



2009 Budget Analysis

*(Unaudited)*

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Quarterly Financial Review

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April 1 – June 30, 2009

## **INTRODUCTION**

In December 2008, the Tollway Board of Directors adopted the annual budget for 2009. To monitor performance against this budget, each quarter, the Finance Department reviews and compares actual revenues and expenditures of the Tollway to the budget, and presents the resulting analysis in this quarterly report to the Board's Audit Committee.

The annual budget is prepared in conformance with provisions of the Tollway's Master Trust Indenture. This quarterly financial report is unaudited and is prepared on a basis of accounting that comports with the Master Trust Indenture, which is a basis of accounting other than generally accepted accounting principles. Revenues and expenditures are reported on an accrual basis net of certain allowances for bad debt. Capital expenditures are expensed in the period incurred, and no accommodation is made for depreciation of capital assets.

The original 2009 Budget adopted by the Board last December included estimated total revenues of \$680 million. In March 2009, Wilbur Smith Associates revised their toll revenue estimate downward to \$640 million; this change was presented at the Audit Committee's March meeting. The revised estimate also reflects a downward adjustment in investment income. These revised estimates were reflected in the Official Statement for the Illinois State Toll Highway Authority 2009 Series A Bonds issued in May 2009.

Tollway 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, fees and tolls collected from toll violators.
- Concession revenues are generated from the Tollway's oases, where third-party vendors provide fuel, food and other conveniences to users of the Tollway. These revenues also include tower co-location fees and rental income from fiber optic lines.
- Investment Income is primarily interest earned on Tollway funds and I-PASS escrow accounts.
- Miscellaneous Income includes revenue from overweight truck fines, rental and easement income, and other minor categories of receipts.

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<b>Fiscal Year 2009 Revenues and Allocations (\$ millions)</b>			
<b>SOURCES OF REVENUE</b>			
	<b>2009 Budget</b>	<b>2009 Estimate*</b>	<b>CHANGE</b>
<b>Toll &amp; Evasion Recovery</b>	<b>\$650</b>	<b>\$620</b>	<b>(\$30)</b>
<b>Investment Income</b>	<b>22</b>	<b>12</b>	<b>(10)</b>
<b>Concessions</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>Miscellaneous</b>	<b>2</b>	<b>2</b>	<b>0</b>
<b>TOTAL REVENUES</b>	<b>\$680</b>	<b>\$640</b>	<b>(\$40)</b>

\*Toll revenue estimates were revised in March by WSA in advance of the Series 2009 A Bond Issue.

<b>ALLOCATIONS OF REVENUE</b>			
	<b>2009 Budget</b>	<b>2009 Estimate*</b>	<b>CHANGE</b>
<b>Maintenance and Operations</b>	<b>\$258</b>	<b>\$258</b>	<b>\$0</b>
<b>Debt Service Transfer</b>	<b>210</b>	<b>186</b>	<b>(24)</b>
<b>Deposit to RR &amp; I</b>	<b>212</b>	<b>196</b>	<b>(16)</b>
<b>TOTAL ALLOCATIONS</b>	<b>\$680</b>	<b>\$640</b>	<b>(\$40)</b>

\*Toll revenue estimates were revised in March by WSA in advance of the Series 2009 A Bond Issue.

The Master Trust Indenture requires the annual budget to allocate revenue each month to three major categories in the following order of priority: Maintenance and Operations (M&O), Debt Service, and Renewal and Replacement and Improvements (RR&I). Renewal and Replacement and Improvement Account funds together with bond proceeds are utilized to fund the Tollway's capital program. The Tollway's 2009 Budget allocated \$257.6 million for Maintenance and Operations, \$210 million for Debt Service, and \$212 million for deposit to the RR&I Accounts.

As indicated earlier, the Tollway revised its estimate of revenues in March 2009. Similarly, amounts necessary for debt service, and amounts available for deposit into the RR&I Accounts have been revised downward. The Maintenance and Operations Budget was not revised.

