

**STATE OF NEW HAMPSHIRE'S
ANNUAL REPORT
with respect to
STATE OF NEW HAMPSHIRE
TURNPIKE SYSTEM REVENUE BONDS
February 25, 2005**

This Annual Report dated February 25, 2005 (the "Annual Report") of the State of New Hampshire (the "State") is prepared and submitted in accordance with the requirements of the Continuing Disclosure Certificates, dated February 11, 1999, January 3, 2002 and August 7, 2003 (collectively, the "Continuing Disclosure Certificates") executed by the State for the benefit of the owners of the \$96,770,000 State of New Hampshire Turnpike System Revenue Bonds, 1999 Series A and 1999 Refunding Series B, \$84,865,000 State of New Hampshire Turnpike System Revenue Bonds, 2002 Refunding Series and \$94,125,000 State of New Hampshire Turnpike System Revenue Bonds, 2003 Refunding Series (collectively, the "Bonds"). Exhibit A hereto, setting forth the State's audited financial statements for the fiscal year ended June 30, 2004 and comparative information for fiscal year 2003, prepared in accordance with generally accepted accounting principles, with a report thereon by KPMG LLP, independent public accountants, is included as part of this Annual Report.

Questions may be directed to Paul Anctil, Finance Manager at the State of New Hampshire Department of Transportation at (603) 271-1579.

Annual Report

This Annual Report is submitted pursuant to the Continuing Disclosure Certificates and updates certain information contained in the State's most recent Official Statement dated July 10, 2003 (the "Official Statement") which contains certain information pertaining to the State's Turnpike System. 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 Certificates, the State hereby updates the information requested in Section 4 of the Continuing Disclosure Certificates as follows (the headings and page numbers refer to the applicable portions of the Official Statement):

- **THE TURNPIKE SYSTEM – General Description**, with respect to the first paragraph on page 24:

No changes.

- THE TURNPIKE SYSTEM – Maintenance of the Turnpike System, with respect to the table captioned “Renewal and Replacement Expenditures” on page 28:

<u>Fiscal Year</u>	<u>Expenditures</u>
2003	\$ 7,279,741
2004	5,106,611
2005	3,090,000*

* Budgeted funds and funds carried forward including prior year encumbrances and Performance Based Budgeting transfers. Actual expenditures may be less than shown.

- THE TURNPIKE SYSTEM – Toll Collection, Rates and Schedules, with respect to the table captioned “Current Toll Rate Schedule” on page 35:

No changes.

- THE TURNPIKE SYSTEM – Turnpike System – Historical Revenues and Expenditures, with respect to the table captioned “Statement of Revenues, Expenses and Changes in Retained Earnings” on page 37: (see page 3)

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS
New Hampshire Turnpike System**

	Fiscal Year Ending <u>June 30, 2003</u>	Fiscal Year Ending <u>June 30, 2004</u>
Operating Revenues:		
Tolls	<u>\$65,389,281</u>	<u>\$65,292,637</u>
Operating Expenses:		
Depreciation	11,061,211	11,727,863
Personnel Services	8,684,924	9,749,203
Enforcement	3,831,036	3,917,547
Payroll Benefits	3,529,089	3,993,123
Renewal and Replacement	7,057,647	4,973,111
Repairs	1,251,440	1,505,697
Other	<u>6,489,513</u>	<u>5,593,549</u>
Total Operating Expenses	<u>41,904,860</u>	<u>41,460,093</u>
Operating Income	<u>23,484,421</u>	<u>23,832,544</u>
Non-operating Income (expenses)		
Investment Income	1,195,760	337,529
Interest expense	(15,914,659)	(15,140,558)
Gain (loss) on sale of land/equipment	140,996	(23,439)
Miscellaneous	(125,381)	83,535
Amortization of bond issuance costs	<u>(260,362)</u>	<u>(214,884)</u>
Total Non-operating expenses, net	<u>(14,963,646)</u>	<u>(14,957,817)</u>
Net Income	8,520,775	8,874,727
Add back:		
Depreciation on fixed assets acquired by grants and entitlements externally restricted for capital acquisitions and construction that reduces contributed capital	<u>863,965</u>	<u>922,451</u>
Increase in retained earnings	9,384,740	9,797,178
Retained earnings at beginning of year (July 1)	221,252,315	230,637,055
Retained earnings at end of year (June 30)	<u>\$230,637,055</u>	<u>\$240,434,233</u>

Note: The State of New Hampshire's CAFR indicates Retained Earnings end of year balance of \$279,971,216 rather than the \$240,434,233 shown above. The difference is due to the State's CAFR including \$39,536,983 of Contributed Capital not included in the Turnpike's Financial Statements above. The State's CAFR is available on the State's website at <http://admin.state.nh.us/accounting/reports.asp#PAFR> Pages 35 - 38 detail the Turnpike's financial results.

