State.

Figure 1.6 Comparison of Changes in VMT in Delaware and I-95/Delaware Turnpike Transactions

Year*	Percent Change over Previous Year	
	Delaware State VMT	I-95/Delaware Turnpike Transactions
2007	-1.5%	-1.5%
2008	-1.4%	-2.6%
2009	-0.8%	-2.3%
2010	-0.3%	-1.0%
2011	-2.0%	-4.2%
2012	2.1%	2.5%
2013	0.6%	-0.9%



* Fiscal Year for I-95/Delaware Turnpike data and Calendar Year for VMT.
Sources: Delaware Department of Transportation and U.S. Federal Highway Administration.

1.4.3 Highway Network Improvements

As for the existing roadway network, the local toll-free routes that are parallel to the Delaware Turnpike in the Newark area (SR 4, Old Baltimore Pike and US 40) have existed for many years, so the traffic patterns and toll impacts are well established and are an accomplished fact. The traffic regulations restricting through trucks over nine tons from using SR 4 or Old Baltimore Pike (west of SR 896, in the vicinity of the Turnpike's Newark plaza) have been in place for more than 20 years and are well enforced.

Similarly, on a more regional basis, SR 896 south into US 301, and from there to the Chesapeake Bay Bridge, was (except for a 10-mile section north and west of Middletown, Delaware) upgraded to a four-lane, at-grade facility with good control of access; but, here again, this is an established route with established traffic patterns vis-a-vis the Delaware Turnpike. US 301 has been improved from SR 299 in Middletown southward to Levels Road just to the east of the Maryland state line, but the remaining sections above and below this localized improvement remain as two-lane roadways providing some restriction on travel flow through Middletown.

Within this corridor, DelDOT has conducted planning studies and feasibility analysis for a connecting toll road that would link I-95 and US 301 in Maryland using a portion of the SR 1 Toll Road as part of the proposed alignment. This planned facility, the US 301 Mainline Toll Road, has not been approved or fully funded by DelDOT and there is no certainty in terms of its final configuration, tolling plan and completion. If the US 301 Mainline Toll Road is approved and constructed, the earliest completion is currently set for January 1, 2018. Contingent on the toll plan and anticipated time savings of the US 301 Mainline Toll Road, it could be expected to divert a minimal amount of traffic from the Newark plaza. Since the project is not yet a committed improvement and will require bond financing to implement, the impacts of the completion of the US 301 Toll Road on the Newark Plaza are not included in the forecasts presented in this report. DelDOT will update these forecasts in the coming years to reflect any decisions made regarding the completion year and final configuration and tolling plan of the US301 Mainline Toll Road.

DelDOT has been implementing a series of major improvements to I-95/Delaware Turnpike. Projects completed to date include widening between the SR 1 interchange and the I-95/I-295 junction and the conversion of the Newark toll plaza to include two high-speed E-ZPass lanes in each direction. Projects currently under construction include the reconfiguring of the I-95/SR 1 interchange at the Christiana Mall (anticipated completion fall 2014);improvements to the SR 141/I-95 interchange (currently anticipated to be completed by the end of 2018); and rehabilitation of the Newport Viaduct at SR 141 (anticipated completion fall 2014). Further north, two additional projects on I-95 northeast of the I-95/Delaware Turnpike are the US 202/I-95 interchange (improvements anticipated to be completed fall 2014) and the Carr Road/Marsh Road/I-95 ramps (scheduled to be completed by 2018).

1.5 TRAFFIC AND REVENUE FORECAST, FY 2014 – 2020

Using the growth rate trends described previously along with anticipated future economic conditions, Stantec developed the forecast of Turnpike traffic, toll revenue and concession revenue through FY 2020, as presented in Table 1.11.

Table 1.11 I-95/Delaware Turnpike Traffic and Revenue Forecast, FY 2014 – 2020

Fiscal Year	Annual Transactions		Toll Revenue		Concession Revenue		Total Revenue	
	Volume (000)	Percent Change (1)	Amount (000)	Average per Vehicle (2)	Amount (000)	Average per Vehicle (2)	Amount (000)	Percent Change
2013(3)	24,858		$ 113,769	$ 4.577	$ 2,377	$ 0.096	$ 116,146	
2014 (4)	24,994	0.5%	$ 114,240	$ 4.571	$ 2,464	$ 0.099	$ 116,704	0.5%
2015	25,145	0.6%	$ 114,928	$ 4.571	$ 2,479	$ 0.099	$ 117,407	0.6%
2016	25,296	0.6%	$ 115,621	$ 4.571	$ 2,494	$ 0.099	$ 118,115	0.6%
2017	25,448	0.6%	$ 116,317	$ 4.571	$ 2,509	$ 0.099	$ 118,826	0.6%
2018	25,602	0.6%	$ 117,018	$ 4.571	$ 2,524	$ 0.099	$ 119,542	0.6%
2019	25,756	0.6%	$ 117,723	$ 4.571	$ 2,539	$ 0.099	$ 120,262	0.6%
2020	25,911	0.6%	$ 118,432	$ 4.571	$ 2,554	$ 0.099	$ 120,986	0.6%

Notes: (1) Based on historical relationship between transaction growth and population growth applied to projected regional population growth.

(2) Rate per vehicle for FY 2015 through FY 2020 estimated to be same as rate for first seven months of FY 2014.

(3) Actual.

