



2008 Budget Analysis

*(Unaudited)*

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Quarterly Financial Review

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July 1 - September 30, 2008

## **INTRODUCTION**

In December 2007, the Board of Directors adopted an annual budget for 2008. Each quarter, the Finance Department reviews the actual revenues and expenditures against the budget, and presents analysis in this quarterly report to the Board's Audit Committee.

The 2008 Tollway Budget includes estimated revenues of \$670 million. Revenue sources include Toll Revenue and Evasion Recovery, Concessions, Investment Income, and Miscellaneous Income. Toll Revenues are collected from Tollway users either by cash or electronic toll collection for users of I-PASS. Evasion Recovery revenues are fines collected from toll violators. Concessions consist of revenues generated from the Tollway's Oases, which provide fuel, food and other conveniences to users of the Tollway. Concessions revenues also include tower co-location fees and rental income from fiber optic lines. Investment Income is primarily interest income on Tollway funds and I-PASS cash escrow accounts. Miscellaneous Income includes revenue from overweight truck fines, rental and easement income, and other minor receipts.

Tollway expenditures are divided into three categories: Maintenance and Operations (M&O), Capital, and Debt Service. The Tollway allocated \$236 million for the 2008 M&O Budget. As a result of higher than anticipated Roadway Maintenance and Violation Enforcement costs due to extra-ordinary circumstances, the Tollway amended the 2008 Operating Budget In September 2008 to \$245 million, an increase of \$9 million.

Capital expenditures are those associated with the Tollway's capital program, including costs of the Congestion-Relief Program (CRP) and other capital projects; the 2008 Budget for the capital program is \$1,380 million. The aggregate 2008 Debt Service Budget of \$204 million provides for the payment of principal and interest on bonds issued to finance Tollway capital projects.

This report provides an analysis of unaudited actual revenues and expenditures through the second quarter of fiscal year 2008. The purpose of this analysis is to assess the actual financial performance of the Tollway relative to the 2008 annual budgeted plan. The report indicates variances from Budget amounts. A favorable variance contributes to a higher fund balance, and unfavorable variance would reduce the fund balance. For example, if toll revenues were higher during the quarter than anticipated in the budget, it would be a favorable variance. The expenditures reported for the capital program do not include accruals for work completed and not yet invoiced. During the fourth quarter review, estimated accruals will be provided to show accrual based expenditures versus budget. **All figures contained in this report are unaudited, and should be used for informational purposes only.** Additionally, some variances may exist between budget and actual line items due to accounting treatments.

## OVERVIEW

Through September 30, 2008, the Tollway generated \$507.1 million of revenues, or 75.7 percent of the amount projected for all of 2008. Operating expenditures (M&O) totaled \$171.6 million, or 69.9 percent of the revised M&O budget of \$245.3 million. Capital expenditures totaled \$736.4 million, or 53.4 percent of the 2008 annual Capital budget projections. Debt Service transfers totaled \$147.4 million, or 72.3 percent of the projected 2008 Debt Service budget.

<b>Summary</b>			
<b>% of 2008 Annual Budget Realized thru September 30, 2008</b>			
(\$ millions)			
	2008	YTD	%
	Revised Budget	Unaudited Actual	Realized
<b>Toll Revenue &amp; Evasion Recovery</b>	\$636.0	\$480.3	75.5%
<b>Concession</b>	2.0	2.6	132.4%
<b>Investment Income</b>	30.0	21.0	70.0%
<b>Miscellaneous</b>	2.0	3.2	157.5%
<b>Total Revenues</b>	\$670.0	\$507.1	75.7%
<b>M&amp;O Expenses</b>	\$245.3	\$171.6	69.9%
<b>Capital Program Expenses</b>	1,379.5	736.4	53.4%
<b>Debt Service Expenses</b>	203.8	147.4	72.3%
<b>Total Expenditures</b>	\$1,828.6	\$1,055.3	57.7%

*Note: Numbers may not add to totals due to rounding.*

## REVENUES

The Tollway's 2008 third quarter revenues totaled \$181.6 million, representing a favorable variance of \$7.1 million, or 4.1 percent more than projected for the third quarter. Through September 30, 2008, revenues totaled \$507.1 million, \$4.1 million or 0.8 percent more than budgeted for the first three quarters of 2008.

The largest category, Tolls and Evasion Recovery, generated \$6.2 million more than budgeted for the third quarter 2008, or a favorable variance of 3.7 percent due to Tollway usage heightened during the summer months.

Concession revenues and miscellaneous revenues generated \$3.2 million in the third quarter; \$2.2 million more than budgeted amount. Investment Income revenue totaled \$6.2 million, or 17.2 percent lower than the projected amount, mainly due to a general decline of investment interest rates.