- **THE TURNPIKE SYSTEM – Management Discussion of Historical Revenues and Expenditures (only with respect to the preceding fiscal year) on page 38:**

Fiscal Year 2004

Gross revenues available for operating expenses, debt service, reserves and improvement projects totaled \$65,713,001, a 1.5% decrease from Fiscal Year 2003. Toll revenues in this period were \$65,292,637, a decrease of .15% from 2003. Interest income was less by \$858,231, which includes a decrease of \$374,231 in fair market value of investments.

Operating expenses (excluding depreciation and funds for renewal and replacement) in Fiscal Year 2004 were \$24,759,119, an increase of 4.0% over the prior year. This was mainly due to the employee benefits rate rising and increases in personnel services.

During Fiscal Year 2004, Capital Improvement Program expenditures totaled \$26,775,644 including \$7,338,054 from the State and Federal highway sources and \$19,437,590 from proceeds of the 2002 Series Bonds.

- **TURNPIKE SYSTEM INDEBTEDNESS, with respect to the table captioned “Turnpike System Debt Service” on page 43:**

No changes.

- **CAPITAL IMPROVEMENT PROGRAM, with respect to the table captioned “Project Descriptions” on pages 46 through 47, inclusive:**

Project Descriptions

<u>Central Turnpike</u>	<u>Description</u>	<u>Estimated Cost</u>	<u>Projected Completion Date</u>	
Project A1	Preliminary engineering and right-of-way acquisition for Exits 8 and 11, including ramp toll facilities (Merrimack/Nashua).	\$ 1.330 million	Dec-89	(1)
Project A2	Construction of new interchange at Exit 8 to relieve traffic congestion at Interchange 7 (Nashua).	\$ 10.054 million	Jun-88	(1)
Project A3	Preliminary engineering and right-of-way acquisition for Exits 1 and 2 (Nashua).	\$ 26.181 million	Jun-01	(1)
Project A4	Reconstruction of Exit 11 and construction of northbound "off" and southbound "on" ramp toll facilities (Merrimack).	\$ 11.000 million	Jul-93	(1)
Project A5	Engineering, right-of-way, and construction of new mainline toll plaza (Bedford).	\$ 5.363 million	Jan-89	(1)
Project A6	Engineering, right-of-way, and construction of a new interchange two miles south of Exit 11 (formerly Exit 8). Merrimack Industrial Park Interchange includes "off" and southbound "on" toll facilities (Merrimack)	\$ 21.637 million	Oct-90	(1)
Project A7	Engineering, right-of-way acquisition and construction of Camp Sargeant Road bypass. Project will interconnect Amherst St. in Nashua with the new interchange Project A6 (Merrimack).	\$ 8.182 million	Dec-94	(1)
Project A8	Preliminary engineering and right-of-way acquisition for widening the Central Turnpike between Exits 3 and 7 (Nashua).	\$ 22.818 million	Apr-02	(1)
Project A10	Engineering, right-of-way, and construction of the southern segment of circumferential highway around Nashua including toll facilities.	\$ 42.301 million	Jul-01	(2)
Project A11	Engineering, right-of-way acquisition, and construction of the northern segment of the circumferential highway including toll facilities (Nashua/Hudson/Litchfield).	\$ 32.057 million	Jun-05	
Project A12	Reconstruction of Exits 1 and 2 and	\$ 59.418 million	Aug-02	(1)

construction of connector to the circumferential highway (Nashua).