The Tollway's capital program is comprised of the Congestion-Relief Program (CRP) and other Non-CRP capital projects. The 2009 budget for the capital program is funded from monies on deposit in the RR & I Accounts and proceeds from the sale of bonds. The 2009 Capital Budget along with amounts carried over from the 2008 Capital Budget total \$1,282.4 million, including \$1,095.7 million approved in the 2009 Budget and \$186.7 million unexpended from the 2008 Capital Budget.

The Tollway's multi-year capital plan currently anticipates \$1,139.1 million of expenditures (accrual basis) in 2009, including \$1,079.1 million for CRP and \$60 million for other Non-CRP capital projects. Similarly, the quarterly projections included in this report are based on estimated 2009 capital expenditures of \$1,139.1 million, \$143.3 million less than the total 2009 approved budget and 2008 carry-over. The current estimate for 2009 capital expenditures was prepared by the Tollway PMO (HNTB Corporation) in preparation for the issuance of the Illinois State Toll Highway Authority 2009 Series A Bonds in May 2009.

This report provides an analysis of actual revenues and expenditures through the second quarter of fiscal year 2009. The purpose of this analysis is to assess the actual financial performance of the Tollway relative to the 2009 Budget. The report indicates variances from budgeted amounts. A favorable variance contributes to a higher fund balance, while an unfavorable variance would reduce the fund balance.

***All figures contained in this report are unaudited, and should be used for informational purposes only.***

## OVERVIEW

The Tollway's 2009 second quarter revenue totaled \$167.3 million, \$7.0 million less than the budget projection. Revenue through June 30th totaled \$324.7 million, \$13.1 million less than budget, but \$0.8 million more than anticipated in the revised estimate of March 2009. Revenues reported for the second quarter include \$5.2 million of evasion recovery revenue which was accrued but not reported in the first quarter report. Toll evasion recovery revenues were reported on a cash basis in the first quarter report.

Operating expenditures (M&O) totaled \$57.7 million, or \$5.2 million less than the second quarter budget. Through June 30, 2009 M&O expenses were \$5.1 million under the year-to-date M&O budget.

Debt Service transfers totaled \$37.7 million, or \$14.4 million less than the budgeted amount for the second quarter, and \$6.7 million under the revised estimate of March 2009. Through June 30<sup>th</sup>, Debt Service transfers were \$76.0 million, \$22.7 million under the year-to-date budget, and \$10.9 million less than the revised estimate of March 2009.

Capital expenditures totaled \$264.0 million, \$185.4 million less than estimated for the second quarter. Through the end of June 2009, capital expenses were \$237.3 million less than the year-to-date estimate. Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts, as well as proceeds from the sale of Tollway bonds.

The following table compares budgeted revenues and expenditures to actual revenues and expenditures recorded for the second quarter. Revenues below do not reflect proceeds from the sale of Tollway bonds.

<b>SUMMARY</b>				
Budget vs. Actual				
Second Quarter Ending June 30, 2009				
(\$ millions)				
	2nd Qtr Budget	2nd Qtr Actual	Variance \$	Variance %
<b>Revenues</b>	<b>\$174.2</b>	<b>\$167.3</b>	<b>(\$7.0)</b>	<b>-4.0%</b>
<b>Maintenance &amp; Operations</b>	<b>63.0</b>	<b>57.7</b>	<b>5.2</b>	<b>8.3%</b>
<b>Debt Service</b>	<b>52.1</b>	<b>37.7</b>	<b>14.4</b>	<b>27.6%</b>
<b>Capital Program</b>	<b>449.4</b>	<b>264.0</b>	<b>185.4</b>	<b>41.3%</b>

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

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The following tables compare budgeted and estimated year-to-date revenues and expenditures to actual through June 30, 2009.