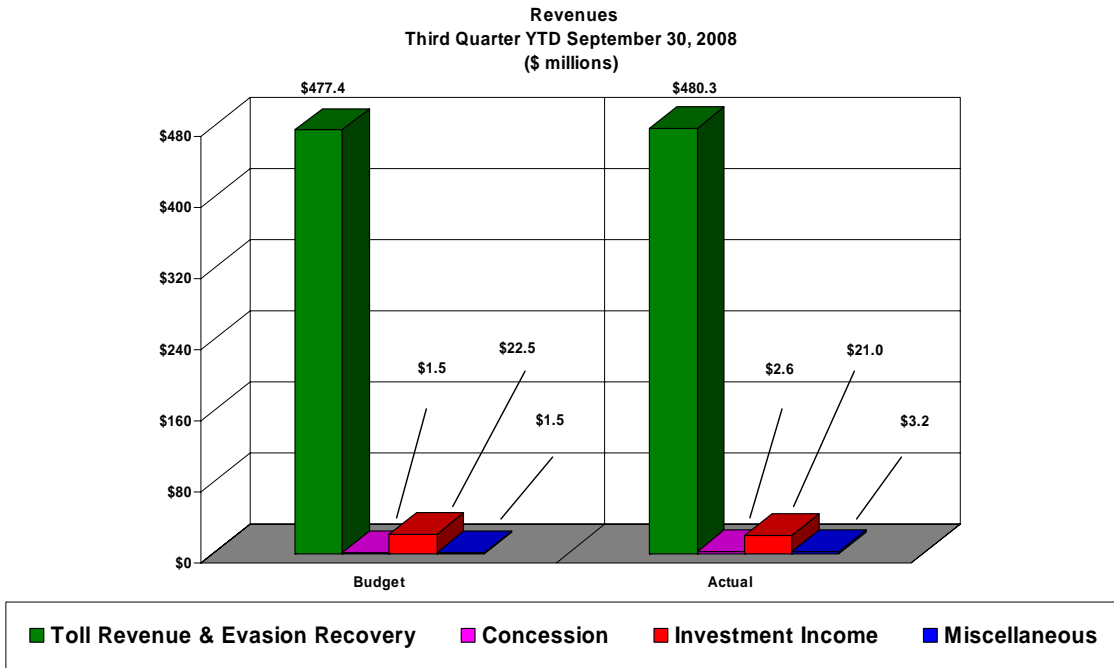
<b>REVENUES</b>				
<b>For the 3rd Quarter Ended September 30, 2008</b>				
<b>(\$ millions)</b>				
	<b>3rd Qtr</b>	<b>3rd Qtr</b>	<b>Variance</b>	<b>Variance</b>
	<b>Budget</b>	<b>Unaudited Actual</b>	<b>(\$)</b>	<b>(%)</b>
<b>REVENUES</b>				
<b>Toll Revenue &amp; Evasion Recovery</b>	<b>\$166.0</b>	<b>\$172.2</b>	<b>\$6.2</b>	<b>3.7%</b>
<b>Concession</b>	<b>0.5</b>	<b>1.5</b>	<b>1.0</b>	<b>181.0%</b>
<b>Investment Income</b>	<b>7.5</b>	<b>6.2</b>	<b>(1.3)</b>	<b>-17.2%</b>
<b>Miscellaneous</b>	<b>0.5</b>	<b>1.7</b>	<b>1.3</b>	<b>258.3%</b>
<b>Total Revenues</b>	<b>\$174.5</b>	<b>\$181.6</b>	<b>\$7.1</b>	<b>4.1%</b>

*Note: Numbers may not add to totals due to rounding.*

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REVENUES				
Year-To-Date September 30, 2008				
(\$ millions)				
	3rd Qtr YTD Budget	3rd Qtr YTD Unaudited Actual	Variance (\$)	Variance (%)
<b>REVENUES</b>				
Toll Revenue & Evasion Recovery	\$477.4	\$480.3	\$2.8	0.6%
Concession	1.5	2.6	1.1	73.5%
Investment Income	22.5	21.0	(1.5)	-6.7%
Miscellaneous	1.5	3.2	1.7	115.8%
<b>Total Revenues</b>	<b>\$502.9</b>	<b>\$507.1</b>	<b>\$4.1</b>	<b>0.8%</b>

Note: Numbers may not add to totals due to rounding.



## **MAINTENANCE AND OPERATIONS EXPENDITURES**

In 2008, the Tollway allocated \$236 million for its Operating Budget. As a result of higher than anticipated Roadway Maintenance and Violation Enforcement costs due to extra-ordinary circumstances, the Tollway amended the 2008 Operating Budget in September 2008 to \$245 million, an increase of \$9 million. The Tollway is currently in the process of distributing these additional funds to the accounts most in need.

The 2008 third quarter M&O expenditures totaled \$67.7 million representing a favorable variance of \$0.2 million, approximately 0.3 percent less than amounts allocated for the third quarter revised budget. M&O expenditures through the third quarter totaled \$171.6 million, or at 69.9 percent of the \$245.3 million revised annual M&O budget.

Payroll and Related Costs for the third quarter resulted in a favorable variance of \$0.2 million, 0.6 percent less than the amount budgeted in the third quarter budget. Payroll expenses are less than anticipated due to a greater number of vacant positions than originally forecasted.

Group Insurance had a favorable variance of \$0.9 million or 11.9 percent relative to amounts budgeted for the third quarter. The variance is also attributable to the current level of vacancies.

Contractual Service expenditures exceeded the third quarter budget by \$4.8 million or 43.2 percent. Contractual Services will be a significant cost factor for the remainder of the year as the Customer Call Center continues to eliminate a large backlog of violation notices from last year. Merchant card fees have also increased as violators make payments on outstanding notices using their credit cards. During the fourth quarter, additional funds will be allocated to these accounts to reduce the variance.

The Materials/Operational Supplies and Other Expenses category had a favorable variance of \$2.6 million in the third quarter. This is due in part to the transfer of additional funds into this category to cover the purchase of salt in the fourth quarter. Contracts for salt and other roadway abrasives have seen price increases upwards of 300 percent over 2007. The other contributing factor is the suspension of the State Administrative Charge that will be redistributed to other accounts in the fourth quarter.

The Utilities category, which includes electricity, natural gas, water and telephone, is showing a favorable variance of \$0.5 million in the third quarter but a negative year-to-date variance. With the allocation of additional funds in the fourth quarter, this category will be within budget by year-end.

All Other Insurance, which includes Worker's Comp and Property Insurance, had an unfavorable variance of \$0.5 million or 19.8 percent over budget in the third quarter. With the transfer of funds from the State Administrative Charge to the Worker's Compensation account in the fourth quarter, this category should also be within budget by year-end.