Project A13	Widening and reconstruction of Central Turnpike between Exits 3 and 7 (Nashua).	\$ 84.720 million	May-02	(1)
Project A14	Engineering, right-of-way acquisition, and construction of Bedford Road Interchange including toll facilities (Merrimack).	\$ 6.856 million	Nov-90	(1)
Project A15	Widening of Central Turnpike in Manchester between Route 101 and the Amoskeag Bridge Interchange (Bedford/Manchester).	\$ 19.716 million	June-05	(5)
Project A16	Study of feasibility of widening Central Turnpike between I-89 Interchange and Interchange I-393 (Bow/Concord).	\$ 0.149 million	Aug-92	(1)
Project A17	Construction of southbound only toll facilities of Central Turnpike and southbound on-ramp at Exit 1 (Nashua).	\$ 0.364 million	**	(3)
Project A18	Engineering and construction of replaced bridge over the Souhegan River in Merrimack.	\$ 6.354 million	Oct-07	
Project A19	Engineering, right-of-way acquisition, and construction of Bedford toll expansion.	\$ 6.745 million	Nov-04	
Project A20	Engineering, right-of-way acquisition, and construction of US Rte 3 bridge over the F.E. Everett Turnpike in Bedford	\$.013 million	***	

Spaulding Turnpike

Project B1	Engineering, right-of-way acquisition and reconstruction of the Gosling Rd Interchange (Newington/Portsmouth).	\$ 13.404 million	Nov-93	(1)
Project B2	Safety improvements on the Spaulding Turnpike to include median guard rail and safety improvements (Dover/Rochester).	\$ 6.595 million	Jun-02	(1)
Project B3	Expansion of Dover Toll Plaza (Dover).	\$ 1.502 million	***	
Project B4	Right-of-way acquisition in median of Spaulding Turnpike (Newington).	\$ 2.657 million	Mar-93	(1)
Project B5	Engineering of by-pass around North Conway.	\$ 0.124 million	Dec-90	(1)
Project B6	Dover/Somersworth Weeks traffic circle.	\$ 1.000 million	Dec-94	(1)
Project B7	Engineering, right-of-way acquisitions for	\$ 2.966 million	Jun-05	

Exit 10 on the Spaulding Turnpike (Dover).

Project B8	Construction of Exit 10 on the Spaulding Turnpike (Dover).	- million	Future Project
Project B9	Reconstruction and right-of-way for Exit 6W/US Rte 4 (Scammell Bridge) (Dover).	\$ 1.000 million	Nov-97 (1)
Project B10	Engineering, right-of-way, and construction of Exits 11 through 16 (Rochester).	\$ 19.311 million	Jun-06
Project B11	Engineering, right-of-way, and construction of NH 16/US 4 widening including Little Bay Bridges (Newington/Dover).	\$ 9.693 million	Jun-06 (5)

Blue Star (Route I-95) Turnpike

Project C1	Expansion of Hampton Toll Plaza (Hampton/North Hampton).	\$ 2.379 million	Jun-04
Project C2	Engineering and Construction of roadway widening of the approaches to the Hampton Main line plaza (Hampton)	\$ 2.544 million	Jun-03
Project C3	Engineering and Construction for the widening of the Hampton ramp toll plaza approaches (Hampton)	\$ 6.568 million	Jun-06

Total \$ 492.114 million (4)

(1) Actual Completion Date

(2) The segment between Route 3A and the Central Turnpike is complete; the portion from Route 3A to Route 111 has been deferred.

(3) The Legislative authority to build the Nashua toll facilities was repealed in Fiscal Year 2001.

(4) Other projects included in the total of \$492.114 million are for Administrative costs (\$37.144 million), consultant fees (\$3.631 million), and computer equipment (\$16.338 million). Numbers may not add due to rounding.

(5) Not included in the above projects is the Federal Funding portion; Project A15 = \$31.40 million, Project B11 = \$115.18 million, and computer equipment for EZ Pass = \$12.671 million.

