

TEXAS DEPARTMENT OF TRANSPORTATION
Annual Issuer Report
For the Period Ending August 31, 2006

A. Outstanding Debt

1. Amount of debt outstanding:

First Tier Revenue Bonds (Series 2002-A)	
Series A Non-Callable Capital Appreciation Bonds	287,459,890.50
Series A Callable Capital Appreciation Bonds	154,658,891.30
Series A Current Interest Bonds	707,875,000.00
	<u>1,149,993,781.80</u>
First Tier Revenue Bonds (Series 2002-B)	
Weekly Rate Demand Bonds	150,000,000.00
Second Tier Bond Anticipation Notes (Series 2002)	900,000,000.00
TOTAL SERIES 2002	<u>2,199,993,781.80</u>
State of Texas General Obligation Bonds	
Series 2005-A Fixed Rate Bonds	875,515,000.00
Series 2005-B Variable Rate Bonds	100,000,000.00
TOTAL SERIES 2005	<u>975,515,000.00</u>
State of Texas General Obligation Bonds	
Series 2006 Serial Bonds	583,630,000.00
Series 2006 Term Bonds	166,370,000.00
TOTAL SERIES 2006	<u>750,000,000.00</u>
State Highway Fund First Tier Revenue Bonds	
Series 2006 Bonds	600,000,000.00
TOTAL 2006 Revenue Bonds	<u>600,000,000.00</u>
State Highway Fund Revenue Commercial Paper	
Notes Series A	88,850,000.00
	<u>88,850,000.00</u>
TOTAL TxDOT DEBT OUTSTANDING	<u><u>4,014,358,781.80</u></u>

2. Annual principal and interest debt service requirements

Total FY 07 debt service requirements:

	Series 2002-A	Series 2002-B	BANS	Total Series 2002
Principal			124,930,000.00	124,930,000.00
Interest	37,161,837.50	5,085,000.00	44,309,043.76	86,555,881.26
	Series 2005-A	Series 2005-B		Total Series 2005
Principal	14,115,000.00	2,710,000.00		16,825,000.00
Interest	42,154,302.50	3,252,298.34		45,406,600.84
	Series 2006 GO Bonds			Total Series 2006 - GO
Principal	18,350,000.00			18,350,000.00
Interest	30,708,682.30			30,708,682.30
	Series 2005 Revenue Bonds			Total Series 2006 - Rev Bds
Principal	20,810,000.00			20,810,000.00
Interest	27,053,667.78			27,053,667.78
	Commercial Paper - Series A			Total Commercial Paper
Principal	88,850,000.00			88,850,000.00
Interest	789,157.35			789,157.35
Total FY 2007 Debt Service Requirements				460,278,989.53

3. Actual debt service paid FY 2006:

	1st Tier Interest Acct.		2nd Tier Interest Acct. (BANS)	Total Debt Service Paid as of 8/31/2006
9/1/2005	308,383.56	(Series 2002-B)		308,383.56
10/3/2005	333,287.67	(Series 2002-B)		333,287.67
11/1/2005	315,205.48	(Series 2002-B)		315,205.48
12/1/2005	354,904.11	(Series 2002-B)	22,154,521.88	22,509,425.99
1/3/2006	424,849.32	(Series 2002-B)		424,849.32
2/1/2006	356,342.47	(Series 2002-B)		356,342.47
2/15/2006	18,580,918.75	(Series 2002-A)		18,580,918.75
3/1/2006	357,287.67	(Series 2002-B)		357,287.67
4/3/2006	419,917.81	(Series 2002-B)		419,917.81
5/1/2006	397,068.49	(Series 2002-B)		397,068.49

6/1/2006	446,424.66	(Series 2002-B)	22,154,521.88	22,600,946.54
7/3/2006	485,095.89	(Series 2002-B)		485,095.89
8/1/2006	427,808.22	(Series 2002-B)		427,808.22
8/15/2006	18,580,918.75	(Series 2002-A)		18,580,918.75
8/31/2006	41,788,412.85		44,309,043.76	86,097,456.61