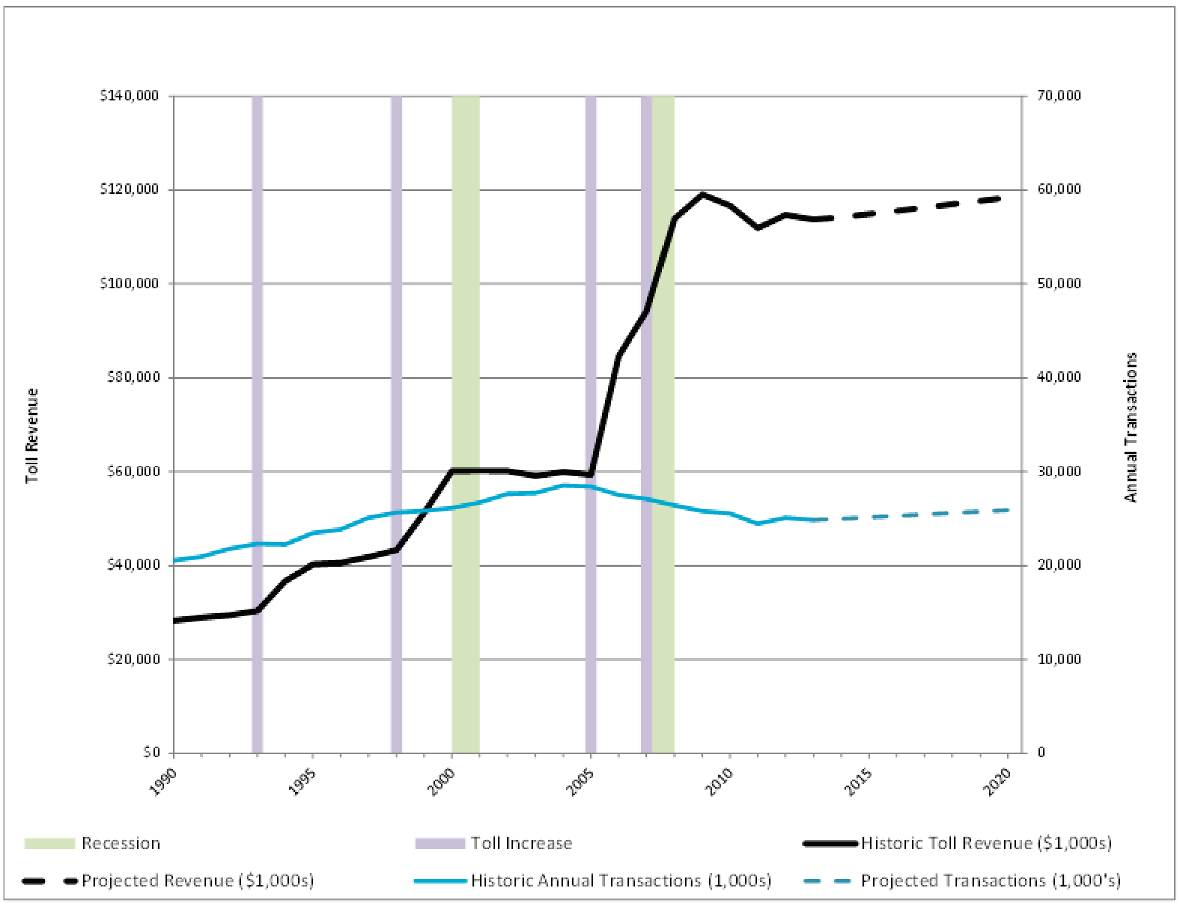
(4) Last five months of FY 2014 estimated to be at the same level as last five months of FY 2013.

Transactions for FY 2014 are estimated to increase at 0.5 percent. This is based on the actual results for the first seven months of FY 2014 plus the last five months of FY 2014 estimated to be the same level as FY 2013. This estimate for the remainder of the fiscal year reflects the month-to-month volatility demonstrated in FY 2013 and FY 2014 and the uncertainty regarding economic conditions. For the forecast beyond FY 2014, I-95/Delaware Turnpike traffic was estimated based on the historical relationship between the historical Turnpike traffic growth and population growth. Between 1990 and 2013, population in the region served by the Turnpike increased at an average annual rate of 0.46 percent. During the same time period, Turnpike transactions increased at an average annual rate of 0.84 percent. Using these data, a general growth trend relating corridor population growth to transaction growth was established. Dividing the transaction growth rate (0.84 percent) by the population growth rate (0.46

percent) yields a factor of 1.81. Applying that factor to the expected population growth rate of 0.33 percent yields an expected transaction growth of approximately 0.6 percent annually for the period 2015 through 2020.

The toll forecast is based on the continuation of the toll schedule implemented on October 1, 2007 throughout the forecast period. The average toll rate per transaction was derived from the revenue and transaction values for the first seven months of FY 2014. Historical and projected transactions and toll revenue are shown in Figure 1.7. Note that the concession revenue is based on the estimated traffic volumes and a rate per vehicle of 9.9 cents per vehicle, the same value as the rate for the first seven months of FY 2014.

Figure 1.7 Historical and Projected I-95/Delaware Turnpike Transactions and Toll Revenue



2.0 SR 1 TOLL ROAD

The SR 1 Corridor extends approximately 100 miles, nearly the full length of the state, from the I-95/Delaware Turnpike in New Castle County southward to the Maryland state line (at Fenwick Island in Sussex County) on the approach to Ocean City. Within the corridor, SR 1 Toll Road has three distinct components:

- The six-mile freeway section from the Delaware Turnpike to the junction with the US 13 at Tybouts;
- The 41-mile toll road section from Tybouts to the junction with US 113 south of Dover Air Force Base; and
- The approximately 50-mile at-grade divided arterial section (except for the freeway by-pass of Milford) from Dover AFB to the Maryland line.

It is the middle segment that is the SR 1 Toll Road.

2.1 TRANSPORTATION INFRASTRUCTURE IN DELAWARE'S NORTH-SOUTH CORRIDOR

Until the openings of the freeway and toll road sections between the Turnpike and Dover, US 13 was essentially the only direct arterial route down the middle of the state (straight through the congested portions of Odessa, Smyrna and Dover), serving both inter-city traffic and local traffic within each community. There was only limited right-of-way to significantly increase the capacity of SR 13, and levels of service were already intolerable, especially on summer weekends. The solution was a new expressway on separate right-of-way, with toll financing for the middle section. This section, the SR 1 Toll Road, is the highway "spine" of the north-south corridor. It consists of two lanes in each direction with room for expansion to three lanes in each direction.

The SR 1 Toll Road, from Tybouts to US 113 south of Dover AFB, was constructed in stages over a period of 10 years:

- The first (southern) section opened to traffic was the 17 miles from US 13 north of Smyrna to US 113 south of Dover, in December 1993. This section, which provides a bypass of both Dover and Smyrna, contains one main-line toll plaza (the Dover plaza) and tolls on the northerly interchange ramps at Denneys Road (Dover-north) and Smyrna-south.

- The next (northern) section that was opened, in December 1995, was the five miles from the existing freeway section at Tybouts, over the Chesapeake and Delaware (C&D) Canal to a temporary tie-in to US 13 (at that time) south of the canal. No tolls were collected on this section of the SR 1 Toll Road while the temporary tie-in was still in operation.

- The two-mile extension from the temporary southern terminus south of Dover (north of Dover AFB) to south of Dover AFB was opened to traffic in January 1999. No additional tolls are collected in this section, because traffic on the extension funnels through the Dover plaza.

