

TEXAS DEPARTMENT OF TRANSPORTATION
Annual Issuer Report
For the Period Ending August 31, 2007

I. Debt Management/Derivative Policies

TxDOT adopted debt and derivative management policies as of August 24, 2006. An annual review occurred on August 23, 2007.

II. Authorized Debt

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 System 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 drew down on the TIFIA bonds to pay a \$124,930,000 BANS principal payment on June 1, 2007.

Transportation Code, Chapter 201, Subchapter M. Obligations For Certain Highway And Mobility Projects requires the Comptroller revenue certification that funds are sufficient to meet 110% of debt service requirements. The Master Resolution, which can be amended without bondholder consent, limits issuance to \$4 billion outstanding at any time. Total amount authorized but unissued is \$113,250,000.

Issue Date	Texas Mobility Bonds	Issued Amount - Par	Principal - Retired	Total Amount Outstanding
6/8/2005	Series 2005 A & B	\$1,000,000,000	(\$41,310,000)	\$958,690,000
6/8/2006	Series 2006	750,000,000	(18,350,000)	731,650,000
10/31/2006	Series 2006-A	1,040,275,000	(195,000)	1,040,080,000
12/13/2006	Series 2006-B	150,000,000		150,000,000
6/21/2007	Series 2007	1,006,330,000		1,006,330,000
Total Texas Mobility Fund Bonds		\$3,946,605,000	(\$59,855,000)	\$3,886,750,000

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 \$6 billion. The Commission may only issue bonds or other public securities in an aggregate principal amount of not more than \$1.5 billion each year. Total amount authorized but unissued is \$4,372,961,753.67.

Issue Date	State Highway Bonds	Issued Amount - Par	Principal - Retired	Total Amount Outstanding
5/3/2006	Series 2006	\$600,000,000	(\$20,810,000)	\$579,190,000
11/8/2006	Series 2006-B	100,000,000		100,000,000
11/21/2006	Series 2006-A	852,550,000		852,550,000
Total State Highway Revenue Bonds		\$1,552,550,000	(\$20,810,000)	\$1,531,740,000

	Series 2006	Series 2006-A	Series 2006-B	Total Proceeds
Par Amount of Bonds	\$600,000,000.00	\$852,550,000.00	\$100,000,000.00	\$1,552,550,000.00
Plus: Premium	30,676,624.90	51,492,746.30		82,169,371.20
Less: Underwriter's Discount	(2,526,279.92)	(3,362,977.13)	(116,631.00)	(6,005,888.05)
Add'l Proceeds		(2,840.32)		(2,840.32)
Proceeds	628,150,344.98	900,676,928.85	99,883,369.00	1,628,710,642.83
Less: Bond Issue Costs	(819,369.00)	(681,928.85)	(171,098.65)	(1,672,396.50)
Total Issued	\$627,330,975.98	\$899,995,000.00	\$99,712,270.35	\$1,627,038,246.33

III. Outstanding Debt

Central Texas Turnpike System

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
First Tier Revenue Bonds (Series 2002-B)	
Weekly Rate Demand Bonds	150,000,000.00
Second Tier Bond Anticipation Notes (Series 2002)	775,070,000.00
2002 TIFIA Loan	124,930,000.00
TOTAL SERIES 2002	<u>\$2,199,993,781.80</u>

State of Texas General Obligation Bonds (Texas Mobility Fund)

Series 2005-A Fixed Rate Bonds	\$864,615,000.00
Series 2005-B Variable Rate Bonds	94,075,000.00
Series 2006 Fixed Rate Bonds	731,650,000.00
Series 2006-A Fixed Rate Bonds	1,040,080,000.00
Series 2006-B Variable Rate Bonds	150,000,000.00
Series 2007 Fixed Rate Bonds	1,006,330,000.00
TOTAL TMF General Obligation Bonds	<u>\$3,886,750,000.00</u>

State Highway Fund First Tier Revenue Bonds

Series 2006 Fixed Rate Bonds	\$579,190,000.00
Series 2006-A Fixed Rate Bonds	852,550,000.00
Series 2006-B Variable Rate Bonds	100,000,000.00
TOTAL SHF Revenue Bonds	<u>\$1,531,740,000.00</u>

State Highway Fund Revenue Commercial Paper
Notes Series A

\$158,000,000.00
<u>\$158,000,000.00</u>

TOTAL TxDOT DEBT OUTSTANDING @ 8/31/07	<u><u>\$7,776,483,781.80</u></u>
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1. Annual principal and interest debt service requirements