<b>SUMMARY</b>				
<b><i>BUDGET vs. Actual</i></b>				
<b>YTD June 30, 2009</b> (\$ millions)				
	<b>2009 YTD</b>	<b>2009 YTD</b>	<b>Variance</b>	<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>(\$)</b>	<b>(%)</b>
<b>Revenues</b>	<b>\$337.8</b>	<b>\$324.7</b>	<b>(\$13.1)</b>	<b>-3.9%</b>
<b>Maintenance &amp; Operations</b>	<b>126.0</b>	<b>120.9</b>	<b>5.1</b>	<b>4.0%</b>
<b>Debt Service</b>	<b>98.7</b>	<b>76.0</b>	<b>22.7</b>	<b>23.0%</b>
<b>Capital Program</b>	<b>598.9</b>	<b>361.5</b>	<b>237.3</b>	<b>39.6%</b>

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

<b>SUMMARY</b>				
<b><i>ESTIMATE vs. Actual</i></b>				
<b>YTD June 30, 2009</b> (\$ millions)				
	<b>2009 YTD</b>	<b>2009 YTD</b>	<b>Variance</b>	<b>Variance</b>
	<b>Estimate</b>	<b>Actual</b>	<b>(\$)</b>	<b>(%)</b>
<b>Revenues</b>	<b>\$323.9</b>	<b>\$324.7</b>	<b>\$0.8</b>	<b>0.3%</b>
<b>Maintenance &amp; Operations</b>	<b>126.0</b>	<b>120.9</b>	<b>5.1</b>	<b>4.0%</b>
<b>Debt Service</b>	<b>86.9</b>	<b>76.0</b>	<b>10.9</b>	<b>12.5%</b>
<b>Capital Program</b>	<b>598.9</b>	<b>361.5</b>	<b>237.3</b>	<b>39.6%</b>

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

## REVENUES

Revenues for the quarter ended June 30, 2009 totaled \$167.3 million, \$7.0 million less than budgeted. Through the second quarter, revenues totaled \$324.7 million, \$13.1 million less than budgeted, but \$0.8 million more than anticipated in the revised estimate of March 2009. Revenues reported in the second quarter include \$5.2 million of evasion recovery revenue which was accrued but not reported in the first quarter review. Toll evasion recovery revenue was reported on a cash basis in the first quarter review.

The largest category, Toll Revenue and Evasion Recovery, totaled \$165.3 million, or \$1.4 million less than the budget amount for the second quarter 2009. Toll revenues collected were \$4.9 million less than budgeted due to reduced passenger and truck traffic, while evasion recovery revenue was \$3.5 million higher than budget for the second quarter. Through the second quarter, Toll Revenue and Evasion Recovery totaled \$319.3 million, \$3.6 million less than the year-to-date budget, but \$5.3 million more than the estimate as revised in March 2009.

For the second quarter, Concession revenue totaled \$0.8 million, or \$0.8 million less than budgeted. The unfavorable variance is due to decreased revenue collected through fiber optic agreements. Through June 30, 2009, Concession revenue totaled \$2.5 million, or \$0.5 million less than the budget projection.

Investment Income for the second quarter 2009 was \$0.9 million, or \$4.6 million below the budget amount. The decrease correlates to the general decline of interest rates. Through June 30th, revenue collected in this category totaled \$2.4 million, \$8.6 million less than the year-to-date budget, and \$3.6 million less than the estimate as revised in March 2009.

For the second quarter, Miscellaneous revenue totaled \$0.3 million, or \$0.2 million less than the budget projection. Through the second quarter, revenue collected in this category totaled \$0.5 million, or \$0.4 million lower than budgeted through June.

The following table compares budgeted revenues to actual for the second quarter 2009.