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Expenditures in the Parts and Fuel category totaled \$1.3 million for the third quarter or 43.6 percent under budget. Year-to-date expenditures of \$4.6 million accounted for 69.3 percent of the amended annual budget of \$6.6 million intended to cover fluctuating fuel prices and the 2008 winter season.

Equipment/Office Rental & Maintenance had a favorable variance of \$0.3 million, 8.4 percent under the third quarter budget. Much of this variance is due to the timing of the payments for maintenance of electronic toll collection equipment. Year-to-date expenditures totaled \$7.9 million, or 64.3% of the amount budgeted in 2008.

Employee Development had a favorable variance of \$0.2 million for the third quarter and year-to-date expenditures comprised 49.2 percent of the annual budget of \$1.1 million.

Recovery of Expenses had an unfavorable variance of \$0.2 million during the third quarter as well as the third quarter year-to-date.

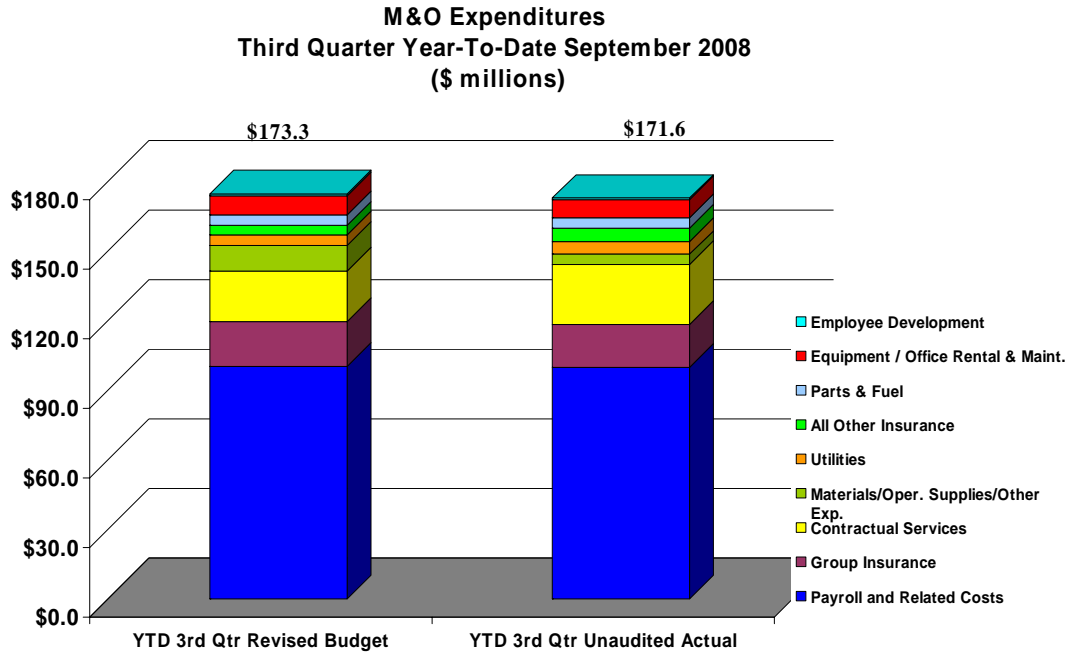
<b>M&amp;O EXPENSES</b>				
For the 3rd Quarter Ended September 30, 2008				
(\$ millions)				
	3rd Qtr	3rd Qtr	Variance	Variance
	Revised Budget	Unaudited Actual	(\$)	(%)
<b><i>Maintenance &amp; Operations</i></b>				
Payroll and Related Costs	\$36.5	\$36.3	\$0.2	0.6%
Group Insurance	7.3	6.4	0.9	11.9%
Contractual Services	11.1	16.0	(4.8)	-43.2%
Materials/Oper. Supplies/Other Exp.	2.8	0.2	2.6	92.3%
Utilities	1.9	1.4	0.5	27.1%
All Other Insurance	2.4	2.9	(0.5)	-19.8%
Parts & Fuel	2.2	1.3	1.0	43.6%
Equipment / Office Rental & Maint.	3.9	3.6	0.3	8.4%
Employee Development	0.3	0.1	0.2	60.4%
Recovery of Expenses	(0.6)	(0.4)	(0.2)	-29.4%
<b>Total M&amp;O Expenses</b>	<b>\$68.0</b>	<b>\$67.7</b>	<b>\$0.2</b>	<b>0.3%</b>

Note: Numbers may not add to totals due to rounding.

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<b>M&amp;O EXPENSES</b>				
Year-To-Date September 30, 2008				
(\$ millions)				
	3rd Qtr YTD Revised Budget	3rd Qtr YTD Unaudited Actual	Variance (\$)	Variance (%)
<b><i>Maintenance &amp; Operations</i></b>				
Payroll and Related Costs	\$100.3	\$100.1	\$0.2	0.2%
Group Insurance	19.4	18.5	0.9	4.8%
Contractual Services	21.9	26.1	(4.2)	-19.4%
Materials/Oper. Supplies/Other Exp.	11.1	4.1	7.0	62.8%
Utilities	4.6	5.6	(1.0)	-21.7%
All Other Insurance	4.1	5.6	(1.5)	-37.0%
Parts & Fuel	4.4	4.6	(0.2)	-4.5%
Equipment / Office Rental & Maint.	8.4	7.9	0.5	5.6%
Employee Development	0.8	0.6	0.3	33.0%
Recovery of Expenses	(1.7)	(1.5)	(0.2)	-9.9%
<b>Total M&amp;O Expenses</b>	<b>\$173.3</b>	<b>\$171.6</b>	<b>\$1.8</b>	<b>1.0%</b>

Note: Numbers may not add to totals due to rounding.