- The northern section of the SR 1 Toll Road was extended another nine miles in November 1999, from just south of the C&D Canal, bypassing Odessa and tying back into US 13 south of Odessa. This section has a main-line toll plaza (the Biddles plaza) two miles south of the canal and tolls on the southerly interchange ramps at SR 896 (Boyds Corner). West of Odessa (on the bypass), an interchange is provided at SR 299, where the southerly ramps are currently toll-free. A toll-free outlet is provided just south of the canal (as was provided previously via the tie-in to US 13) at Road 412, allowing motorists to use the canal bridge without paying a toll; the Biddles plaza is located south of Road 412. (The Road 412 ramps are also known as the Scott Run ramps.)

- The Puncheon Run Connector, a two-mile spur connecting SR 1 with US 13 south of Dover, was opened to traffic in December 2000. While there is no toll collection on the spur itself, the Connector has induced greater usage of SR 1 Toll Road through the Dover plaza.

- The last section, the seven-mile gap between Smyrna-north and Odessa-south, was opened in May 2003, completing the 41-mile toll road.

The SR 1 Toll Road, as mentioned previously, provides the key link in Delaware's north-south corridor, with some 15 interchanges serving local as well as through travel between Tybouts and Dover. US 13 remains available for local traffic within and between the cities that are bypassed by SR 1. However, it is estimated that, since US 13 is the main arterial street through Dover, Smyrna, and Odessa, with its shopping malls and strip development, most of the traffic growth in the corridor has and will occur on SR 1.

The north-south corridor is also served, marginally, by three other routes that cross the C&D Canal: SR 9 to the east; SR 896-71/US 301 (via the Summit Bridge) to the west; and SR 213 in Maryland. None of these routes is a significant competitor to SR 1; in fact, SR 71 merges back into US 13 at Blackbird, midway between Odessa and Smyrna.

2.2 TOLL COLLECTION

The barrier/ramp setup on the SR 1 Toll Road includes a combination of two mainline plazas—Biddles near the north end and Dover near the south end; and three sets of ramp tolls in between the two main-line plazas— SR 896/Boyds Corner (to/from south); Smyrna/south (to/from north); and Denneys Road/north Dover (to/from north). Tolls are collected in each direction at each of these locations. With the implementation of E-ZPass on the SR 1 Toll Road in April 1999, DelDOT established a system that allows for the per-mile tolling of E-ZPass users through transponder detection at all entry/exit points instead of only at the toll plaza/toll ramp location.

Under the current toll plan implemented in 2007, the tolls for cash and E-ZPass transactions are the same as the previous level. At the mainline Biddles and Dover toll plazas, tolls on weekends (7 PM Friday to 11 PM Sunday) are $1.00 higher than weekday tolls.

The Frequent Traveler toll discount program provides a 50 percent discount off the cash tolls for two-axle vehicles using E-ZPass on SR 1 Toll Road for 30 or more trips during a 30-day period. A trip is defined in which a toll is charged against a customer's account, regardless of entry and exit. These adjustments are made through the toll calculation process at the Customer Service Center. The frequency-of-use provision only applies to non-commercial two-axle vehicles.

The commercial vehicle E-ZPass program provides a 25 percent discount for vehicles of three or more axles without having to make a minimum number of trips. The discounted tolls for passenger cars and trucks are available during weekends.

The current tolls at the five toll locations are listed in Table 2.1.

Table 2.1 SR1 Toll Rates

Vehicle Class	Mainline Plazas (Biddles and Dover)			Ramp Plazas			
	Through 9/30/07	Effective 10/1/07		Boyds and Denneys		South Smyrna	
		Weekday (1)	Weekend (2)	Through 9/30/07	Effective 10/1/07	Through 9/30/07	Effective 10/1/07
2-Axle (3)	$ 1.00	$ 1.00	$ 2.00	$ 0.50	$ 0.50	$ 0.25	$ 0.25
3-Axle (4)	$ 2.00	$ 3.00	$ 4.00	$ 1.00	$ 1.50	$ 0.50	$ 0.75
4-Axle (4)	$ 3.00	$ 4.00	$ 5.00	$ 1.50	$ 2.00	$ 0.70	$ 1.00
5-Axle (4)	$ 4.00	$ 5.00	$ 6.00	$ 2.00	$ 2.50	$ 1.00	$ 1.25
6-Axle (4)	$ 5.00	$ 6.00	$ 7.00	$ 2.50	$ 3.00	$ 1.25	$ 1.50
Permit	$ 10.00	$ 11.00					

Notes: (1) Cash and E-ZPass

(2) Cash and E-ZPass, 7 PM Friday to 11 PM Sunday.

(3) Frequent Traveler Program - 50 percent discount for passenger vehicles making 30 trips in 30 days.

(4) Commercial Vehicle E-ZPass discount - 25 percent per transaction

For the full-length 41-mile trip between Dover Air Force Base and I-95, the weekday two-axle toll rate is 4.9 cents per mile and for weekends, the cost is 9.8 cents per mile. The rate for some shorter trips is higher, depending on the entry-exit locations. The discounted rate for frequent users is 2.4 cents per mile on weekdays and 4.9 cents on weekends.

For a five-axle truck traveling the full length of the facility during a weekday and paying cash, the effective toll rate is 24.4 cents per mile. If the same trip used E-ZPass, the 25 percent commercial discount would reduce the toll to 18.3 cents per mile. The toll rates for passenger cars and for 5-axle trucks for a full-length trip are shown in Table 2.2.

Table 2.2 SR1 Full-Length Tolls, Passenger Cars and 5-Axle Trucks

Vehicle Class and Time Period	Toll Rates	
	Full-Length Toll	Rate per Mile(1)
Passenger Car		
Weekday(2)	$ 2.00	$ 0.049
Weekend (3)	$ 4.00	$ 0.098
Frequent Traveler Rate(4)		
Weekday	$ 1.00	$ 0.024
Weekend	$ 2.00	$ 0.049
5-Axle Truck		
Weekday(2)	$ 10.00	$ 0.244
Weekend (3)	$ 12.00	$ 0.293
Commercial Discount Rate(5)		
Weekday	$ 7.50	$ 0.183
Weekend	$ 9.00	$ 0.220

Notes: (1)Full-length 41-mile trip between Dover Air Force Base and I-95.
(1) Cash and E-ZPass.
(2) Cash and E-ZPass, 7 PM Friday to 11 PM Sunday.
(3)Frequent Traveler Program - 50 percent discount for passenger vehicles making 30 trips in 30 days.
(4)Commercial Vehicle E-ZPass discount - 25 percent per transaction.

The SR1 Toll Road, with two exceptions, is a "closed" system toll road; i.e., all interchange-to-interchange movements are tolled. One exception is between Tybouts and Road 412 (just south of the C&D Canal) due to the toll-free outlet (southbound exit and northbound entry ramps) at Road 412 and its connection back to US 13. One other toll-free outlet is provided at SR 299 west of Odessa, a leftover vestige from before the middle nine-mile gap between Odessa and Smyrna was completed. While both of these outlets allow for traffic diversions, the traffic and revenue record of SR 1 Toll Road already accounts for these diversions; i.e., they are an accomplished fact.

