

**New Jersey Turnpike Authority
Financial Summary
For the Nine Months Ended September 30, 2016**

ACTUAL REVENUE - January - September	\$ 1,339,590,000
ESTIMATED REVENUE - October - December	414,499,000
<i>Projected Annual Revenue</i>	\$ 1,754,089,000
ESTIMATED ANNUAL OPERATING EXPENSES	519,423,900
<i>Projected Net Revenue</i>	\$ 1,234,665,100
DEBT SERVICE REQUIREMENTS	794,359,000
CHARGES FUND	155,000
SPECIAL PROJECT RESERVE FUND	38,918,000
MAINTENANCE RESERVE FUND	89,370,000

The following un-audited results are for the nine months ended September 30, 2016.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2016, the Authority is projected to have a debt service coverage ratio of 1.55 and a total requirements coverage ratio of 1.34.

The Authority's total revenue for the nine months ended September 30, 2016 was \$1,339,590,000, which is \$22,430,000, or 1.7%, above projections. Toll revenue was \$1,179,830,000, which is \$14,738,000, or 1.3%, greater than the current projections due to relatively mild winter and spring weather and continued low gas prices. Revenue increased in spite of the impact of winter storm Jonas which occurred on January 23-24, 2016. Toll revenue loss due to Jonas is estimated to be \$5,521,000. Gas prices averaged \$0.39 /gallon lower in the first nine months of 2016 as compared to the same period in 2015 and AAA reports that summer gas prices were the lowest since 2005. The increase in total revenue was also due in part to higher than anticipated miscellaneous revenue and E-ZPass fees. Miscellaneous revenue, which totaled \$14,462,000, was \$4,715,000, or 48.4% above projections due largely to the receipt of \$4,250,000 in non-recurring settlements.

For the nine months ended September 30, 2016, traffic on the New Jersey Turnpike increased 4.1% and toll revenue increased 4.0% as compared to the same period in 2015. The increases in traffic and revenue are due to mild winter and spring weather, lower gas prices and an extra leap year day in 2016. Traffic and revenue were negatively impacted by winter storm Jonas which occurred on January 23-24, 2016. The storm resulted in 925,000 fewer transactions and \$3,977,000 less in revenue when compared to similar days in January. When adjusting for the impacts of this storm, traffic and revenue would have increased 4.4% and 4.2% respectively. CDM Smith, the Authority's traffic engineer, released a draw down letter in October 2015 updating the short-term projections of its investment grade study released in May 2014. CDM Smith projected 2016 annual traffic and revenue growth on the Turnpike of 2.4% and 2.7%, respectively. Both the nine month actual and adjusted results compare favorably to CDM Smith's projected increase for the nine months of 2016 of 3.1% for traffic and 3.0% for toll revenue. Through September 2016 the E-ZPass usage rate on the New Jersey Turnpike was 82.4%, an increase from 81.5% for the same period in 2015.

For the nine months ended September 30, 2016, toll transactions on the Garden State Parkway increased 3.3% and revenue increased 2.9% when compared to the same period in 2015. Toll transactions and revenue increased due to less severe winter weather, a warm, dry spring, consistently lower gas prices and the extra leap year day in 2016. As with the New Jersey Turnpike, toll transactions and revenue were negatively impacted by winter storm Jonas, resulting in 1,420,000 fewer toll transactions and \$1,544,000 in lower revenue. When adjusting for this storm, Parkway traffic and revenue would have increased 3.6% and 3.2% respectively. CDM Smith's 2016 forecast projected toll transactions to remain flat from 2015 and for revenue to increase 0.5% on the Garden State Parkway. Both actual and adjusted results for the nine months ended September 30, 2016 were well above the projected increases for the period of 0.5% for toll transactions and 0.6% toll revenue. Through September 2016 the E-ZPass usage rate on the Garden State Parkway was 79.4%, an increase from 78.6% for the same period in 2015.