## **CAPITAL PROGRAM**

Capital expenditures include Renewal/Replacement costs related to repairs of the existing system, non-roadway capital investments, and Improvement costs related to expanded system capacity and Open Road Tolling (ORT).

The majority of the expenditures for the capital program are for one-time non-recurring payments for improvements made to the system. Variances from year to year are due to the schedule of work and the differing values for projects included in the overall capital program.

The fiscal year 2008 capital budget reflects the Tollway's pledge to maintain and upgrade the existing facilities and infrastructure of the system. The budget includes funding for the fourth year of the \$6.3 billion, multi-year, Congestion-Relief Program (CRP). In December 2007, the Tollway's Board of Directors approved \$1,379.4 million for the Fiscal Year 2008 Capital Budget. The budget allocates \$1,270.8 million to the CRP and \$108.6 million to support other needs such as roadway equipment and vehicles, building repair and improvements and technological equipment and enhancements.

The majority of 2008 CRP expenditures are budgeted to rebuild and widen the Tri-State Tollway (\$738.6 million), which includes \$169.9 million for 159<sup>th</sup> Street to 95<sup>th</sup> Street; \$147.6 million for Balmoral Avenue to Dempster Street; \$131.0 million for Dempster Street to Lake-Cook Road; \$114.9 million for Half Day Road to IL 137; and \$171.1 million for IL 137 to Russell Road. An additional \$4.1 million is also budgeted on the Tri-State Tollway for improvements at the I-57 Interchange.

The budget includes \$272.5 million to rebuild and widen the Ronald Reagan Memorial Tollway from York Road to Washington Street and from the Aurora Toll Plaza to IL 56; and \$112.6 million is allocated to continue the Jane Addams Memorial Tollway improvements, which includes rebuild and widen from Newburg Road to Rockton Road and I-39 interchange improvements.

The 2008 approved capital budget allocated \$88.5 million for Systemwide Improvements which include bridge improvements, interchange improvements, environmental, and intermittent pavement projects.

The budget also allocates \$38.2 million on the Veterans Memorial Tollway for the resurfacing and widening between 75<sup>th</sup> Street and the Ronald Reagan Memorial Tollway (I-88) and on the South Extension for ongoing restoration of wetlands adjacent to the Des Plaines River and other roadside completion improvements.

In 2008, approximately \$20.5 million is budgeted to complete the wrap-up work as part of the Open Road Tolling (ORT) initiative.

The capital budget includes \$108.6 million for non-roadway capital projects in the areas of traffic management, communications equipment, maintenance and roadway

equipment, technology initiatives, maintenance facility building improvements and other miscellaneous projects.

During the third quarter of 2008, construction continued on the Tri-State Tollway (I-294/I-94) for the rebuild and widening projects along the corridor. On the South Tri-State section, the reconstructed ramps on the 95<sup>th</sup> Street Interchange opened to traffic in mid-August. Southbound mainline construction is scheduled to be completed in the fourth quarter 2008. On-going projects along the Central Tri-State section include mainline work and reconstruction of bridges, plazas and entrance ramps in the northbound direction between Balmoral Avenue and Touhy Avenue; mainline widening and reconstruction from Balmoral Avenue to Lake-Cook Road in the southbound direction; and reconstruction of the Lake-Cook Road bridge. Northbound contracts between Dempster Street and Lake-Cook Road were awarded and construction will begin during the fourth quarter. Reconstruction and widening of the North Tri-State section northbound from Stearns School Road to IL Route 173 continues, as well as reconstruction from IL Route 173 to Russell Road and resurfacing from Russell Road to the State line. Reconstruction of the Belvidere Road Bridge was completed, and work to rebuild the Grand Avenue Bridge over I-94 began during the third quarter.

On the Ronald Reagan Memorial (I-88) from IL Route 83 to York Road, construction of the westbound portion of the I-88 bridge over Salt Creek began during the third quarter. The new Tri-State Connector Bridge, I-294 northbound to I-88 westbound was given ORT access in August. Work continues to rebuild and widen I-88 westbound mainline pavement between the 22<sup>nd</sup> Street overpass and Finley Road. On-going projects included the reconstruction and widening of the eastbound lanes from IL Route 31 to Orchard Road and the conversion of 4 ORT lanes at the Aurora Toll Plaza. Work continues for the reconstruction of IL Route 31, the IL Route 31 ramp bridge, and the new eastbound bridge over the Fox River.

On the Jane Addams Memorial Tollway (I-90), work continues to rebuild and widen the eastbound lanes from the Cherry Valley Interchange to Rockton Road and reconstruction of the Newburg Road Bridge was completed. A joint project with Winnebago County and Loves Park to replace the East Riverside Boulevard Bridge over I-90 started in the third quarter.

Punch list work and restoration of wetlands adjacent to the Des Plaines River are ongoing on the South Extension of the Veterans Memorial Tollway (I-355). Corridor-wide landscaping contracts were awarded, and construction will begin in the fourth quarter. In addition, work continues on the resurfacing and widening project northbound from 75<sup>th</sup> Street to Ogden Avenue.

Through the third quarter ending September 30, 2008, unaudited capital program expenditures totaled \$736.4 million. This amount includes \$668.9 million for 2008 work paid during the first three quarters, as well as \$67.5 million for invoices received but not yet paid as of September 30, 2008. These amounts do not include approximately \$64 million for work completed for which invoices have not been received. As shown in the following table, through September 30, 2008, capital program expenditures comprise a favorable variance of \$244.6 million, or 24.9 percent, as compared to the estimated

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year-to-date budget of \$981.0 million. However, after accounting for \$64 million of work completed, but not yet invoiced, the favorable variance reduces to \$180.6 million or 18.4 percent.