Attachment A

2. Variable Rate Debt

1. The Texas Transportation Commission variable rate debt is as follows:

Issue Date	Description	Issued Amount - Par	Principal Payments	Amount Outstanding - Par
8/29/2002	Central Texas Turnpike System Series 2002-B	\$150,000,000		\$150,000,000
6/8/2005	Texas Mobility Bonds Series 2005-B	100,000,000	\$5,925,000	94,075,000
11/8/2006	State Highway Revenue Bonds Series 2006-B	100,000,000		100,000,000
12/13/2006	Texas Mobility Bonds Series 2006-B	150,000,000		150,000,000
Total Variable Rate Debt		\$500,000,000	\$5,925,000	\$494,075,000

2. Total FY 2008 debt service requirements (principal and interest):

	CTTS Series 2002-B	TMF Series 2005-B	TMF Series 2006-B	SHF Series 2006-B	VARIABLE RATE DEBT Total FY 08 Requirements
Principal		\$2,800,000.00			\$2,800,000.00
Interest	\$5,880,000.00	\$3,688,461.00	\$7,228,664.00	\$3,920,000.00	20,717,125.00
Rate @8/31/07	3.92%	3.97%	3.65%	3.93%	\$23,517,125.00

3. Actual debt service paid FY 2007:

Central Texas Turnpike System Bonds Series 2002 A & B					
	1st Tier Interest Acct.		2nd Tier Interest Acct.	BANS Principal	Total as of 8/31/2007
9/1/2006	\$447,493.15 (Series 2002-B)				\$447,493.15
10/2/2006	451,232.88 (Series 2002-B)				451,232.88
11/1/2006	433,397.26 (Series 2002-B)				433,397.26
12/1/2006	438,369.86 (Series 2002-B)		\$22,154,521.88		22,592,891.74
1/2/2007	465,164.38 (Series 2002-B)				465,164.38
2/2/2007	457,150.68 (Series 2002-B)				457,150.68
2/15/2007	18,580,918.75 (Series 2002-A)				18,580,918.75
3/1/2007	413,712.33 (Series 2002-B)				413,712.33
4/2/2007	455,794.52 (Series 2002-B)				455,794.52
5/1/2007	461,095.89 (Series 2002-B)				461,095.89
6/1/2007	492,123.29 (Series 2002-B)		22,154,521.88	\$124,930,000.00	147,576,645.17
7/2/2007	455,671.23 (Series 2002-B)				455,671.23
8/1/2007	460,232.88 (Series 2002-B)				460,232.88
8/15/2007	18,580,918.75 (Series 2002-A)				18,580,918.75
8/31/2007	<u>\$42,593,275.85</u>		<u>\$44,309,043.76</u>	<u>\$124,930,000.00</u>	<u>\$211,832,319.61</u>

Texas Mobility Fund General Obligation Bonds - Fund 0365			
	Interest	Principal	Total as of 8/31/2007
9/1/2006	\$288,604.91	(Series 2005-B)	\$288,604.91
10/1/2006	21,077,151.25	(Series 2005-A)	21,077,151.25
10/1/2006	290,036.81	(Series 2005-B)	290,036.81
10/1/2006	12,283,472.92	(Series 2006)	12,283,472.92
11/1/2006	279,774.94	(Series 2005-B)	279,774.94
12/1/2006	285,131.25	(Series 2005-B)	285,131.25
1/3/2007	309,632.45	(Series 2005-B)	309,632.45
2/1/2007	285,900.22	(Series 2005-B)	285,900.22
3/1/2007	267,153.11	(Series 2005-B)	267,153.11
4/1/2007	21,077,151.25	14,115,000.00 (Series 2005-A)	35,192,151.25
4/1/2007	303,692.76	2,710,000.00 (Series 2005-B)	3,013,692.76
4/1/2007	18,425,209.38	18,350,000.00 (Series 2006)	36,775,209.38
4/1/2007	20,889,298.06	195,000.00 (Series 2006-A)	21,084,298.06
4/1/2007	1,576,767.12	(Series 2006-B)	1,576,767.12
5/1/2007	280,188.85	(Series 2005-B)	280,188.85
6/1/2007	309,828.93	(Series 2005-B)	309,828.93
7/2/2007	295,421.27	(Series 2005-B)	295,421.27
8/1/2007	279,157.89	(Series 2005-B)	279,157.89
8/31/2007	<u>\$98,803,573.37</u>	<u>\$35,370,000.00</u>	<u>\$134,173,573.37</u>