Fund 365

Series 2005-A

Series 2005-B

	Interest	Principal	Interest	Principal	
9/1/2005			204,575.34		204,575.34
10/3/2005	14,335,034.17		221,315.07		14,556,349.24
11/1/2005			210,082.19		210,082.19
12/1/2005			234,986.30		234,986.30
1/3/2006			281,287.67		281,287.67
2/1/2006			237,835.62		237,835.62
3/1/2006			237,999.99		237,999.99
4/3/2006	21,502,551.25	21,270,000.00	278,137.00	3,215,000.00	46,265,688.25
5/1/2006			254,663.87		254,663.87
6/1/2006			288,817.04		288,817.04
7/3/2006			313,556.88		313,556.88
8/1/2006			275,585.34		275,585.34
FY 2006	35,837,585.42	21,270,000.00	3,038,842.31	3,215,000.00	63,361,427.73

Commercial Paper - Series A

	Interest	Principal	
12/13/2005	423,574.82		423,574.82
1/11/2006	224,827.40		224,827.40
2/1/2006	108,009.00	315,000.00	423,009.00
2/3/2006	55,408.22		55,408.22
2/7/2006	848,798.40	378,000.00	1,226,798.40
2/9/2006	248,737.35	251,000.00	499,737.35
2/9/2006	1,399.23		1,399.23
2/15/2006	172,811.68	48,000.00	220,811.68
3/1/2006	46,794.52	20,000,000.00	20,046,794.52
3/1/2006	257,797.26		257,797.26

3/7/2006	180,887.67	30,000,000.00	30,180,887.67
3/9/2006	41,394.52		41,394.52
3/15/2006	24,931.51	10,000,000.00	10,024,931.51
3/22/2006	17,605.48	5,000,000.00	5,017,605.48
3/23/2006	30,969.86	10,000,000.00	10,030,969.86
4/3/2006	95,498.63		95,498.63
4/5/2006	23,819.18	10,000,000.00	10,023,819.18
4/6/2006	145,209.87		145,209.87
4/7/2006	175,191.78		175,191.78
4/10/2006	2,117.26	3,450,000.00	3,452,117.26
4/12/2006	26,489.04	5,000,000.00	5,026,489.04
4/13/2006	9,454.03	15,800,000.00	15,809,454.03
5/3/2006	58,546.85	8,000,000.00	8,058,546.85
5/3/2006	51,228.49	7,000,000.00	7,051,228.49
5/4/2006	50,936.99	20,000,000.00	20,050,936.99
5/5/2006	15,460.27	3,000,000.00	3,015,460.27
5/8/2006	156,054.79		156,054.79
5/8/2006	201,715.89		201,715.89
5/11/2006	245,766.58	1,200,000.00	1,445,766.58
5/16/2006	56,268.50	7,000,000.00	7,056,268.50
5/31/2006	37,664.39	4,700,000.00	4,737,664.39
6/1/2006	55,767.12		55,767.12
6/6/2006	39,852.71		39,852.71
6/6/2006	203,095.89		203,095.89
6/12/2006	114,953.42		114,953.42
6/28/2006	40,021.92	5,000,000.00	5,040,021.92
7/5/2006	17,173.56	6,550,000.00	6,567,173.56
7/5/2006	67,396.00		67,396.00
7/5/2006	22,155.21	8,450,000.00	8,472,155.21
7/10/2006	35,260.27	10,000,000.00	10,035,260.27
8/2/2006	5,215.89	1,000,000.00	1,005,215.89
8/4/2006	173,589.04	20,000,000.00	20,173,589.04
8/4/2006	74,550.00		74,550.00
8/7/2006	257,490.41		257,490.41
8/7/2006	181,370.96		181,370.96
FY 2006	<u>5,323,261.86</u>	<u>212,142,000.00</u>	<u>217,465,261.86</u>
		TOTAL FY 2006	<u><u>366,924,146.20</u></u>

4. FY 06 general revenue appropriated debt service compared to actual debt service paid:

Debt service for the 2002 Series Bonds is paid out of funds held by the Trustee (non-general revenue, non-appropriated).

Debt service for the 2005 Series Bonds was paid out of the Texas Mobility Fund (365).

Debt service for the Commercial Paper was paid out of the State Highway Fund (006).

5. Amount of bonds authorized but unissued:

Pursuant to the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA), the USDOT has agreed to lend the Commission up to \$916,760,000 to pay or reimburse a portion of the Costs of the 2002 Central Texas Turnpike Project under the Secured Loan Agreement between the Commission and the USDOT.