2.3 HISTORICAL GROWTH OF TRAFFIC AND TOLL REVENUE

With the opening of the SR 1 Toll Road in December 1993, the Authority now has a record of transactions and revenue growth for more than 20 years. As a result of the opening of additional segments of the road, transactions increased from 6,250,000 in 1995, the first full fiscal year of operations, to 16,444,000 in FY 2000. Over the same period, toll revenue increased from $2.3 million in FY 1995 to $16.6 million in FY 2000.

In November 1999, the Canal-Odessa section (including the Biddles plaza) opened, followed by the Puncheon Run Connector in December 2000. Combined, these additions produced a 177 percent increase in traffic between FY 1999 and FY 2002 with the Biddles plaza doubling the number of main-line plazas, and the Puncheon Run Connector feeding additional traffic (to/from US 13/south) through the Dover plaza. For the six-year period from FY 2004-2010 following the completion of the final section of SR-1, average traffic growth has increased at a compounded rate of approximately 2.3 percent per year. This includes the significant downturn in FY 2008 resulting from increased fuel costs and the initial impacts of the recession. The transactions and revenue by fiscal year from 2000 to the present are shown graphically in Figure 2.1 and summarized in Table 2.3.

Figure 2.1 SR 1 Toll Road Traffic and Toll Revenue, FY 2000 -2014

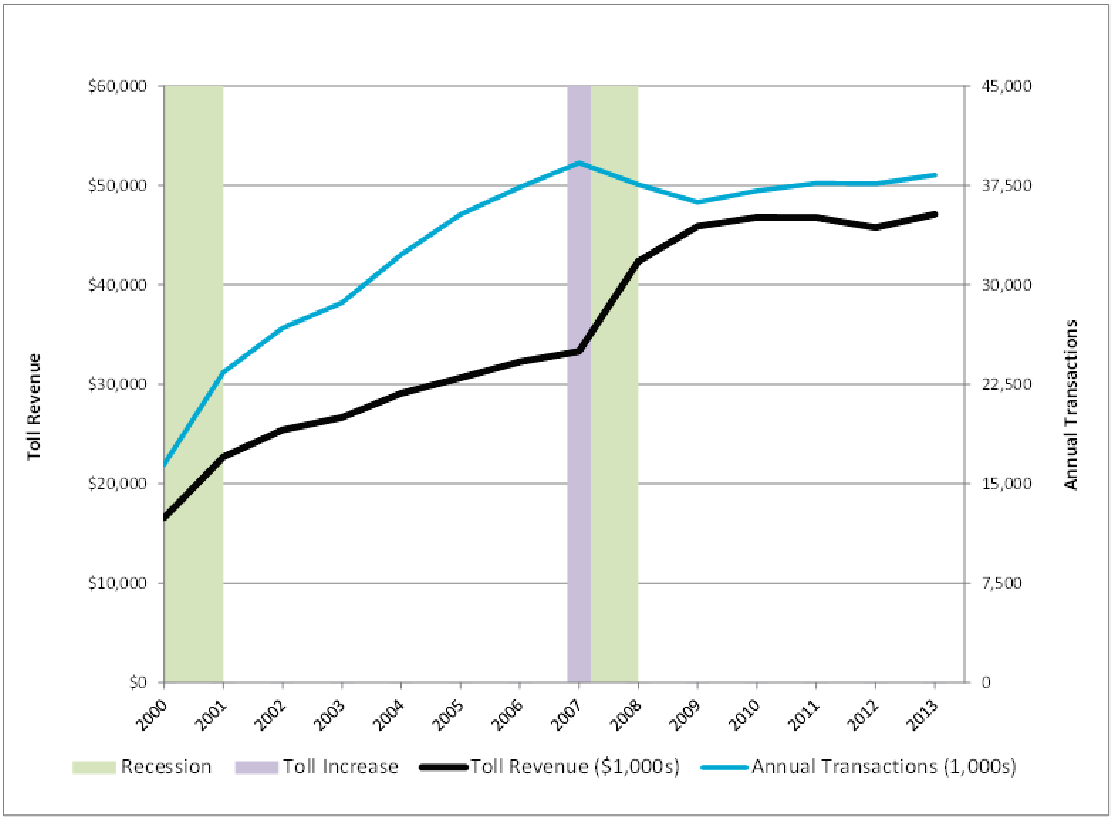


Table 2.3 SR 1 Toll Road Traffic and Revenue, FY 2000-2014

Fiscal Year	Annual Transactions (1)		Toll Revenue(1)		
	Volume (000)	Percent Change	Amount (000)	Percent Change	Average per Vehicle
2000 (2)	16,444		$ 16,587	-	$ 1.009
2001 (3)	23,408	42.3%	$ 22,704	36.9%	$ 0.970
2002	26,742	14.2%	$ 25,398	11.9%	$ 0.950
2003 (4)	28,650	7.1%	$ 26,666	5.0%	$ 0.931
2004	32,269	12.6%	$ 29,088	9.1%	$ 0.901
2005	35,304	9.4%	$ 30,656	5.4%	$ 0.868
2006	37,347	5.8%	$ 32,253	5.2%	$ 0.864
2007	39,206	5.0%	$ 33,295	3.2%	$ 0.849
2008 (5)	37,548	-4.2%	$ 42,361	27.2%	$ 1.128
2009	36,220	-3.5%	$ 45,889	8.3%	$ 1.267
2010	37,082	2.4%	$ 46,796	2.0%	$ 1.262
2011	37,670	1.6%	$ 46,755	-0.1%	$ 1.241
2012	37,625	-0.1%	$ 45,757	-2.1%	$ 1.216
2013	38,284	1.8%	$ 47,089	2.9%	$ 1.230
July - January					
2013	22,712		$ 27,965		$ 1.231
2014	23,316	2.7%	$ 28,842	3.1%	$ 1.237

Notes: (1) Mainline and ramp plazas combined.
(2) Canal-Odessa section (inc Biddles Plaza) opened November 1999.
(3) Puncheon Run Connector opened December 2000.
(4) Odessa-Smyrna section opened May 2003.
(5) Reflects impact of October 1, 2007 toll increase.

Following the immediate impact from the Great Recession, in the period from 2010 through 2013, traffic growth has been approximately 1.1 percent compounded annually. Although there is some variation including a minor loss of traffic in FY 2012, this growth rate shows less variation than the trend exhibited on the I-95/Delaware Turnpike. For the first several months of FY 2014, traffic has increased 2.7 percent, which includes the impacts of severe winter weather in late 2013 and January 2014.