State Highway Fund Revenue Bonds - Fund 0006			
	Interest	Principal	Total as of 8/31/2007
9/1/2006			\$0.00
10/1/2006	\$12,207,142.78	(Series 2006)	12,207,142.78
11/1/2006			0.00
12/1/2006	229,068.49	(Series 2006-B)	229,068.49
1/1/2007	322,520.55	(Series 2006-B)	322,520.55
2/1/2007	295,150.68	(Series 2006-B)	295,150.68
3/1/2007	276,575.35	(Series 2006-B)	276,575.35
4/1/2007	14,846,525.00	20,810,000.00 (Series 2006)	35,656,525.00
4/1/2007	15,033,028.47	(Series 2006-A)	15,033,028.47
4/1/2007	314,739.73	(Series 2006-B)	314,739.73
5/1/2007	298,191.78	(Series 2006-B)	298,191.78
6/1/2007	328,931.50	(Series 2006-B)	328,931.50
7/1/2007	314,849.32	(Series 2006-B)	314,849.32
8/1/2007	297,424.66	(Series 2006-B)	297,424.66
8/31/2007	<u>\$44,764,148.31</u>	<u>\$20,810,000.00</u>	<u>\$65,574,148.31</u>

	Commercial Paper - Series A		Total as of 8/31/2007
	Interest	Principal	
11/2/2006	\$43,767.12	\$5,000,000.00	\$5,043,767.12
11/6/2006	555,513.87		555,513.87
11/7/2006	189,876.37		189,876.37
12/12/2006	70,939.73	20,550,000.00	20,620,939.73
12/15/2006	238,077.37		238,077.37
12/18/2006	19,666.35		19,666.35
2/1/2007	66,575.34		66,575.34
3/8/2007	381,106.85		381,106.85
3/9/2007	987.19	10,150,000.00	10,150,987.19
4/5/2007	93,205.48		93,205.48
5/9/2007	50,538.08	12,000,000.00	12,050,538.08
5/10/2007	239,028.04		239,028.04
5/16/2007	62,342.47	15,000,000.00	15,062,342.47
6/22/2007	260,120.55		260,120.55
6/26/2007	163,331.51		163,331.51
8/3/2007	334,936.10	38,150,000.00	38,484,936.10
8/7/2007	77,049.86		77,049.86
8/9/2007	27,369.86		27,369.86
8/17/2007	172,602.74		172,602.74
8/20/2007	23,079.45		23,079.45
8/21/2007	98,580.82		98,580.82
8/27/2007	7,732.60		7,732.60
8/30/2007	10,257.53		10,257.53
8/31/2007	<u>\$3,186,685.28</u>	<u>\$100,850,000.00</u>	<u>\$104,036,685.28</u>

TOTAL DEBT SERVICE PAID AS OF 8/31/07	<u><u>\$515,616,726.57</u></u>
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4. Change in the debt retirement schedule for any outstanding bond issue.

No changes

5. FY 07 general revenue appropriated debt service compared to actual debt service paid:

The Commission does not have any debt outstanding nor unissued that is payable from general revenue.

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

Debt service for the Texas Mobility Bonds Series 2005 & 2006 was paid out of the Texas Mobility Fund (365).

Debt service for the State Highway Revenue Bonds Series 2006 was paid out of the State Highway Fund (006).

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

IV. TUITION REVENUE DEBT

n/a

V. COMMERCIAL PAPER

1. The aggregate principal amount authorized to issue and have outstanding is \$500,000,000.

2. Commercial Paper Outstanding:

State Highway Fund Revenue Commercial Paper Notes Series A

Principal Amt	Maturity	Interest Rate	Days of Interest	Accrued Interest
16,000,000	9/4/07	3.90%	5.00	8,657.53
24,000,000	9/4/07	3.89%	7.00	17,904.66
18,000,000	9/4/07	3.85%	15.00	28,479.45
5,000,000	9/4/07	3.68%	18.00	9,073.97
30,000,000	9/12/07	3.65%	22.00	66,000.00
25,000,000	9/18/07	3.68%	32.00	80,657.53
10,000,000	10/4/07	3.74%	41.00	42,010.96
30,000,000	11/15/07	3.63%	86.00	256,586.30
158,000,000				509,370.41

3. The aggregate principal amount of Commercial Paper issued in fiscal year 2007 as of 8/31/07 - \$170,000,000.

4. The aggregate principal amount of Commercial Paper retired in fiscal year 2007 as of 8/31/07 - \$100,850,000.

5. List of projects for which commercial paper was issued during FY 2007:

Commercial paper was issued for short term cash management purposes.