<b>CAPITAL PROGRAM</b>				
<b>Year-To-Date September 30, 2008</b>				
<b>(\$ millions)</b>				
	<b>YTD</b>	<b>YTD</b>	<b>Variance</b>	<b>Variance</b>
	<b>Budget</b>	<b>Unaudited Actual</b>	<b>(\$)</b>	<b>(%)</b>
<b>Capital Program</b>				
Jane Addams Memorial Tollway (I-90)	\$72.3	\$88.1	(\$15.7)	-21.8%
Open Road Tolling (ORT)	17.8	16.3	1.6	8.7%
Ronald Reagan Memorial Tollway (I-88)	187.9	182.0	5.8	3.1%
Systemwide Improvements	70.7	26.4	44.3	62.6%
Tri-State Tollway(I-294/I-94)	549.2	368.3	180.9	32.9%
Veterans Memorial Tollway (I-355)	28.7	30.0	(1.4)	-4.8%
<b>Congestion-Relief Program Subtotal</b>	<b>\$926.6</b>	<b>\$711.2</b>	<b>\$215.4</b>	<b>23.2%</b>
<b>"Other" Capital Projects Subtotal</b>	<b>54.3</b>	<b>25.2</b>	<b>29.1</b>	<b>53.7%</b>
<b>Total Capital Program Expenses</b>	<b>\$981.0</b>	<b>\$736.4</b>	<b>\$244.6</b>	<b>24.9%</b>

Note: Numbers may not add to totals due to rounding.

The following table indicates the annual budget by Corridor for 2008, as well as expenditures through September 30. Budgeted amounts represent the estimated value of work to be completed during fiscal year 2008. Year-to-date expenditures include 2008 work paid through September 30, as well as invoices received but not yet paid through the same period. Through the third quarter, expenditures for the capital program total \$736.4 million, or 53.4 percent of the 2008 annual budget. These amounts do not include approximately \$64 million of work completed for which invoices have not been received.

<b>CAPITAL PROGRAM</b>			
<b>% of 2008 Annual Budget Realized thru September 30, 2008</b>			
<b>(\$ millions)</b>			
	<b>2008</b>	<b>YTD</b>	<b>%</b>
	<b>Annual Budget</b>	<b>Unaudited Actual</b>	<b>Realized</b>
<b>CAPITAL PROGRAM</b>			
Jane Addams Memorial Tollway (I-90)	\$112.6	\$88.1	78.2%
Open Road Tolling (ORT)	20.5	16.3	79.5%
Ronald Reagan Memorial Tollway (I-88)	272.5	182.0	66.8%
Systemwide Improvements	88.5	26.4	29.9%
Tri-State Tollway(I-294/I-94)	738.6	368.3	49.9%
Veterans Memorial Tollway (I-355)	38.2	30.0	78.7%
<b>Congestion-Relief Program Subtotal</b>	<b>\$1,270.8</b>	<b>\$711.2</b>	<b>56.0%</b>
<b>"Other" Capital Projects Subtotal</b>	<b>108.6</b>	<b>25.2</b>	<b>23.2%</b>
<b>Total Capital Program Expenses</b>	<b>\$1,379.5</b>	<b>\$736.4</b>	<b>53.4%</b>

Note: Numbers may not add to totals due to rounding.

## DEBT SERVICE

Debt service expenditures consist of the retirement of principal at maturity or redemption plus the payment of interest due on the Tollway's outstanding bonds. Transfers from the Revenue Fund for debt service for the nine months ended September 30, 2008 were approximately \$147.4 million, as opposed to a budgeted amount for debt service of approximately \$148.7 million. The approximately (\$1.3 million) favorable variance under budget in the first nine months of 2008 is comprised of: (i) \$5.7 million in transfers in excess of actual debt service resulting from timing issues; (ii) (\$4.9 million) of reduced interest expense primarily due to the advance refunding of the Series 2006A Bonds; and (iii) (\$2.1 million) of reduced interest expense due to a short-term delay in the new money financing budgeted for the third quarter of 2008. These items are further described below.

- (i) An Indenture provision relating to the Tollway's variable rate Series 2008A Bonds requires that when monthly interest expense is calculated to determine the amount to be transferred to the Trustee, any days for which the weekly interest rates have not yet been set must be calculated assuming the Maximum Rate allowed for the 2008A Bonds, 12%. This provision increased the amount transferred from the Revenue Fund for 2008A debt service in the first nine months of 2008 by approximately \$4.8 million. This \$4.8 million amount is in excess of the actual interest expense on the 2008A Bonds, and is available to offset future transfers for debt service. A similar provision exists for the variable rate Series 2007A Bonds, which increased the amount transferred from the Revenue Fund for 2007A debt service in the first nine months of 2008 by approximately \$0.9 million (an amount much smaller than the 2008A excess amount because of increased amounts previously transferred in 2007).
- (ii) The (\$1.0) million of reduced interest expense is comprised of: (i) \$2.5 million additional interest expense on the Series 2007A Bonds primarily caused by the credit deterioration of the Series 2007A Bond Insurer, a problem resolved by the cancellation of the 2007A Bond Insurance on March 20, 2008; and (ii) (\$3.5) million reduced interest expense from the refunding of a portion of the Tollway's Series 2006A Bonds, which closed on February 7, 2008.
- (iii) The 2008 budget assumed an issuance of \$400 million of new bonds on September 1<sup>st</sup>. This issuance did not occur during the third quarter. Instead \$350 million of new bonds were issued on November 18, 2008.