The average revenue per vehicle (i.e., the average toll) decreased from $1.009 in FY 2000 to $.849 in FY 2007 with the increase in E-ZPass usage and its associated discount. The average revenue per transaction in FY 2008 increased by approximately 33 percent to a rate of $1.128 in response to the October 2007 toll increase. The weekend surcharge implemented as part of the toll increase, coupled with the removal on the E-ZPass discount for non-frequent auto patrons and the reduction of the commercial discount from 50 percent to 25 percent, resulted in a significant increase in revenue for the final nine months within FY 2008. While the number of transactions declined 3.5 percent in FY 2009 reflecting the general weakness in the economy, revenues grew as a result of having a full year of transactions with the increased toll rates implemented in October 2007.

For the FY 2009-2010 period, transaction and revenue growth was significant as seasonal traffic that occurs primarily on the weekend periods (which are subject to the weekend surcharge) was most likely recovering from the reductions experienced when fuel prices escalated significantly in FY 2008. For FY 2011, weather conditions during the first eight months were the major factor influencing traffic and revenue performance. With the exception of January, good weather resulted in traffic increases in every month. Traffic decreased 2.2 percent in January due to heavy snow, In February, traffic increased by 29 percent in comparison to the previous year when weather was particularly poor. For the March through June period, traffic decreased by reason of the increase in fuel prices and poor performance of the regional economy.

As discussed previously in this report, traffic has been fluctuating over the last several years in response to economic conditions and fuel prices. Using the monthly data provided for FY 2012, FY 2013 and FY 2014 through January, a comparison was performed of transactions by vehicle type to determine if the current data provide an indication that the overall travel has stabilized. The comparison for SR 1 Toll Road is provided in Table 2.4. The year-over-year comparison of monthly data indicates that traffic on SR 1 Toll Road has shown strong growth in FY 2012 and FY 2013, with decreases due to specific events or weather-related phenomena.

In FY 2013 passenger car traffic decreased due to Superstorm Sandy in October, 2012 when the entire length of SR 1 Toll Road (Dover, Denneys, Smyrna, Biddles and Boyds) was closed from noon on Sunday, October 28th, through 3:00 pm Tuesday, October 30th. Total traffic decreased in February when compared to the previous year due to the leap year day in February, 2012. Growth in truck traffic was particularly strong, increasing 8.0 percent when compared to FY 2012 as a result of economic recovery.

Strong growth continued for the first seven months of FY 2014, with auto traffic increasing 2.5 percent and truck traffic increasing 5.5 percent. The results for October indicate the recovery from Superstorm Sandy in the previous year. The decrease in January was due to severe winter weather.

Table 2.4 SR 1 Toll Road, Transaction Changes, FY 2012 - FY 2014

Month	Passenger Cars				
	FY 2012	Percent Change	FY 2013	Percent Change	FY 2014
July	3,811,034	-0.7%	3,785,134	1.4%	3,839,563
August	3,486,158	12.4%	3,920,087	3.3%	4,047,493
September	3,071,249	1.1%	3,106,220	3.8%	3,225,387
October	2,887,930	-6.2%	2,707,753	9.7%	2,969,927
November	2,690,063	0.8%	2,711,038	1.6%	2,754,414
December	2,642,649	-1.1%	2,614,472	1.8%	2,661,176
January	2,352,614	2.2%	2,403,373	-5.5%	2,272,349
February	2,350,951	-4.0%	2,256,316		
March	2,672,826	1.9%	2,724,076		
April	2,772,038	2.4%	2,839,739		
May	3,156,790	2.7%	3,243,154		
June	3,398,013	1.6%	3,453,479		
Total Year	35,292,315	1.3%	35,764,841		
Jul - Jan			21,248,077	2.5%	21,770,309

Month	Commercial Vehicles				
	FY 2012	Percent Change	FY 2013	Percent Change	FY 2014
July	236,132	0.0%	236,217	8.4%	256,174
August	205,296	22.0%	250,399	4.4%	261,522
September	188,501	15.0%	216,762	12.2%	243,187
October	181,244	13.7%	206,141	11.3%	229,447
November	175,299	16.7%	204,565	-1.1%	202,359
December	177,122	-3.1%	171,704	5.8%	181,681
January	163,382	9.3%	178,614	-4.1%	171,269
February	166,237	-1.1%	164,377		
March	194,432	-1.5%	191,458		
April	197,478	11.5%	220,246		
May	223,124	11.4%	248,539		
June	224,950	2.7%	230,913		
Total Year	2,333,197	8.0%	2,519,935		
Jul - Jan			1,464,402	5.5%	1,545,639

2.4 TRAFFIC CHARACTERISTICS

Traffic on the SR 1 Toll Road is characterized by method of toll payment (cash, E-ZPass), traffic through the mainline and ramp toll plazas, type of vehicle (auto, truck), monthly traffic patterns and traffic corridor market share.

2.4.1 Toll Payment Method

With the introduction of E-ZPass on SR 1 Toll Road in April 1999, the E-ZPass market share increased from 19 percent in FY 2000 to 69.9 percent of the transactions in FY 2013. E-ZPass accounted for 67.9 percent of SR 1 Toll Road revenue in FY 2013. Table 2.5 lists the cash versus E-ZPass results for FY 2013.

Table 2.5 SR 1 Toll Road Cash v. E-ZPass Results, FY 2013

Payment Method	Annual Transactions		Toll Revenue		Average Toll
	Volume (000)	Percent of Total	Amount (000)	Percent of Total	
Cash	11,529	30.1%	$15,093	32.1%	$ 1.309
E-ZPass	26,756	69.9%	$31,996	67.9%	$ 1.196
Total	38,285	100.0%	$47,089	100.0%	$ 1.230

2.4.2 Mainline and Ramp Toll Plaza Transactions

While Table 2.5 disaggregates the traffic and revenue results for FY 2013 by payment type (cash and E-ZPass), Table 2.6 disaggregates the FY 2013 results by the mainline and ramp toll plazas.