VI. DERIVATIVES

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

On October 5, 2006, the Texas Transportation Commission competitively bid a \$400 million forward starting CMS basis swap in connection with the issuance of the Commission's State of Texas General Obligation Mobility Fund Bonds, Series 2006-A.

JPMorgan Chase Bank provided the winning bid of 69.42% of 10-year CMS and was awarded 50% of the \$400 million swap.

Goldman, Sachs Mitsui Marine Derivative Products and Morgan Stanley Capital Services agreed to match the winning bid, and therefore, each firm received 25% of the \$400 million swap.

Pursuant to the 2006 Swap Agreement, beginning on September 1, 2007, the Commission pays BMA to the Swap Providers and receives 69.42% of 10-Year CMS from the Swap Providers. With the Commission electing to pay BMA, the expected net benefit will result from the assumption of yield curve risk and tax risk.

Swap Notional Amount	\$400,000,000
Trade Date of Swap	10/5/2006
Effective Date of Swap	9/1/2007
Final Maturity	9/1/2027
Average Life (Years)	20
TxDOT pays	BMA
Swap Providers Pay	69.42% of 10-year LIBOR

		Ratings		
		Moody's	Standard & Poors	Fitch Ratings
JPMorgan Chase Bank	50%	Aaa	AA	AA-
Goldman, Sachs Mitsui Marine	25%	Aaa	AAA	NR
Morgan Stanley Capital Services	25%	Aa3	A+	AA-

VII. 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.

Contact Information:

DEPFA BANK PLC,

New York Branch

623 Fifth Avenue

New York, New York 10022

Attn: General Manager

Phone: (212) 286-2000

Series 2006-B \$150,000,000 (State of Texas General Obligation Mobility Fund Bonds)

Standby Bond Purchase Agreement - total commitment of \$152,301,370

Dated December 1, 2006. Stated expiration date of December 13, 2013.

Entered into by and between the Texas Transportation Commission and State Street Bank & Trust (50%) and CalPERS (50%).

Contact Information:

STATE STREET BANK AND TRUST

State Street Global Markets, LLC

State Street Financial Center SFC/5

One Lincoln Street

Boston, Massachusetts 02111-2900

Attn: Jenna Gianelli

Phone: (617) 664-4190

CalPERS

California Public Employees Retirement System

Lincoln Plaza North

400 Q Street

Sacramento, California 95814

Attn: Anny Y. Chen, Investment Officer

Phone: (916) 795-3261

Series 2006-B \$100,000,000 (State Highway Fund First Tier Revenue Bonds)

Standby Bond Purchase Agreement - total commitment of \$101,150,685

Dated November 1, 2006. Stated expiration date of November 7, 2016.

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

Contact Information:

BANCO BILBOA VIZCAYA ARGENTARIA, S.A.

1345 Avenue of the Americas

45th Floor

New York, New York 10105

Attn: Patricia Kunert/Michael Pizarro

Phone: (212) 728-2396/1668

State Highway Fund Revenue Commercial Paper Notes, Series A

Letter of Credit Agreement between TxDOT, Bank of American, NA and State Street Bank and Trust Co.

Original Effective date: 8/26/05

Extension authorized: 8/26/07

Expires: 8/25/09

Bank of America, NA Commitment \$233,321,918

State Street Bank and Trust Co. Commitment \$129,623,288

Contact Information:

Bank of America

515 Congress, Suite 1100

Austin, Texas 78701

Attention: Kathleen Ford-Smith

Telephone: 512-397-2026

Facsimile: 512-397-2052

State Street Global Markets, LLC

State Street Financial Center, 5th Floor

One Lincoln Street

Boston, MA 02111-2900

Attention: Kateryna Polyakova (Operations Contact)

Telephone: 617.664.8362

Facsimile: 617.310.5741

VIII. EXPECTED ISSUANCE IN FY 2008:

In September 2007, TxDOT plans to issue approximately \$1 billion of State Highway Fund First Tier Revenue Bonds.

In February or March 2008, TxDOT plans to issue approximately \$1 billion of Texas Mobility Fund Bonds.

In fall 2007 or spring 2008, TxDOT may refund certain Central Texas Turnpike System debt in a currently unknown par amount.

IX. Program Summaries

X. Legislation

Submitted by: James M. Bass, Chief Financial Officer, TxDOT 9/14/2007