### Bond Costs – Credit Enhancement Providers, Remarketing Agents and Miscellaneous

In addition to debt service, there were approximately \$3.4 million costs related to the Tollway's outstanding bond issues, which included credit enhancement fees, remarketing fees, rating agency fees, and costs related to the Series 2007A bond

insurance cancellation. Such costs are typically paid from a Provider Payment Account held by the Trustee. In January of 2008, the Tollway deposited \$4.5 million to the Provider Payment Account to fund such costs during fiscal year 2008. This \$4.5 million amount equaled the excess investment earnings that had accumulated throughout fiscal year 2007 in the Tollway's various debt service accounts.

<b>DEBT SERVICE</b>			
<b>% of 2008 Annual Budget Realized thru September 30, 2008</b>			
<b>(\$ millions)</b>			
	<b>2008 Annual Budget</b>	<b>YTD Unaudited Actual</b>	<b>% Realized</b>
<b>DEBT SERVICE</b>			
<b>Previous Debt</b>	<b>\$195.5</b>	<b>\$147.4</b>	<b>75.4%</b>
<b>New Debt</b>	<b>8.3</b>	<b>-</b>	<b>0.0%</b>
<b>Total Debt Service Expenses</b>	<b>\$203.8</b>	<b>\$147.4</b>	<b>72.3%</b>

Notes: Numbers may not add to totals due to rounding.

## DERIVATIVES

The Tollway has employed the use of interest rate exchange agreements (agreements) and forward-starting interest rate exchange agreements (forward agreements) to hedge against increases in interest rates, and to provide synthetic fixed rates associated with the Tollway's variable rate bonds issued in 1993, 1998, 2007 and 2008. As of September 30, 2008, the Tollway had one agreement attached to the 1993 Series B bond issue, two agreements attached to the 1998 Series B bond issue, four agreements attached to the Series 2007 bond issue (two each to Series 2007A-1 and 2007A-2) and four agreements attached to the Series 2008 bond issue (two each to Series 2008A-1 and 2008A-2). The four agreements attached to Series 2007 were originally entered into as forward agreements in September 2005, and became effective upon closing of the \$700 million Series 2007A Bonds on November 1, 2007. The four agreements attached to Series 2008 were originally entered into in December 2007, and became effective upon the closing the \$766.2 million Series 2008A Bonds on February 7, 2008.

Mark-to-market valuations of the Tollway's agreements typically decline in value when interest rates decline and increase in value when interest rates increase. Thus to the extent that any negative valuation of the Tollway's derivatives were to become realized by an agreement termination, it is probable that such a realization would be mitigated by a lower cost of capital expected to be available in that lower-interest rate market.

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<b>DERIVATIVES</b>		
<b>Estimated Swap Valuation</b>		
<b>SWAP</b>	<b>NOTIONAL AMOUNT</b>	<b>MARK-to-MARKET AS OF 11/11/2008</b>
1993 SERIES B	\$ 80,500,000	\$ (1,680,000)
<b>1993 SERIES B TOTAL</b>	<b>\$ 80,500,000</b>	<b>\$ (1,680,000)</b>
1998 SERIES B	\$ 67,705,000	\$ (7,005,900)
1998 SERIES B	\$ 55,395,000	\$ (5,732,100)
<b>1998 SERIES B TOTAL</b>	<b>\$ 123,100,000</b>	<b>\$ (12,738,000)</b>
2007 SERIES A-1	\$ 175,000,000	\$ (7,730,052)
2007 SERIES A-1	\$ 175,000,000	\$ (7,730,052)
<b>2007 SERIES A-1 TOTAL</b>	<b>\$ 350,000,000</b>	<b>\$ (15,460,104)</b>
2007 SERIES A-2	\$ 262,500,000	\$ (11,654,922)
2007 SERIES A-2	\$ 87,500,000	\$ (3,884,974)
<b>2007 SERIES A-2 TOTAL</b>	<b>\$ 350,000,000</b>	<b>\$ (15,539,896)</b>
2008 SERIES A-1	\$ 191,550,000	\$ (4,130,472)
2008 SERIES A-1	\$ 191,550,000	\$ (4,130,472)
<b>2008 SERIES A-1 TOTAL</b>	<b>\$ 383,100,000</b>	<b>\$ (8,260,945)</b>
2008 SERIES A-2	\$ 287,325,000	\$ (6,179,292)
2008 SERIES A-2	\$ 95,775,000	\$ (2,059,764)
<b>2008 SERIES A-2 TOTAL</b>	<b>\$ 383,100,000</b>	<b>\$ (8,239,055)</b>
<b>TOTAL</b>	<b>\$ 1,669,800,000</b>	<b>\$ (61,918,000)</b>