Table 2.6 SR 1 Toll Road Transactions and Revenue by Toll Plaza, FY 2013

Toll Plaza	Annual Transactions		Toll Revenue		Average Toll per Vehicle
	Volume (000)	Percent of Total	Amount (000)	Percent of Total	
Mainline					
Dover	12,836,814	33.5%	$ 19,244,200	40.9%	$ 1.50
Biddles	17,181,236	44.9%	$ 25,338,149	53.8%	$ 1.47
Subtotal	30,018,050	78.4%	$ 44,582,349	94.7%	$ 1.49
Ramps					
Denneys	4,247,150	11.1%	$ 1,507,942	3.2%	$ 0.36
Smyrna	2,195,260	5.7%	$ 250,806	0.5%	$ 0.11
Boyds	1,824,316	4.8%	$ 747,514	1.6%	$ 0.41
Subtotal	8,266,726	21.6%	$ 2,506,262	5.3%	$ 0.30
Total	38,284,776	100.0%	$ 47,088,611	100.0%	$ 1.23

The FY 2013 results indicate that the two main-line plazas handle, by far, most of the traffic (78.4 percent of the traffic, 94.7 percent of the revenue). The data also show that the Biddles plaza is the busier of the two main-line plazas, because a significant volume of Dover-Wilmington traffic uses the Denneys Road ramps at the southern end of the toll road.

2.4.3 Vehicle Types

Passenger cars are the major type of traffic on the SR 1 Toll Road, as shown in Table 2.7. In FY 2013, passenger cars were 93.4 percent of the traffic and 85.1 percent of the revenue. Although commercial vehicles were only 6.6 percent of the traffic, they accounted for 14.9 percent of the toll revenue due to the higher toll rates.

Table 2.7 SR 1 Toll Road Transactions and Revenue by Vehicle Class, FY 2013

Vehicle Class	Transactions		Toll	Toll Revenue	
	Volume (000)	Percent of Total		Amount (000)	Percent of Total
Passenger Cars	35,765	93.4%	$ 1.120	$ 40,053	85.1%
Commercial Vehicles	2,520	6.6%	$ 2.792	$ 7,036	14.9%
Total	38,285	100.0%	$ 1.230	$ 47,089	100.0%

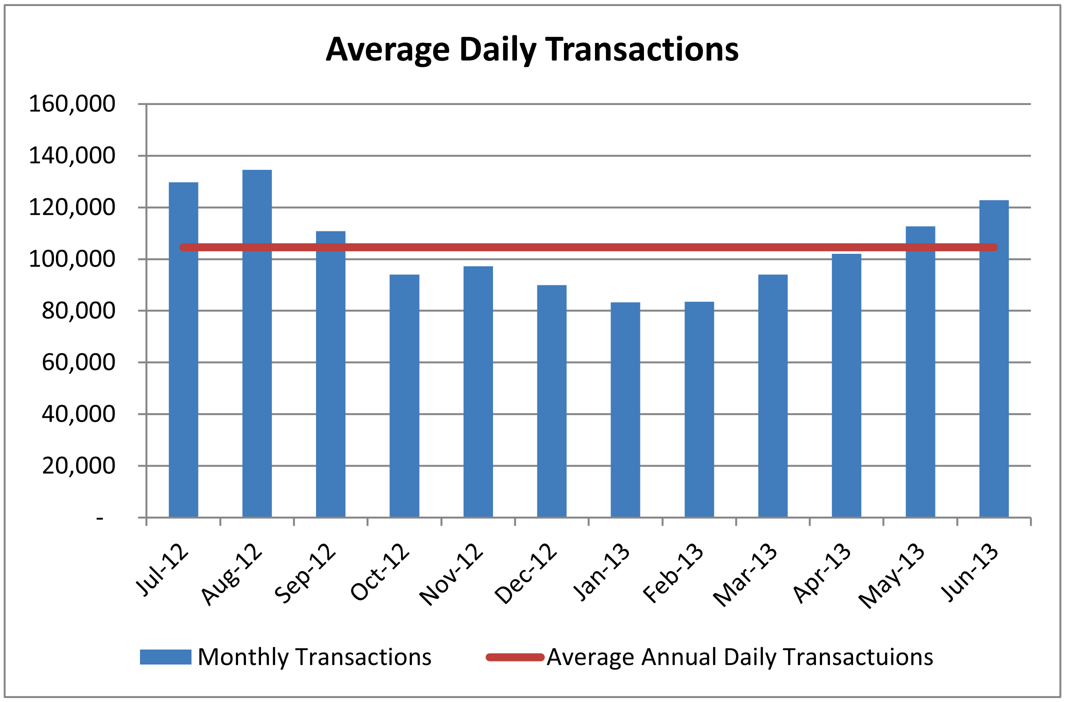
2.4.4 Monthly Traffic Patterns

The monthly traffic variations, in aggregate, along SR 1 Toll Road are listed in Table 2.8 and shown graphically in Figure 2.2.

Table 2.8 SR 1 Toll Road Monthly Traffic, FY 2013

Month	Monthly Transactions		Average Daily Transactions	
	Volume (000)	Percent of Year	Volume	Ratio to Annual Average Daily Transactions
Jul-12	4,021	10.5%	129,721	1.24
Aug-12	4,170	10.9%	134,532	1.29
Sep-12	3,323	8.7%	110,766	1.06
Oct-12	2,914	7.6%	93,997	0.90
Nov-12	2,916	7.6%	97,187	0.93
Dec-12	2,786	7.3%	89,877	0.86
Jan-13	2,582	6.7%	83,290	0.80
Feb-13	2,421	6.3%	83,472	0.80
Mar-13	2,916	7.6%	94,049	0.90
Apr-13	3,060	8.0%	102,000	0.98
May-13	3,492	9.1%	112,635	1.08
Jun-13	3,684	9.6%	122,813	1.17
Year	38,285	100.0%	104,603	1.00

Figure 2.2 SR 1 Toll Road Monthly Traffic Variations, FY 2013



The average daily toll transactions ranged from a low of 20 percent below the annual average in both January and February to a high of 29 percent above the average in August, reflecting the peak of seasonal recreation travel on the SR 1 Toll Road in FY 2013. April was the closest month to the annual average. The variability also takes into account the fact that US 13 is congested during the summer months, resulting in a shift to the SR 1 Toll Road, but not so (except for commuting hours) during the remainder of the year.

2.4.5 Corridor Market Share

A comparison of SR 1 Toll Road and US 13 traffic gives an indication of the toll roads market share in Delaware's north-south corridor. There is a permanent count station recording continuous traffic counts on US 13 in the urban area of Dover (near Dover Downs), which forms a screenline with SR 1 at the Dover toll plaza. On this screenline, SR 1 Toll Road traffic has increased from 14 percent of the screenline total in 1994 to 37 percent in 2012, the latest year for which the counts are available. The level of traffic share has held relatively steady since 2008. Recognizing that a large portion of the US 13 traffic in Dover is comprised of purely local trips, the 37 percent share is substantial; and the percentage could be expected to increase in the future due to capacity limitations on US 13.