Operating expenses for the nine months ended September 30, 2016 were approximately \$360,341,000, which was 94.7% of the year-to-date budget. The Authority's operating expenses through September were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$22,576,000 for snow and severe weather costs through September 30, 2016, with \$11,826,000 spent from the operating expense budget and an additional \$10,750,000 spent from the General Reserve Fund. All snow and severe weather costs are charged to the operating expense budget with the exception of declared state of emergency events which are charged to the General Reserve Fund. Operating expenses were also under budget due to lower than expected fuel and utility costs, as gas prices remained low and winter temperatures were above average which reduced heating costs. Discretionary spending and budgetary guidelines will be closely monitored and adhered to throughout the remainder of the year in order to control operating expenses.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the nine months ended September 30, 2016, total expenditures were approximately \$78,864,000. Expenditures included \$15,205,000 for Turnpike Bridge Repairs, \$13,451,000 for Turnpike Resurfacing and \$12,959,000 for Parkway Bridge Repairs. There are current commitments in the Capital Budget of \$58,444,000. In addition to the Capital Budget, the General Reserve Fund expenses totaled \$258,113,000 and consisted primarily of \$162,000,000 for the State Transportation Projects Funding Agreement 2011-2016, \$51,000,000 for the State Transportation Projects Funding Agreement 2016-2021 and \$16,500,000 for Transportation Trust Fund.

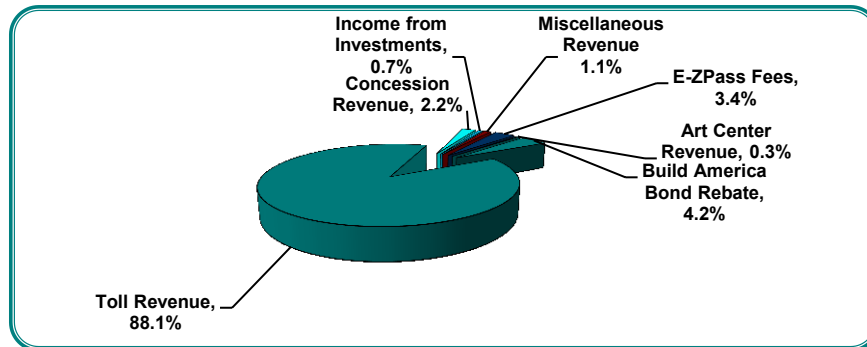
Total expenditures in the Construction Fund for the nine months ended September 30, 2016 were approximately \$485,106,000. Expenses included \$141,611,000 for the Authority's Phase I Facilities Improvements project, \$61,270,000 for the Turnpike Interchange 14A Reconstruction project, and \$56,381,000 for the Authority's Phase II Facilities Improvement Project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$906,550,000.

¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

Comparison of Projected Revenues to Actual Revenues For the Nine Months Ended September 30, 2016

	Projections	Actual
<i>Toll Revenue</i>	1,165,092,000	1,179,830,000
<i>Concession Revenue</i>	29,941,000	29,719,000
<i>Income from Investments</i>	9,286,000	9,017,000
<i>Miscellaneous Revenue</i>	9,747,000	14,462,000
<i>Build America Bond Subsidy</i>	56,777,000	57,084,000
<i>Arts Center Revenue</i>	3,229,000	3,512,000
<i>E-ZPass Fees</i>	43,088,000	45,966,000
<i>Total Revenues</i>	1,317,160,000	1,339,590,000

Actual Revenues for the Nine Months Ended September 30, 2016



For the nine months ended September 30, 2016, total revenue was \$1,339,590,000, which was 1.7%, or \$22,430,000 above projections. The increase is due mostly to higher than expected toll revenue. Miscellaneous revenue and revenue from E-ZPass fees both exceeded projections, but were partially offset by lower than expected income from investments and concessions.

Toll revenue for the period was \$1,179,830,000 which was 1.3%, or \$14,738,000 greater than the projected amount.

Concession revenue consists of revenues generated through the sale of food, gasoline and convenience store items at the service areas located along both roadways. Concession revenue was \$29,719,000 which was \$222,000 or .7% below projections. Fuel sales increased 7.1% on the New Jersey Turnpike but revenue was lower than projected due to a decrease in revenue from the gross profit margin on diesel fuel sales as compared to 2015. The Authority receives 50% of the gross profit margin on all diesel fuel sold. New Jersey Turnpike food and convenience store sales increased 5.3% and 12.0%, respectively, compared to last year. The increase in food and fuel sales was in part due to the reopening of the Grover Cleveland Service Area on November 23, 2015 after a three-year closure due to the effects of Superstorm Sandy. On the Garden State Parkway, fuel sales increased 3.5% and convenience store sales increased 2.7%. Food sales decreased 0.4%, due to the closure of the Vauxhall Service Area food service facility from October 2, 2015 to May 3, 2016.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$9,017,000, which was \$269,000 or 2.9% lower than projected. Investment yields are lower than projected as short term interest rates remain at or near historical lows, although rates have recently risen.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, and other items. Revenue for the period was \$14,462,000 which was \$4,715,000, or 48.4% higher than projected. Miscellaneous revenue exceeded projections due primarily to the receipt of \$3,250,000 in non-recurring insurance settlements and \$1,000,000 from a FINRA arbitration settlement.