*** - Projects have been placed "On-Shelf" until further notice.

Changes = *Italicized*

- CAPITAL IMPROVEMENT PROGRAM, with respect to the table captioned "Capital Improvement Program Expenditures" on page 48:

**ACTUAL AND PROJECTED CAPITAL IMPROVEMENT
PROGRAM EXPENDITURES
FISCAL YEARS 1986 THROUGH 2007**
(on a cash basis)

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Capital</u> <u>Expenditures</u>
1986	\$ 3,703,014
1987	12,846,330
1988	15,092,609
1989	34,183,782
1990	31,457,483
1991	25,308,194
1992	29,988,101
1993	33,941,502
1994	30,665,402
1995	40,452,057
1996	29,198,433
1997	24,917,835
1998	26,260,770
1999	30,544,034
2000	19,719,168
2001	10,148,747
2002	6,469,689
2003	10,242,505
2004	<i>19,437,590</i>
2005	<i>28,020,000*</i>
2006	<i>13,720,000**</i>
2007	<u><i>2,120,000**</i></u>
Total	<i>\$478,437,245</i>

*Budgeted Funds.

**Estimated.

Changes = *Italicized*

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

STATE OF NEW HAMPSHIRE

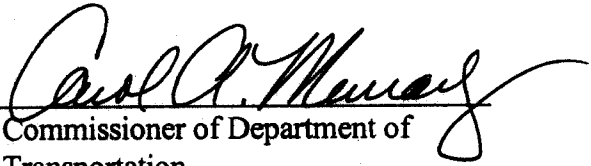
By: 
Commissioner of Department of
Transportation

EXHIBIT A

Attached hereto as Exhibit A are pages 35 to 38 of the State of New Hampshire Comprehensive Annual Financial Report for the Fiscal Year 2004 (the "CAFR") which set forth certain information relative to the Turnpike System under the heading "Turnpike System" on page 35 and under the columns headed "Turnpike System" on pages 36 through 38. The complete CAFR, including the State of New Hampshire Audited Financial Statements for Fiscal Year 2004, has been filed with each nationally recognized municipal securities information repository and is available on the State of New Hampshire Department of Administrative Services website at: <http://admin.state.nh.us/accounting/reports.asp#PAFR>.

Proprietary-Enterprise Fund Financial Statements

Turnpike System: *The state constructs, maintains, and operates transportation toll facilities. The Legislature has established a 10-year state highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program. These include a partial circumferential highway around the City of Nashua and other projects that will provide major improvements to the Central Turnpike from Bedford to Nashua and include new interchanges, widening, and a toll plaza. Additional projects are planned that will provide safety improvements to the existing Turnpike System and increase the Turnpike System's capacity.*

Liquor Commission: *Receipts from operations of the Liquor Commission are transferred to the General Fund on a daily basis. The General Fund advances cash to the Liquor Commission for the purchase of liquor inventory. By statute, all liquor and beer sold in the state must be sold through a sales and distribution system operated by the state Liquor Commission, comprising three members appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates state liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses, and other merchandising facilities for liquor sales, to supervise the construction of state-owned liquor stores at various locations in the state, and to sell liquor through retail outlets as well as direct sales to restaurants, hotels, and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers and an additional fee of 30 cents per gallon on beverages sold by such retailers.*

Lottery Commission: *The state sells lottery games through some 1,350 agents, including state liquor stores, licensed racetracks, and private retail outlets. Through the sale of lottery tickets, revenue is generated for prize payments and commission expenses, with the net income used for aid to education. This net income is transferred to the Education Fund and then transferred to the local school districts.*

New Hampshire Unemployment Trust Fund: *receives contributions from employers and provides benefits to eligible unemployed workers.*

Internal Service Fund: *The employee benefit risk management fund, established in October 2003, reports the health related fringe benefit services for the state. The fund was created to manage the state's new self-insurance program and to pool all resources to pay for the cost associated with providing these benefits to active employees and retirees.*

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STATE OF NEW HAMPSHIRE
STATEMENT OF NET ASSETS
PROPRIETARY-ENTERPRISE FUNDS
JUNE 30, 2004
(Expressed in Thousands)