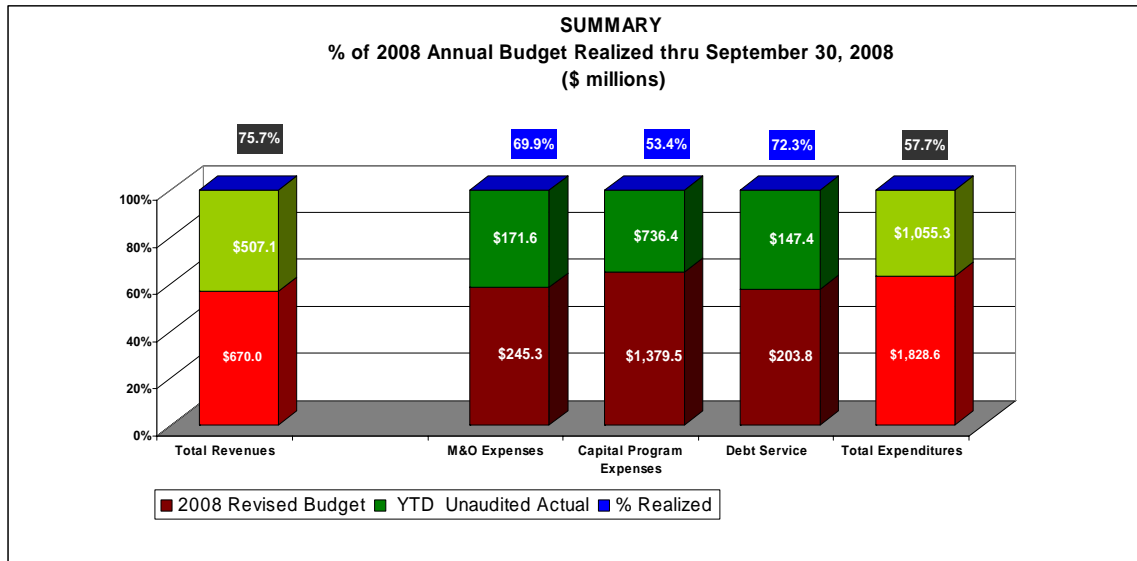
**SUMMARY**

Through the third quarter 2008, the Tollway’s revenues generated \$507.1 million, or 75.7 percent of the 2008 budget projection of \$670 million.

Operating expenditures totaled \$171.6 million or 69.9 percent of the 2008 revised projection of \$245.3 million.

Capital expenditures totaled \$736.4 million, or 53.4 percent of the 2008 budget projection of \$1,379.5 million.

Debt Service expenditures totaled \$147.4 million, or 72.3 percent of the 2008 budget projection of \$203.8 million.



Quarterly Financial Review, September 30, 2008

ILLINOIS TOLLWAY				
BUDGET vs Unaudited ACTUAL				
For the 3rd Quarter Ended September 30, 2008				
	3rd Quarter Revised Budget	3rd Quarter Unaudited Actual	Variance (\$)	Variance (%)
<b>REVENUES</b>				
Toll Revenue & Evasion Recovery	\$165,961,872	\$172,166,024	\$6,204,152	3.7%
Concession	534,000	1,500,311	966,311	181.0%
Investment Income	7,500,000	6,210,362	(1,289,638)	-17.2%
Miscellaneous	488,000	1,748,513	1,260,513	258.3%
<b>Total Revenues</b>	<b>\$174,483,872</b>	<b>\$181,625,210</b>	<b>\$7,141,338</b>	<b>4.1%</b>
<b>EXPENDITURES</b>				
<b>Maintenance &amp; Operations (M&amp;O)</b>				
Payroll and Related Costs	\$36,546,167	\$36,334,824	\$211,343	0.6%
Group Insurance	7,267,740	6,401,375	866,365	11.9%
Contractual Services	11,142,295	15,957,599	(4,815,304)	-43.2%
Materials/Oper. Supplies/Other Exp.	2,848,040	218,138	2,629,902	92.3%
Utilities	1,878,717	1,369,705	509,012	27.1%
All Other Insurance	2,423,254	2,902,311	(479,057)	-19.8%
Parts & Fuel	2,226,574	1,255,163	971,411	43.6%
Equipment/Office Rental & Maint.	3,918,263	3,587,485	330,778	8.4%
Employee Development	296,129	117,331	178,798	60.4%
Recovery of Expenses	(589,199)	(415,693)	(173,506)	-29.4%
<b>Total M&amp;O Expenses</b>	<b>\$67,957,979</b>	<b>\$67,728,238</b>	<b>\$229,741</b>	<b>0.3%</b>
<b>Debt Service</b>				
Existing Debt	\$48,911,346	45,011,414	\$3,899,932	8.0%
New Debt	2,083,333	-	2,083,333	100.0%
<b>Total Debt Service Expenses</b>	<b>\$50,994,680</b>	<b>\$45,011,414</b>	<b>\$5,983,265</b>	<b>11.7%</b>
<b>Total M&amp;O &amp; Debt Service Expenditures</b>	<b>\$118,952,659</b>	<b>\$112,739,652</b>	<b>\$6,213,007</b>	<b>5.2%</b>