2.5 FACTORS AFFECTING SR 1 TOLL ROAD TRAFFIC GROWTH

In preparing the forecasts of traffic for the SR 1 Toll Road, the factors that were considered include population growth in the State of Delaware, improvements to the highway network in the region served by the toll road and the price and availability of fuel. The following discussion addresses the impacts of population growth and highway projects on traffic, the impacts of fuel conditions are the same as those discussed in the section of this report on the I-95/Delaware Turnpike.

2.5.1 Delaware Population

Unlike the Delaware Turnpike, which carries (through the Newark toll plaza) mostly interstate traffic in the Northeast Corridor, SR 1 serves mostly Delaware traffic and those motorists bound for the Delaware-Maryland shore in the summer. Accordingly, it is the projected population of Delaware that will sustain the future levels of SR 1 traffic. Table 2.9 lists the historical and projected population of Delaware's three counties. For the period 2010 – 2020, the average annual rate of growth for the State is 1.0 percent.

Table 2.9 Delaware Population Growth

Year	County Population (000)				Average Annual Growth Rate
	New Castle	Kent	Sussex	Total	
1980	398	98	98	594	
1990	442	110	113	665	1.1%
2000	502	127	157	786	1.7%
2005	520	142	176	838	1.3%
2010	538	162	197	898	1.4%
2015	558	172	221	952	1.2%
2020	578	180	238	996	0.9%
2025	595	187	250	1,032	0.7%
2030	607	192	260	1,060	0.5%

Source: US Census and Delaware Popu;ation Consortium.

Note: May not add due to rounding.

As with the I-95/Delaware Turnpike, the population forecast in Table 2.9 and observed growth rates in transactions since the completion of SR 1 Toll Road were used as guidance for estimating future growth in transactions and revenue. These estimates are summarized in the following section of this report.

2.5.2 Highway Network Improvements

Delaware DOT proposes widening SR 1 between Route 273 in the vicinity of Christiana south to the Roth Bridge over the C&D Canal. The project will address existing congestion in the area, improve system connectivity and provide support for local access for existing and committed development in New Castle County. The project includes widening SR 1 by adding a travel lane in each direction, widening bridges to accommodate the additional travel lanes and reconfiguring the supporting interchanges at SR 273, US 40, US 13/Tybouts Corner and SR 72. Funds for construction of the project are included in the Council on Transportation Approved FY 2015 – FY 2020 Capital Transportation Program, Spend Plan. After completion, this project should have a positive impact on the SR 1 Toll Road by providing additional capacity and improved access to the toll road.

Locally, from a network perspective, the principal toll-free routes that run parallel to SR 1 in the corridor — US 13, and several miles to the west, SR 896/71 over the C&D Canal's Summit Bridge — are an accomplished fact. While improvements are continually being made to the highway system, none are expected to have a significant impact on the established traffic patterns that use SR 1.

2.6 TRAFFIC AND REVENUE FORECAST, FY 2014-2020

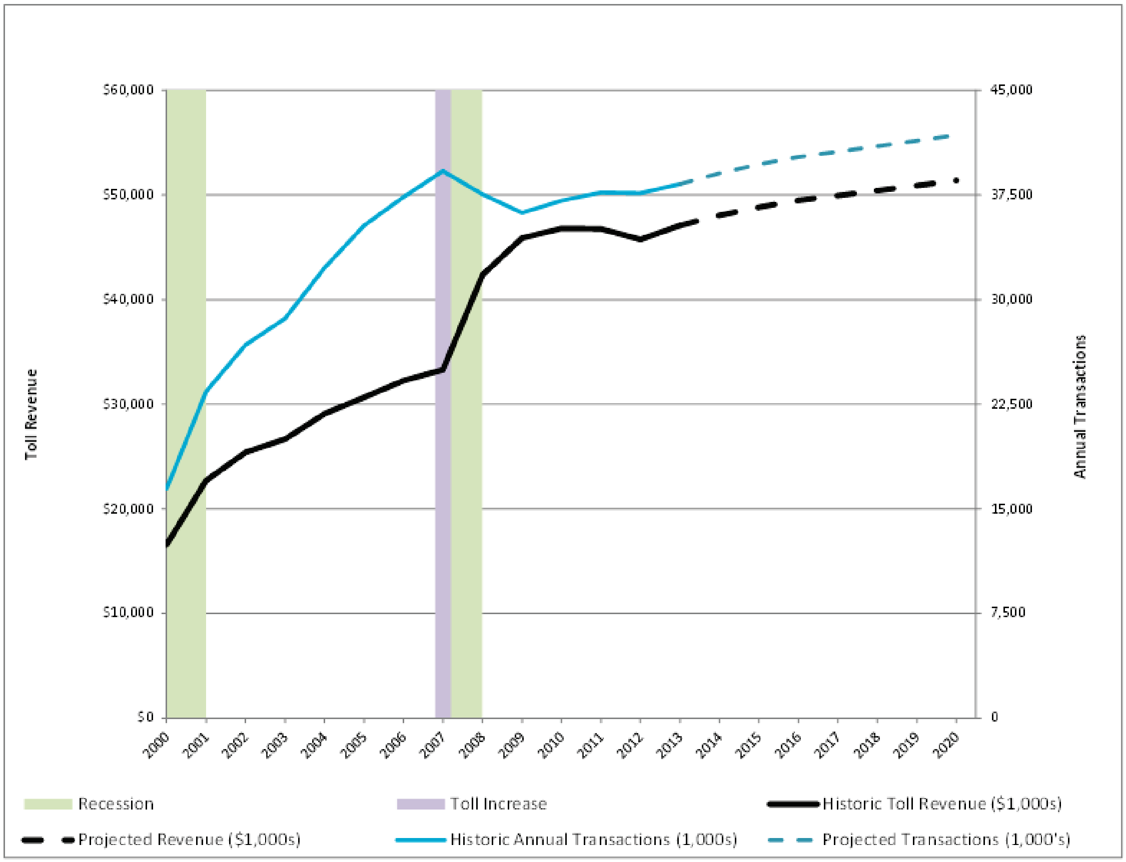
On the basis of its historical performance, as well as the projected population growth trends in the corridor, and the increasing share of US 13/SR 1 corridor traffic expected to use SR 1, Stantec developed the forecast of SR 1 Toll Road traffic and revenue through 2020. The forecast is based on the continuation of the current toll schedule on SR 1 Toll Road during the forecast period, which means that the tolls become less of an impediment (i.e., more affordable) to motorists and truckers over time (due to the inflationary trends associated with personal and business incomes). The forecast is summarized in Table 2.10 and shown in Figure 2.3