To evidence the Commission's obligations under a Secured Loan Agreement, the Commission has executed the 2002 TIFIA Bond as a Subordinate Lien Obligation. The Commission has not drawn on the TIFIA bonds and is not expected to draw on them until 2007 and 2008.

Transportation Code, Chapter 201, Subchapter M. Obligations For Certain Highway And Mobility Projects authorized TxDOT to issue \$4 billion in Texas Mobility Fund Bonds. On June 8, 2005 TxDOT issued \$1 billion par in Texas Mobility Fund Bonds. On June 8, 2006 TxDOT issued \$750,000,000 par in Texas Mobility Bonds.

Transportation Code, Chapter 222, Subchapter A. authorized TxDOT to issue State Highway Fund Revenue Bonds. The aggregate principal amount of the bonds and other public securities that are issued may not exceed \$3 billion. The Commission may only issue bonds or other public securities in an aggregate principal amount of not more than \$1 billion each year. On May 3, 2006, TxDOT issued \$600,000,000 par in State Highway Fund First Tier Revenue Bonds. Total amount authorized but unissued is \$2,372,669,024.02.

	<u>Series 2006</u>
Par Amount of Bonds	600,000,000.00
Plus: Premium	30,676,624.90
Less: Underwriter's Discount	<u>(2,526,279.92)</u>
Proceeds	628,150,344.98
Less: Bond Issue Costs	<u>(819,369.00)</u>
Total Issued	<u><u>627,330,975.98</u></u>

VARIABLE RATE DEBT

1. The Texas Transportation Commission issued \$150 million of Series 2002 in August 2002 and \$100 million of Series 2005 in June 2005 of variable rate debt. Total amount outstanding at 8/31/06 is \$150 million Series 2002 and \$96,785,000 Series 2005.

2. Total FY 2007 debt service requirements (principal and interest):

	Series 2002-B	Series 2005-B	VARIABLE RATE DEBT Total FY 07 Requirements
Principal		2,710,000.00	2,710,000.00
Interest	5,085,000.00	3,252,298.34	8,337,298.34
Variable Rate @8/31/06	3.39%	3.40%	

COMMERCIAL PAPER

1. State Highway Fund Revenue Commercial Paper Notes Series A

Outstanding @ 8/31/2006 88,850,000.00 principal

Accrued Interest @8/31/06 789,157.35 interest

2. Retired Commercial Paper in fiscal year 2006 as of 8/31/06 - \$211,150,000.

B. REFUNDINGS AND CHANGES IN REPAYMENT:

n/a

C. SWAPS

n/a

D. EXPECTED ISSUANCE IN FY 2007:

As of 8/31/2006, TxDOT plans to issue \$1.25 billion in October/November 2006, and \$1 billion in July 2007 in Texas Mobility Fund Bonds.

As of 8/31/2006, TxDOT plans to issue \$1 billion in State Highway Fund Revenue Bonds in November 2006.

E. LIQUIDITY

Texas Turnpike Authority Central Texas Turnpike System First Tier Revenue Bonds

Series 2002-B \$150,000,000 (Weekly Rate Demand Bonds):

Standby Bond Purchase Agreement

Dated May 1, 2006. Current stated expiration date of the Agreement is May 1, 2016.

Entered into by and between the Texas Transportation Commission and DEPFA Bank PLC acting through its New York Branch.

Contact Information:

DEPFA BANK PLC,
New York Branch
623 Fifth Avenue
New York, New York 10022
Attn: General Manager
Phone: (212) 286-2000

Series 2005-B \$100,000,000 (State of Texas General Obligation Mobility Fund Bonds)

Standby Bond Purchase Agreement

Dated May 1, 2005. Current stated expiration date of the Agreement is April 8, 2012.

Entered into by and between the Texas Transportation Commission and DEPFA Bank PLC acting through its New York Branch.

DEPFA BANK PLC,
New York Branch
623 Fifth Avenue
New York, New York 10022
Attn: General Manager
Phone: (212) 286-2000

F. Debt Management/SWAP Policies or Guidelines

TxDOT adheres to the debt issuance policies that the Bond Review Board has developed for the State of Texas.

TxDOT adopted debt and derivative management policies (attached) as of August 24, 2006.

Submitted by: James M. Bass, Chief Financial Officer, TxDOT 9/15/06