ANNUAL REPORT
With Respect to
FEDERAL HIGHWAY GRANT ANTICIPATION BONDS

March 20, 2012
STATE OF NEW HAMPSHIRE  
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This Annual Report dated March 20, 2012 (the “Annual Report”) of the State of New Hampshire (the “State”) is prepared and submitted in accordance with the requirements of the Continuing Disclosure Certificate dated November 4, 2010 executed by the State for the benefit of the owners of the $20,040,000 Federal Highway Grant Anticipation Bonds, 2010 Series A (Federally Taxable – Build America Bonds – Direct Payment) and the $59,960,000 Federal Highway Grant Anticipation Bonds 2010 Series B (Federally Taxable – Recovery Zone Economic Development Bonds – Direct Payment), (collectively, the “Bonds”). Exhibit A hereto, sets forth the State’s audited financial statements pertaining to the Federal Highway Grant Anticipation Trust Fund for the Fiscal Year ended June 30, 2011, prepared in accordance with generally accepted accounting principles.

Annual Report

The Annual Report is submitted pursuant to the Continuing Disclosure Certificate and updates certain information contained in the State’s most recent Official Statement dated November 4, 2010 (the “Official Statement”), which contains certain information pertaining to the State’s Federal Highway Grant Anticipation Trust Fund. This Annual Report does not constitute an offer to sell or the solicitation of an offer to buy the Bonds.

Pursuant to the Continuing Disclosure Certificate, the State hereby updates the information requested in Section 4, “Content of Annual Reports,” of the Continuing Disclosure Certificates as follows (the headings and page numbers refer to the applicable portions of the Official Statement):

- Information Concerning Federal-Aid Highway Program Reauthorization Risk as described on p. 21:

Reauthorization Risk

On September 16, 2011, President Obama signed into law the Surface and Air Transportation Programs Extension Act of 2011 (H.R. 2887) that extends surface transportation programs through March 31, 2012 at current funding levels. This is the eighth short-term extension of SAFETEA-LU since the original long-term reauthorization expired on September 30, 2009. On March 14, 2012, the Senate passed S. 1813 as amended, providing for a two year, level funded surface transportation authorization by a vote of 74-22. It is uncertain what action, if any, the House of Representatives may take on this or any other longer-term transportation reauthorization.
History of Extensions: The Surface Transportation Extension Act of 2011 (H.R. 662) extended the authorization through September 30, 2011. The Continuing Appropriations and Surface Transportation Extensions Act of 2011 (H.R. 3082) extended the authorization through March 4, 2011. The Hiring Incentives to Restore Employment Act (H.R. 2847) extended the authorization through December 31, 2010 and the Temporary Extension Act of 2010 (H.R. 4691) extended the authorization to March 28, 2010. On September 30, 2009, SAFETEA-LU expired without enactment of a new six-year reauthorization program. In order to avoid a halt in the FAHP, Congress has enacted four short-term interim authorizations: the first extended SAFETEA-LU’s FFY 2009 funding levels through the end of October 2009, the second, enacted in late October 2009, extended FFY 2009 funding levels through December 18, 2009, the third extended FFY 2009 funding levels through February 18, 2010, and the fourth, the HIRE Act, extended FFY 2009 funding levels through December 31, 2010. See Information Concerning the Funding of Federal-Aid Highways – Federal Highway Trust Fund for a description of the HIRE Act. Similar interim extensions have occurred in the past. For example, TEA-21 (hereafter defined) expired on September 20, 2003 and was the subject of multiple interim reauthorization extensions until the enactment of SAFETEA-LU in August 2005. If SAFETEA-LU is not reauthorized at sufficient funding and spending levels to address the shortfalls in fuel taxes collected and the decline in VMT, the HTF could continue to experience deficits.

- Information Concerning the Funding of Federal-Aid Highways with respect to the subsection – Federal Reimbursement Received by the State on p. 25:

Federal Reimbursement Received by the State

The table on the next page updates the amount of reimbursements received by the State under the Federal Program to include SFY 2011.
State of New Hampshire
Federal Highway Funds Received
1997 through 2011
(in millions, unaudited)