The Build America Bond Subsidy is a direct payment from the U.S. Treasury to the Authority equaling about 32.6% of the interest payable on the Series 2009F and the Series 2010A Bonds for Federal Fiscal Year 2016 which began in September 2015. The subsidy received was \$57,084,000, which was \$307,000 higher than projected due to a lower than expected automatic federal deficit reduction spending cut in the subsidy for the current federal fiscal year.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the nine months ended September 30, 2016, revenue was \$3,512,000, which was \$283,000, or 8.8% higher than projected due to the receipt of a variable rent payment based on ticket sale figures which was not projected.

E-ZPass fees consist of monthly membership fees, transponder sales; return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. Revenue of \$45,966,000 was \$2,878,000, or 6.7%, higher than projected. Fees assessed for unreturned tags from the closeout of the last tag swap program have resulted in approximately \$1,100,000 in lost tag fees that was not budgeted. In addition, for the nine months ended September 30, 2016, administrative fee collections from toll violators increased 11.0% from the same period in 2015, which was higher than budgeted.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of September 2016⁽¹⁾

	Traffic		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	18,854,000	18,144,000	3.9%
Commercial Vehicles	2,706,000	2,682,000	0.9%
Overall	<u>21,560,000</u>	<u>20,826,000</u>	<u>3.5%</u>
	Revenue		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	64,709,000	62,285,000	3.9%
Commercial Vehicles	30,811,000	30,789,000	0.1%
Overall	<u>95,520,000</u>	<u>93,074,000</u>	<u>2.6%</u>

(1) Includes un-audited data for the month.

For the month of September 2016, traffic on the New Jersey Turnpike increased 3.5% and toll revenue increased 2.6% when compared to the same period in 2015. These results are ahead of CDM Smith's projections of 2.3% for both traffic and revenue. Gas prices, which averaged \$0.10 /gallon lower than September 2015, and mild September weather, with the exception of Labor Day weekend, both positively contributed to these results. Traffic and revenue increased despite a 3.7% decrease in traffic and a 4.8% decrease in revenue over the Labor Day weekend due to the threat of severe weather.

For the Nine Months Ended September 31, 2016⁽¹⁾

	Traffic		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	166,894,000	159,879,000	4.4%
Commercial Vehicles	23,785,000	23,305,000	2.1%
Overall	<u>190,679,000</u>	<u>183,184,000</u>	<u>4.1%</u>
	Revenue		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	581,160,000	554,028,000	4.9%
Commercial Vehicles	274,544,000	269,045,000	2.0%
Overall	<u>855,704,000</u>	<u>823,073,000</u>	<u>4.0%</u>

(1) Includes un-audited data for the month.

For the nine months ended September 30, 2016, traffic increased 4.1% and toll revenue increased 4.0% when compared to the same period in 2015. The increases in traffic and revenue are due to comparatively mild winter and spring weather, lower gas prices and an extra leap year day in 2016. Although the winter of 2016 was less severe than 2015, traffic and revenue were negatively impacted by winter storm Jonas. When excluding these storms, traffic and revenue would have increased 4.4% and 4.2%, respectively for the nine months ended September 30, 2016. Results compare favorably to the CDM Smith projected increases of 3.1% for traffic and 3.0% for toll revenue.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the nine months ended September 30, 2016, the *E-ZPass* usage rate for passenger cars was 81.2%, and for commercial vehicles was 90.8%. This resulted in an overall *E-ZPass* usage rate of 82.4%. The *E-ZPass* usage rate remains one of the highest in the region reflecting acceptance among commuters and frequent travelers of the *E-ZPass* brand and the convenience provided to the users throughout the Northeast.

Garden State Parkway Traffic & Revenue Comparison

For the Month of September 2016⁽¹⁾

	<u>Traffic</u>		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	32,643,000	32,374,000	0.8%
Commercial Vehicles	420,000	455,000	-7.7%
Overall	<u>33,063,000</u>	<u>32,829,000</u>	<u>0.7%</u>

	<u>Revenue</u>		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	35,197,000	34,828,000	1.1%
Commercial Vehicles	1,326,000	1,435,000	-7.6%
Overall	<u>36,523,000</u>	<u>36,263,000</u>	<u>0.7%</u>

(1) Includes un-audited data for the month.