ASSETS	Business-Type Activities - Enterprise Funds					Governmental
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Activities Internal Service Fund
Current Assets:						
Cash and Cash Equivalents.....	\$ 29,731	\$ 656	\$ 4,472	\$ 239,402	\$ 274,261	\$ 3,244
Cash and Cash Equivalents-Restricted.....	18,010				18,010	
Receivables (Net of Allowances for Uncollectibles).....	1,073	5,793	1,166	18,980	27,012	
Due from Other Funds.....		797			797	
Inventories.....	388	25,030	585		26,003	
Other Current Assets.....			56		56	
Total Current Assets.....	49,202	32,276	6,279	258,382	346,139	3,244
Noncurrent Assets:						
Investments and Deposits-Restricted.....	34,101		2,334		36,435	
Bond Issue Costs.....	3,451				3,451	
Capital Assets:						
Land.....	99,934	2,355			102,289	
Land Improvements.....		877			877	
Buildings.....	4,828	12,233			17,061	
Building Improvements.....		5,672			5,672	
Equipment & Computere Software.....	23,733	9,141	503		33,377	
Construction in Progress.....	36,382				36,382	
Infrastructure.....	533,611				533,611	
Less: Allowance for Depreciation and Amortization.....	(174,189)	(16,251)	(384)		(190,824)	
Net Capital Assets.....	524,299	14,027	119		538,445	
Total Noncurrent Assets.....	561,851	14,027	2,453		578,331	
Total Assets.....	611,053	46,303	8,732	258,382	924,470	3,244
LIABILITIES						
Current Liabilities:						
Accounts Payable.....	\$ 1,887	\$ 26,113	\$ 841		\$ 28,841	
Accrued Payroll.....	696	1,013	124		1,833	
Due to Other Funds.....			2,244		2,244	
Deferred Revenue.....		2,022	838		2,860	
Unclaimed Prizes.....			1,927		1,927	
General Obligation Bonds Payable.....	3,521				3,521	
Revenue Bonds Payable-Restricted.....	11,385				11,385	
Accrued Interest Payable-Restricted.....	4,512				4,512	
Claims & Compensated Absences Payable.....	1,700	931	107		2,738	15,375
Other Liabilities.....	605			\$ 5,080	5,685	
Total Current Liabilities.....	24,306	30,079	6,081	5,080	65,546	15,375
Noncurrent Liabilities:						
General Obligation Bonds Payable.....	10,841				10,841	
Revenue Bonds Payable.....	294,472				294,472	
Claims & Compensated Absences Payable.....	1,463	2,197	317		3,977	
Other Noncurrent Liabilities.....		1,120			1,120	
Total Noncurrent Liabilities.....	306,776	3,317	317		310,410	
Total Liabilities.....	331,082	33,396	6,398	5,080	375,956	15,375
NET ASSETS						
Invested in Capital Assets, net of related debt.....	199,682	12,907	119		212,708	
Restricted for Debt Repayments.....	42,602				42,602	
Restricted for Prize Awards - MUSL.....			2,334		2,334	
Restricted for Unemployment Benefits.....				253,302	253,302	
Unrestricted Net Assets (Deficit).....	37,687		(119)		37,568	(12,131)
Total Net Assets (Deficit).....	\$ 278,971	\$ 12,907	\$ 2,334	\$ 253,302	\$ 548,514	\$ (12,131)

The notes to the financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN PROPRIETARY-ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds				Total	Governmental
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation		Internal Service Fund
OPERATING REVENUES						
Charges for Sales and Services.....		\$ 369,673	\$ 239,083	\$ 95,942	\$ 704,698	\$ 118,759
Toll Revenue Pledged for						
Repaying Revenue Bonds.....	\$ 65,293				65,293	
Total Operating Revenue.....	65,293	369,673	239,083	95,942	769,991	118,759
OPERATING EXPENSES						
Cost of Sales and Services.....		268,427	21,204		289,631	
Lottery Prize Awards.....			137,148		137,148	
Unemployment Insurance Benefits.....				116,802	116,802	
Insurance Claims.....						124,547
Administration.....	29,732	25,758	7,110		62,600	6,343
Depreciation.....	11,728	1,613	70		13,411	
Total Operating Expenses.....	41,460	295,798	165,532	116,802	619,592	130,890
Operating Income (Loss).....	23,833	73,875	73,551	(20,860)	150,399	(12,131)
NONOPERATING REVENUES (EXPENSES)						
Licenses.....		3,209			3,209	
Beer Taxes.....		12,240			12,240	
Investment Income.....	338		547	13,685	14,570	
Miscellaneous.....	60	2,093			2,153	
Interest on Bonds.....	(15,141)				(15,141)	
Grant Contributions.....	7,338				7,338	
Amortization of Bond Issuance Costs.....	(215)				(215)	
Total Nonoperating Revenues (Expenses).....	(7,620)	17,542	547	13,685	24,154	
Income (Loss) Before Operating Transfers.....	16,213	91,417	74,098	(7,175)	174,553	(12,131)
Transfers Out to Governmental Funds.....		(92,075)	(73,745)		(165,820)	
Change in Net Assets.....	16,213	(658)	353	(7,175)	8,733	(12,131)
Net Assets - July 1						
(Restated Lottery Commission-Note 15).....	263,758	13,565	1,981	260,477	539,781	
Net Assets (Deficit) - June 30.....	\$ 279,971	\$ 12,907	\$ 2,334	\$ 253,302	\$ 548,514	\$ (12,131)