<table>
<thead>
<tr>
<th>State Fiscal Year Ending June 30</th>
<th>Federal Reimbursement Received</th>
<th>State Fiscal Year Ending June 30</th>
<th>Federal Reimbursement Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$100.10</td>
<td>2005</td>
<td>$136.74</td>
</tr>
<tr>
<td>1998</td>
<td>$93.53</td>
<td>2006</td>
<td>$167.99</td>
</tr>
<tr>
<td>1999</td>
<td>$110.21</td>
<td>2007</td>
<td>$170.69</td>
</tr>
<tr>
<td>2000</td>
<td>$116.32</td>
<td>2008</td>
<td>$163.00</td>
</tr>
<tr>
<td>2001</td>
<td>$124.79</td>
<td>2009</td>
<td>$175.37</td>
</tr>
<tr>
<td>2002</td>
<td>$150.56</td>
<td>2010</td>
<td>$246.87</td>
</tr>
<tr>
<td>2003</td>
<td>$136.43</td>
<td>2011</td>
<td>$212.13</td>
</tr>
<tr>
<td>2004</td>
<td>$138.33</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: FHWA / Rapid Approval & State Payment System (RASPS)

Note: Federal Reimbursements may be more or less than Obligation Authority in any given year due to lags in timing of such reimbursements from FHWA.

- *Information Concerning the Funding of Federal-Aid Highways* with respect to the subsection—*Rescissions* on p. 28:

**Rescissions**

Through legislation, any unused balances of previously authorized funds can be rescinded. Since the passage of SAFETEA-LU, Congress has taken actions to reduce SAFETEA-LU's authorized spending levels, by issuing rescissions. In the FFY 2011, rescissions totaled $10.88 million. This rescission represents 6.0% of the State's FFY 2011 annual gross apportionment.

- *State Participation in the Federal-Aid Highway Program* with respect to the subsection—*Funding History* on p. 29:

**Obligation Authority provided to the State**

The table on the next page updates the amount of Obligation Authority made available to the State to include FFY 2011. The total apportionment includes a $20 million Transportation Investment Generating Economic Recovery grant (TIGER II).
State of New Hampshire  
History of Apportionments and Obligation Authority  
(in millions, unaudited)

<table>
<thead>
<tr>
<th>Federal Fiscal Year Ending Sept. 30th</th>
<th>Total Apportionment</th>
<th>Special Limitation Earmarks</th>
<th>ARRA</th>
<th>Net Apportionment*</th>
<th>Obligation Authority**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$152.70</td>
<td>$8.76</td>
<td>$0.00</td>
<td>$143.93</td>
<td>$132.71</td>
</tr>
<tr>
<td>2005</td>
<td>$167.29</td>
<td>$8.93</td>
<td>$0.00</td>
<td>$158.37</td>
<td>$128.07</td>
</tr>
<tr>
<td>2006</td>
<td>$189.37</td>
<td>$19.55</td>
<td>$0.00</td>
<td>$169.82</td>
<td>$128.73</td>
</tr>
<tr>
<td>2007</td>
<td>$174.13</td>
<td>$13.48</td>
<td>$0.00</td>
<td>$160.65</td>
<td>$138.17</td>
</tr>
<tr>
<td>2008</td>
<td>$165.62</td>
<td>$17.90</td>
<td>$0.00</td>
<td>$147.71</td>
<td>$135.06</td>
</tr>
<tr>
<td>2009</td>
<td>$302.46</td>
<td>$13.25</td>
<td>$129.44</td>
<td>$159.78</td>
<td>$143.11</td>
</tr>
<tr>
<td>2010</td>
<td>$205.82</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$205.82</td>
<td>$157.64</td>
</tr>
<tr>
<td>2011</td>
<td>$182.86</td>
<td>$20.00***</td>
<td>$0.00</td>
<td>$162.86</td>
<td>$154.14</td>
</tr>
</tbody>
</table>

Source: FHWA data from Fiscal Management Information System.  
*Earmarks and ARRA are not included in Net Apportionment.  
**Obligation Authority includes redistributed Obligation Authority. See Information Concerning the Funding of Federal-Aid Highways—Federal Aid Funding Procedures in the Official Statement for a description of the State’s redistributed Obligation Authority.  
*** TIGER II Grant

There has been an addendum to the “Memorandum of Agreement Between Federal Highway Administration and New Hampshire Department of Transportation” (the “Memorandum”).

Addendum #1 to the Memorandum, dated August 19, 2011, was executed to provide for more accurate reporting of costs within the State system by only carrying typical construction costs in the construction projects and assigning all costs (construction and debt) to the debt system project. This addendum added one project to the list that will be funded by the bond issue due to bids coming in below estimates for the two original projects, identified individual state projects to track debt service (14800 series) for each construction project (13933 & 14633 series), and explained how debt will be assigned within FMIS.