For the month of September 2016, toll transactions and toll revenue on the Garden State Parkway both increased by 0.7% when compared to September 2015. The increase is despite a decline in traffic and revenue of 11.7% and 12.6%, respectively, over the three day Labor Day weekend due to a forecasted hurricane that resulted in a declared state of emergency. The overall month's results are ahead of CDM Smith's projections of 0.5% for toll transactions and 0.6% for toll revenue which were positively impacted by low gas prices and mild September weather after the Labor Day weekend.

For the Nine Months Ended September 31, 2016⁽¹⁾

	<u>Toll Transactions</u>		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	291,459,000	281,978,000	3.4%
Commercial Vehicles	3,869,000	3,888,000	-0.5%
Overall	<u>295,328,000</u>	<u>285,866,000</u>	<u>3.3%</u>

	<u>Revenue</u>		
	<u>September-16</u>	<u>September-15</u>	<u>% Change</u>
Passenger Vehicles	312,160,000	302,945,000	3.0%
Commercial Vehicles	11,966,000	12,021,000	-0.5%
YTD Toll Revenue	<u>324,126,000</u>	<u>314,966,000</u>	<u>2.9%</u>

(1) Includes un-audited data for the month.

For the nine months ended September 30, 2016, toll transactions on the Garden State Parkway were up 3.3% and revenue increased 2.9% when compared to the same period in 2015. As with the Turnpike, toll transactions and revenue increased due to relatively mild winter and spring weather, lower gas prices and an extra leap year day in 2016. Toll transactions and revenue were negatively impacted by winter storm Jonas in January. When adjusting for this storm, Parkway toll transactions and revenue for the nine months ended September 30, 2016 would have increased 3.6% and 3.2%, respectively.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the nine months ended September 30, 2016, the total *E-ZPass* usage rate was 79.4% up from 78.6% in the same period in 2015. The *E-ZPass* usage rate for passenger cars was 79.3%, and for commercial vehicles was 88.8%.

Operating Expenses

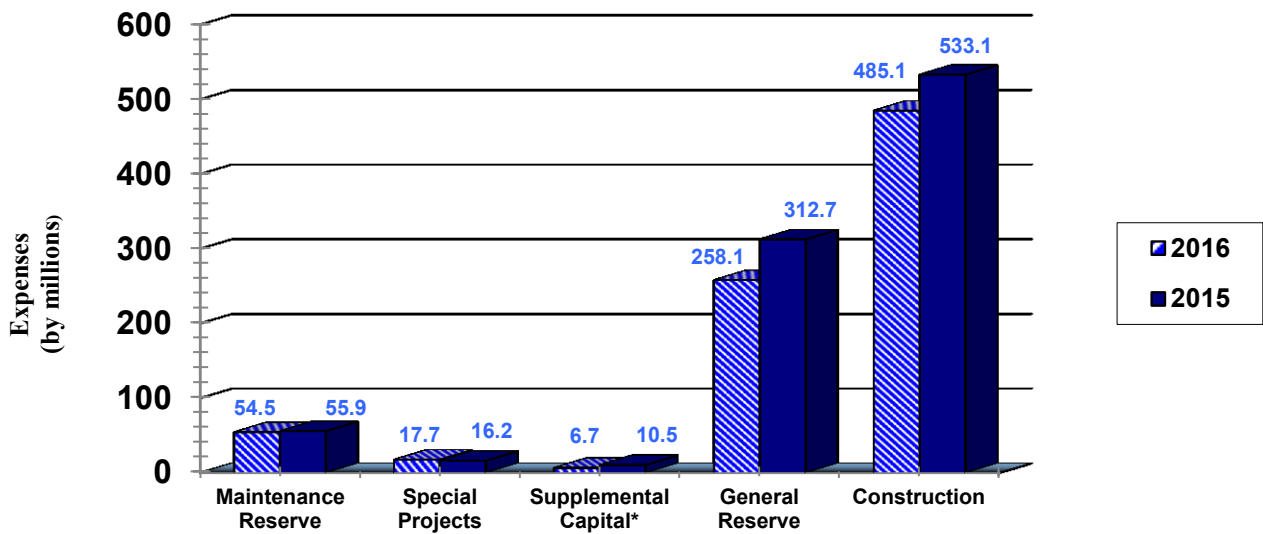
For the Nine Months Ended September 30, 2016