The notes to the financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY-ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds				Total	Governmental
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation		Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from federal and local agencies.....				\$ 13,366	\$ 13,366	
Receipts from customers.....	\$ 65,160	\$ 388,181	\$ 248,345	79,141	760,827	\$ 10,294
Receipts from interfund charges.....						108,465
Payments to employees.....	(10,481)	(16,083)	(1,889)		(28,453)	
Payments to suppliers.....	(15,470)	(281,370)	(11,309)		(308,149)	(6,343)
Payments to prize winners.....			(160,132)		(160,132)	
Payments for Insurance Claims.....				(125,534)	(125,534)	(109,172)
Payments for Interfund Services.....	(2,879)	(2,866)	(545)		(6,090)	
Net cash provided (used) by operating activities.....	36,530	87,862	74,470	(33,027)	145,835	3,244
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to Other Funds.....		(88,965)	(72,069)		(161,034)	
Proceeds from Collection of Licenses and Beer Tax.....		15,449			15,449	
Net Cash Used for Noncapital and Related Financing Activities.....		(73,516)	(72,069)		(145,585)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition, Disposal and Construction of Capital Assets.....	(28,191)	(658)	5		(28,844)	
Grant Contributions.....	7,338				7,338	
Interest Paid on Revenue and General Obligation Bonds.....	(16,688)				(16,688)	
Principal Paid on Bonds.....	(12,481)				(12,481)	
Payments on Bond Issuance/Refunding.....	(3,869)				(3,869)	
Contributions from Other Funds.....		658			658	
Net Cash Provided (Used) for Capital and Related Financing Activities.....	(53,891)		5		(53,886)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale of Investments.....	35,247				35,247	
Purchase of Investments.....	(17,413)				(17,413)	
Proceeds from Maturities of Investments.....	4,998				4,998	
Interest and Other Income.....	1,864	2,753	542	13,685	18,844	
Net Cash Provided by Investing Activities.....	24,696	2,753	542	13,685	41,676	-
Net Increase (Decrease) in Cash and Cash Equivalents....	7,335	(2,901)	2,948	(19,342)	(11,960)	3,244
Cash and Cash Equivalents - July 1.....	40,406	3,557	1,524	258,744	304,231	
Cash and Cash Equivalents - June 30.....	\$ 47,741	\$ 656	\$ 4,472	\$ 239,402	\$ 292,271	\$ 3,244
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss).....	\$ 23,833	\$ 73,875	\$ 73,551	\$ (20,860)	\$ 150,399	\$ (12,131)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation.....	11,728	1,615	69		13,412	
Change in Operating Assets and Liabilities:						
(Increase) Decrease in Receivables.....	(132)	(1,689)	2,181	(8,167)	(7,807)	
(Increase) Decrease in Inventories.....	(126)	(3,226)	105		(3,247)	
(Increase) Decrease in Other Current Assets.....			58		58	
(Increase) Decrease in Restricted Deposits-MUSL.....			(353)		(353)	
Increase (Decrease) in Accounts Payable and other Accruals.....	1,227	(2,910)	(1,026)	(4,000)	(6,709)	
Increase (Decrease) in Claims Payable.....						15,375
Increase (Decrease) in Deferred Revenue.....		197	(115)		82	
Net Cash Provided (Used) by Operating Activities.....	\$ 36,530	\$ 87,862	\$ 74,470	\$ (33,027)	\$ 145,835	\$ 3,244

The notes to the financial statements are an integral part of this statement