Quarterly Financial Review, September 30, 2008

ILLINOIS TOLLWAY				
BUDGET vs Unaudited ACTUAL				
2008 Year-To-Date September 30, 2008				
	3rd Quarter YTD Revised Budget	3rd Quarter YTD Unaudited Actual	Variance (\$)	Variance (%)
<b>REVENUES</b>				
Toll Revenue & Evasion Recovery	\$477,439,494	\$480,265,626	\$2,826,132	0.6%
Concession	1,526,000	2,647,193	1,121,193	73.5%
Investment Income	22,500,000	20,995,861	(1,504,139)	-6.7%
Miscellaneous	1,460,000	3,150,645	1,690,645	115.8%
<b>Total Revenues</b>	<b>\$502,925,494</b>	<b>\$507,059,325</b>	<b>\$4,133,831</b>	<b>0.8%</b>
<b>EXPENDITURES</b>				
<b>Maintenance &amp; Operations (M&amp;O)</b>				
Payroll and Related Costs	\$100,328,304	\$100,081,509	\$246,795	0.2%
Group Insurance	19,432,260	18,493,768	938,492	4.8%
Contractual Services	21,862,121	26,104,517	(4,242,396)	-19.4%
Materials/Oper. Supplies/Other Exp.	11,064,755	4,112,084	6,952,671	62.8%
Utilities	4,624,283	5,628,205	(1,003,922)	-21.7%
All Other Insurance	4,091,746	5,604,159	(1,512,413)	-37.0%
Parts & Fuel	4,387,136	4,584,925	(197,789)	-4.5%
Equipment/Office Rental & Maint.	8,389,772	7,916,173	473,599	5.6%
Employee Development	821,971	550,625	271,346	33.0%
Recovery of Expenses	(1,670,001)	(1,504,198)	(165,803)	-9.9%
<b>Total M&amp;O Expenses</b>	<b>\$173,332,348</b>	<b>\$171,571,767</b>	<b>\$1,760,581</b>	<b>1.0%</b>
<b>Capital Program</b>				
Jane Addams Memorial Tollway (I-90)	\$72,314,353	\$88,058,059	(\$15,743,706)	-21.8%
Open Road Tolling (ORT)	17,832,269	16,275,427.1	1,556,841.9	8.7%
Ronald Reagan Memorial Tollway (I-88)	187,874,856	182,033,994.5	5,840,861.5	3.1%
Systemwide Improvements	70,718,387	26,437,300.2	44,281,086.8	62.6%
Tri-State Tollway(I-294/I-94)	549,215,453	368,346,416.9	180,869,036.1	32.9%
Veterans Memorial Tollway (I-355)	28,676,673	30,041,903.4	(1,365,230.4)	-4.8%
<b>Congestion-Relief Program Subtotal</b>	<b>\$926,631,991</b>	<b>\$711,193,101</b>	<b>\$215,438,890</b>	<b>23.2%</b>
"Other" Capital Projects Subtotal	54,324,524	25,176,922.2	29,147,602	53.7%
<b>Total Capital Program Expenses*</b>	<b>\$980,956,515</b>	<b>\$736,370,023</b>	<b>\$244,586,492</b>	<b>24.9%</b>
<b>Debt Service</b>				
Existing Debt	\$146,581,712	147,402,354	(\$820,642)	-0.6%
New Debt	2,083,333	-	2,083,333	100.0%
<b>Total Debt Service Expenses</b>	<b>\$148,665,046</b>	<b>\$147,402,354</b>	<b>\$1,262,692</b>	<b>0.8%</b>
<b>Total Expenditures</b>	<b>\$1,302,953,908</b>	<b>\$1,055,344,144</b>	<b>\$247,609,764</b>	<b>19.0%</b>
* Through the third quarter ending September 30, 2008, unaudited capital program expenditures totaled \$736.4 million. This amount includes \$668.9 million for work paid during the first three quarters, as well as \$67.5 million for invoices received but not yet paid as of September 30. These amounts do not include approximately \$64 million for work completed for which invoices have not been received.				

Quarterly Financial Review, September 30, 2008

<b>ILLINOIS TOLLWAY</b>			
<b>% of 2008 Annual Budget Realized</b>			
<b>Through September 30, 2008</b>			
	<b>2008 Revised Budget</b>	<b>2008 YTD Unaudited Actual</b>	<b>YTD Actual vs Annual Budget (%)</b>
<b>REVENUES</b>			
Toll Revenue & Evasion Recovery	\$636,000,000	\$480,265,626	75.5%
Concession	2,000,000	2,647,193	132.4%
Investment Income	30,000,000	20,995,861	70.0%
Miscellaneous	2,000,000	3,150,645	157.5%
<b>Total Revenues</b>	<b>\$670,000,000</b>	<b>\$507,059,325</b>	<b>75.7%</b>
<b>EXPENDITURES</b>			
<b>Maintenance &amp; Operations (M&amp;O)</b>			
Payroll and Related Costs	\$134,874,471	\$100,081,509	74.2%
Group Insurance	26,700,000	18,493,768	69.3%
Contractual Services	33,004,416	26,104,517	79.1%
Materials/Oper. Supplies/Other Exp.	19,912,795	4,112,084	20.7%
Utilities	6,503,000	5,628,205	86.5%
All Other Insurance	6,515,000	5,604,159	86.0%
Parts & Fuel	6,613,710	4,584,925	69.3%
Equipment/Office Rental & Maint.	12,308,035	7,916,173	64.3%
Employee Development	1,118,100	550,625	49.2%
Recovery of Expenses	(2,259,200)	(1,504,198)	66.6%
<b>Total M&amp;O Expenses</b>	<b>\$245,290,327</b>	<b>\$171,571,767</b>	<b>69.9%</b>
<b>Capital Program</b>			
Jane Addams Memorial Tollway (I-90)	\$112,620,525	\$88,058,059	78.2%
Open Road Tolling (ORT)	20,476,966	16,275,427	79.5%
Ronald Reagan Memorial Tollway (I-88)	272,466,286	182,033,995	66.8%
Systemwide Improvements	88,515,342	26,437,300	29.9%
Tri-State Tollway(I-294/I-94)	738,554,956	368,346,417	49.9%
Veterans Memorial Tollway (I-355)	38,188,963	30,041,903	78.7%
<b>Congestion-Relief Program Subtotal</b>	<b>\$1,270,823,038</b>	<b>\$711,193,101</b>	<b>56.0%</b>
"Other" Capital Projects Subtotal	108,649,046	25,176,922	23.2%
<b>Total Capital Program Expenses*</b>	<b>\$1,379,472,084</b>	<b>\$736,370,023</b>	<b>53.4%</b>
<b>Debt Service</b>			
Previous Debt	\$195,493,059	\$147,402,354	75.4%
New Debt	8,333,333	-	0.0%
<b>Total Debt Service Expenses</b>	<b>\$203,826,392</b>	<b>\$147,402,354</b>	<b>72.3%</b>
<b>Total Expenditures</b>	<b>\$1,828,588,803</b>	<b>\$1,055,344,144</b>	<b>57.7%</b>
<p>* Through the third quarter ending September 30, 2008, unaudited capital program expenditures totaled \$736.4 million. This amount includes \$668.9 million for work paid during the first three quarters, as well as \$67.5 million for invoices received but not yet paid as of September 30. These amounts do not include approximately \$64 million for work completed for which invoices have not been received.</p>			