Table 2.10 SR 1 Toll Road Traffic and Revenue Forecast, FY 2014 – 2020

Fiscal Year	Annual Transactions		Toll Revenue	
	Volume (000)	Percent Change (1)	Amount (000)	Average per Vehicle (1)
2013(2)	38,284		$ 47,089	$ 1.230
2014 (3)	39,054	2.0%	$ 48,037	$ 1.230
2015	39,702	1.7%	$ 48,834	$ 1.230
2016	40,221	1.3%	$ 49,471	$ 1.230
2017	40,603	1.0%	$ 49,942	$ 1.230
2018	40,990	1.0%	$ 50,417	$ 1.230
2019	41,380	1.0%	$ 50,897	$ 1.230
2020	41,774	1.0%	$ 51,381	$ 1.230

Notes: (1) Rate per vehicle for FY 2014 through FY 2020 estimated to be same as rate for FY 2013.
(2) Actual.
(3) Last five months of FY 2014 estimated to grow at same rate as Average Annual Growth Rate for 2010 - 2013 period.

Figure 2.3 Historical and Projected SR 1 Toll Road Transactions and Revenue FY 2013 -2020



3.0 COMBINED TOLL ROAD REVENUE FORECASTS

Finally, the revenue forecasts for the I-95/Delaware Turnpike and the SR 1 Toll Road were combined in this concluding section of the report. The combined forecast is shown in Table 3.1.

3.1 SUMMARY OF ASSUMPTIONS

Following is the list of assumptions upon which the revenue forecasts for the i-95/Delaware Turnpike and SR 1 Toll Road were based:

- Continuation of the I-95/Delaware Turnpike and SR 1 Toll Road toll schedules throughout the forecast period.
- The US 13/St. Georges Bridge, which crosses the C&D canal adjacent to the SR 1 Bridge, will remain open during the forecast period, as will the SR 1 toll-free outlets at Road 412 and SR 299.
- During the forecast period, no competing limited-access, toll-free facility will be constructed in the I-95/Delaware Turnpike or SR 1 corridors.
- Since the US 301 Mainline Toll Road is not yet a committed improvement and will require bond financing to implement, the impacts of this project on the I-95/Delaware Turnpike and the SR 1 Toll Road are not included in the forecasts in this report.
- The I-95/Delaware Turnpike and SR 1 Toll Road will be effectively signed and maintained to encourage maximum usage.
- Land development and travel patterns will generally follow the population forecasts discussed with respect to Table 1.9 and Table 2.9.
- Motor fuel will remain in adequate supply during the forecast period and no excessive increases in fuel taxes will be implemented at the state or federal level.
- No radical change in travel modes, which would drastically curtail motor vehicle use, is expected during the forecast period.
- In the long term, generally normal economic conditions consistent with the on-going recovery will prevail in Delaware and the United States, and there will not be an occurrence of a major depression, national emergency or prolonged fuel shortage.
- As for the projections themselves, while they are stated year-by-year, they are intended to show the trends that may reasonably be anticipated on the basis of the above assumptions.

3.2 COMBINED REVENUE FORECAST, FY 2014-2020

The revenue forecasts for the Delaware Turnpike (from Table 1.11) and the SR 1 Toll Road (from Table 2.10) were then combined, as listed in Table 3.1.

Table 3.1 Combined I-95/Delaware Turnpike and SR 1 Toll Road Revenue Forecast, FY 2014 – 2020

Fiscal Year	Revenue (000)					Percent Change
	I-95/Delaware Turnpike			SR 1 Toll Road Tolls	Combined	
	Tolls	Concession	Total			
2013*	$ 113,769	$ 2,377	$ 116,146	$ 47,089	$ 163,235	
2014	$ 114,240	$ 2,464	$ 116,704	$ 48,037	$ 164,741	0.9%
2015	$ 114,928	$ 2,479	$ 117,407	$ 48,834	$ 166,241	0.9%
2016	$ 115,621	$ 2,494	$ 118,115	$ 49,471	$ 167,586	0.8%
2017	$ 116,317	$ 2,509	$ 118,826	$ 49,942	$ 168,768	0.7%
2018	$ 117,018	$ 2,524	$ 119,542	$ 50,417	$ 169,959	0.7%
2019	$ 117,723	$ 2,539	$ 120,262	$ 50,897	$ 171,159	0.7%
2020	$ 118,432	$ 2,554	$ 120,986	$ 51,381	$ 172,367	0.7%

* Actual.

While the projections in this Report are stated year-by-year, they are intended to show the trends that may reasonably be anticipated on the basis of the assumptions listed herein. it is our opinion that the revenue projections are reasonable and that they have been prepared in accordance with accepted practice for investment-grade studies. However, given the uncertainties within the current international and economic climate, Stantec and DelDOT have agreed that:

- The revenue forecast in Table 3.1 present the results of our consideration of the data available to us as of the date hereof and the application of our experience and professional judgment to that information. It is not a guarantee of future events or trends.

- The traffic and revenue forecasts will be subject to future economic and demographic trends in Delaware and the Northeast Corridor that cannot be predicted with certainty.

- The projections contained in this Report, while presented with numerical specificity, are based on a number of estimates and assumptions that, though considered reasonable to us, are inherently subject to significant economic and competitive uncertainties and contingencies, many of which will be beyond our control. In many instances, a broad range of alternative assumptions could be considered reasonable. Changes in the assumptions used could result in material differences in projected outcomes.

- If, for any reason, any of these conditions should change due to changes in the economy or competitive environment, or other factors, Stantec's opinions or estimates may require amendment or further adjustments.

The report contains forward-looking statements, revenue projections, and statements of opinion based upon certain information. These forward-looking and opinions statements and projections include statements relating to preexisting conditions not caused or created by Stantec and external conditions beyond our control. We believe that our expectations are reasonable and are based on reasonable assumptions. However, such forward-looking statements, projections and opinions, by their nature involve risks and uncertainties beyond our control. We caution that a variety of factors could cause the actual revenue associated with the I-95/Delaware Turnpike and SR 1 Toll Road to differ from that expressed or implied in this document. We assume no obligation with respect to the differences between this document and the actual performance of the two toll facilities. This document was prepared solely for the use of DelDOT that commissioned it and the Delaware Transportation Authority. It may only be relied upon by third parties at their own risk. Under no circumstance Stantec be liable to third parties for claims or damage arising out of this document. Any unauthorized use of this document is at the user's sole risk.

We acknowledge with thanks the cooperation of the DelDOT staff during the course of this study.

Respectfully,

STANTEC CONSULTING SERVICES INC.

David Schellinger, PE
Principal

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