The added project consists of I-93 Southbound Mainline Bridges in the Exit 3 area (Windham) over NH 111 & NH 111A.

The updated table on the next page reflects the three construction projects that have been identified in Addendum #1 for initial bond funding:
<table>
<thead>
<tr>
<th>Federal Project Number</th>
<th>State Project Numbers</th>
<th>Project Description</th>
<th>Anticipated Start Date</th>
<th>Anticipated Completion Date</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI-A000(124)</td>
<td>13933D &amp; 14800A</td>
<td>I-93 NB and SB mainline improvements through the Exit 1 area including improvements to the NH 38 approaches. Two bridges over NH 38 will also be replaced.</td>
<td>Fall 2010</td>
<td>Fall 2012</td>
<td>$32M</td>
</tr>
<tr>
<td>BI-A000(501)</td>
<td>14633F &amp; 14800B</td>
<td>I-93 NB and SB mainline improvements in the area of Exit 5, including the reconstruction of the Exit 5 NB off-ramp and reconstruction of NH 28. Replacement of 4 bridges over NH 28 (2) and rail corridor (2).</td>
<td>Fall 2010</td>
<td>Fall 2013</td>
<td>$37M</td>
</tr>
<tr>
<td>BI-A001(243)</td>
<td>13933N &amp; 14800C</td>
<td>I-93 SB Mainline Bridges over NH 111 &amp; NH 111A.</td>
<td>Fall 2011</td>
<td>Fall 2013</td>
<td>$13M</td>
</tr>
</tbody>
</table>

- There have been two significant changes in the principal administrators of the Department of Transportation and the Ten Year Plan as described below and reflected in the revised Organization Chart.

Christopher Clement, Commissioner of the Department. Mr. Clement took office on September 14, 2011 as Commissioner of the New Hampshire Department of Transportation. Mr. Clement has extensive leadership experience in both the private and public sectors.

Mr. Clement served as Deputy Commissioner and Chief Operating Officer of the New Hampshire Department of Transportation from July 2008 to February 2010. Prior to becoming the Commissioner, Mr. Clement was the Director of the Governor’s Office of Economic Stimulus.

Mr. Clement has extensive experience in the creation and implementation of strategic approaches to business processes, working with cross-functional work teams, and the development of strategic initiatives and meaningful performance measures. His private sector experience includes 19 years with Goss International, Inc. of Dover, New Hampshire, where he began as a Design Engineer and rose to the position of Director of Global Commercial Web Product Management.

A New Hampshire native, Mr. Clement earned a Bachelor’s Degree in Mechanical Engineering Technology from the University of New Hampshire, and a Master’s Degree of Business Administration from the New Hampshire College Graduate School of Business.

Patrick K. McKenna, Director of Finance. Mr. McKenna took office on November 17, 2010 as Director of Finance for the New Hampshire Department of Transportation. Mr. McKenna has held several leadership positions in the public, private and non-profit sectors, including, most recently, as the Chief Financial Officer of a statewide non-profit, and prior to that as the Chief Financial Officer of the United States Senate in Washington, D.C.
Mr. McKenna has a B.S. degree in Finance from Bentley University in Waltham, Massachusetts, and a M.S. in Management and Finance from the University of Maryland University College in College Park, Maryland.

**Future Additional Debt Plans**

The State Legislature has authorized $195 million in GARVEE Bonds for the I-93 project, of which $80 million have been issued. It is anticipated that the remaining $115 million will be issued in the summer of calendar 2012. This issuance will fund the three remaining projects and will complete the Mainline Construction Priorities phase.

**The State of New Hampshire Comprehensive Annual Financial Report ("CAFR")**

The State of New Hampshire CAFR for the State Fiscal Year Ended June 30, 2011 is provided in Appendix A. These are the most recently available audited financial statements of the State,
prepared in accordance with generally accepted accounting principles. Included in the statements on pages 86 and 87, is separately stated information pertaining to the State's Federal Highway Grant Anticipation Bond Trust fund as defined in RSA 228-A.

Questions may be directed to Marie Mullen, Administrator II at the State of New Hampshire Department of Transportation at (603) 271-6829.

This Annual Report has been executed and delivered on behalf of the State pursuant to the Continuing Disclosure Certificates.

STATE OF NEW HAMPSHIRE

By: 
Christopher D. Clement, Sr.
Commissioner
Department of Transportation