	Annual Budget	YTD Expenses
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 201,294,600	\$ 128,863,700
Engineering	12,363,300	8,340,300
Total Maintenance	213,657,900	137,204,000
<u>Toll Collection</u>		
Toll Collection	156,828,100	115,328,900
<u>State Police & Traffic Control</u>		
State Police	68,076,600	50,350,500
Operations	11,411,500	8,349,200
Total State Police and Traffic Control	79,488,100	58,699,700
<u>Technology</u>		
Integrated Technology Services	29,321,300	20,571,500
<u>General & Administrative</u>		
Executive Office	1,048,800	800,200
Law	9,323,000	6,227,000
Purchasing & Materials Management	7,082,300	5,102,200
Human Resources & Office Services	6,152,300	4,445,700
Finance	11,862,600	8,556,000
Patron & Customer Services	1,883,200	1,342,300
Internal Audit	2,776,300	2,063,800
Total General and Administrative	40,128,500	28,537,200
TOTAL OPERATING	\$ 519,423,900	\$ 360,341,300

Through September 2016, operating expenses were approximately \$360,341,300, which was 69.4% of the annual budget and 94.7% of the year-to-date budget. The Authority's September operating expenses are under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$22,576,000 for snow and severe weather costs through September 2016, with \$11,826,000 spent from the operating expense budget and an additional \$10,750,000 spent from the General Reserve Fund. All snow and severe weather costs are charged to the operating expense budget with the exception of declared state of emergency events which are charged to the General Reserve Fund. Operating expenses were also under budget due to lower than expected utilities expenses, which were only 75% of budgeted expenses due to continued low gas prices and above average temperatures which reduced heating costs. When excluding snow and utility costs, operating expenses are at 97% of budget.

Capital Budget, General Reserve and Construction Fund Expenditures For the Nine Months Ended September 30, 2016

	<u>2016</u>	<u>2015</u>
Maintenance Reserve	\$ 54,507,000	\$ 55,925,000
Special Project Reserve	17,687,000	16,161,000
Supplemental Capital	6,670,000	10,454,000
Capital Budget Total	78,864,000	82,540,000
General Reserve	258,113,000	312,735,000
Construction Fund	485,106,000	533,132,000
Total Spending	\$ 822,083,000	\$ 928,407,000



Capital Budget projects are classified as Maintenance Reserve, Special Project Reserve and Supplemental Capital. These projects are funded from current or accumulated revenues. The Maintenance Reserve Fund covers the routine upkeep of the Authority's roadways with projects that are directly related to the Turnpike System. These projects consist of major resurfacing, structural repairs, major bridge repairs and painting. The Special Project Reserve Fund covers non-routine maintenance of the roadways and facilities. These projects consist of, but are not limited to, improving the Authority's facilities and technology platform. The Supplemental Capital Fund generally covers roadway and facilities improvements, major technology projects, whereas the General Reserve Fund includes payments to the State of New Jersey and payments for any other corporate purpose.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the nine months ended September 30, 2016, total expenditures were approximately \$78,864,000. Expenditures included \$15,205,000 for Turnpike Bridge Repairs, \$13,451,000 for Turnpike Resurfacing, \$12,959,000 for Parkway Bridge Repair and \$7,465,000 for Parkway Resurfacing. There are current commitments in the Capital Budget of \$58,444,000. In addition to the Capital Budget, the General Reserve Fund expenses totaled \$258,113,000 and consisted primarily of \$162,000,000 for the State Transportation Projects Funding Agreement 2011-2016, \$51,000,000 for the State Transportation Projects Funding Agreement 2016-2021, \$16,500,000 for the Transportation Trust Fund, and \$10,750,000 for Extraordinary Snow and Weather costs.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the nine months ended September 30, 2016 were approximately \$485,106,000. Expenses included \$141,611,000 for the Authority's Phase I Facilities Improvements project, \$61,270,000 for the Turnpike Interchange 14A Reconstruction project, \$56,381,000 for the Authority's Phase II Facilities Improvements project, and \$45,219,000 for the Parkway Interchange 35-63 Widening. In addition to these expenditures, there are open contracts and commitments totaling approximately \$906,550,000.