<b>REVENUES</b>				
<b>Budget vs. Actual</b>				
<b>Second Quarter Ending June 30, 2009</b>				
<b>(\$ millions)</b>				
	<b>2nd Qtr Budget</b>	<b>2nd Qtr Actual</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
<b><i>REVENUES</i></b>				
<b>Toll Revenue &amp; Evasion Recovery</b>	<b>\$166.7</b>	<b>\$165.3</b>	<b>(\$1.4)</b>	<b>-0.8%</b>
<b>Concession</b>	<b>1.6</b>	<b>0.8</b>	<b>(0.8)</b>	<b>-51.5%</b>
<b>Investment Income</b>	<b>5.5</b>	<b>0.9</b>	<b>(4.6)</b>	<b>-83.1%</b>
<b>Miscellaneous</b>	<b>0.5</b>	<b>0.3</b>	<b>(0.2)</b>	<b>-34.2%</b>
<b>Total Revenues</b>	<b>\$174.2</b>	<b>\$167.3</b>	<b>(\$7.0)</b>	<b>-4.0%</b>

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

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The following tables compare budgeted year-to-date revenues to actual, as well as the revised estimate of revenues to actual through June 30, 2009.

<b>REVENUES</b>				
<i>BUDGET vs. Actual</i>				
YTD June 30, 2009				
(\$ millions)				
	2009 YTD Budget	2009 YTD Actual	Variance (\$)	Variance (%)
<b><u>REVENUES</u></b>				
Toll Revenue & Evasion Recovery	\$322.9	\$319.3	(\$3.6)	-1.1%
Concession	3.0	2.5	(0.5)	-15.3%
Investment Income	11.0	2.4	(8.6)	-77.9%
Miscellaneous	1.0	0.5	(0.4)	-45.2%
<b>Total Revenues</b>	<b>\$337.8</b>	<b>\$324.7</b>	<b>(\$13.1)</b>	<b>-3.9%</b>

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

<b>REVENUES</b>				
<i>ESTIMATE vs. Actual</i>				
YTD June 30, 2009				
(\$ millions)				
	2009 YTD Estimate	2009 YTD Actual	Variance (\$)	Variance (%)
<b><u>REVENUES</u></b>				
Toll Revenue & Evasion Recovery	\$313.9	\$319.3	\$5.3	1.7%
Concession	3.0	2.5	(0.5)	-15.3%
Investment Income	6.0	2.4	(3.6)	-59.4%
Miscellaneous	1.0	0.5	(0.4)	-45.2%
<b>Total Revenues</b>	<b>\$323.9</b>	<b>\$324.7</b>	<b>\$0.8</b>	<b>0.3%</b>

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

## **MAINTENANCE AND OPERATIONS EXPENDITURES**

The Tollway's 2009 second quarter M&O expenditures totaled \$57.7 million, representing a favorable variance of \$5.2 million. Through June 30, 2009, expenditures totaled \$120.9 million, \$5.1 million or 4% less than budgeted for the first two quarters.

Payroll and Related Costs for the second quarter were \$1.9 million less than budgeted. Payroll expenses reflect savings from vacant positions as well as a reduction in overtime costs.

Group Insurance, which includes health and life coverage, had an unfavorable variance of \$612 thousand for the second quarter due to higher than anticipated indemnity health care claims, and increased state insurance costs for District 15 State Police and Tollway retirees.

Contractual Services expenditures were \$3.3 million less than budgeted for the second quarter. Through the first half of 2009, expenses in this category totaled \$16.4 million, \$2.7 million under the year-to-date budget. Modifications in processes related to review of violation images has reduced contractual services costs.

Materials and Operational Supplies had an unfavorable variance of \$451 thousand in the second quarter. Through the second quarter, expenses totaled \$6.8 million, \$1.5 million more than the year-to-date budget for this category. The unfavorable variance reflects higher than budgeted costs for winter roadway materials.

The Utilities category, which includes electricity, natural gas, water and telephone, had an unfavorable variance of \$651 thousand due to the increase in telephone calls to the Customer Call Center during the Tollway's Spring Cleaning Program, as well as the increased cost of natural gas.

All Other Insurance, which includes property insurance and amounts allocated to the workers' compensation claim fund, had a favorable variance of \$389 thousand in the second quarter. The Tollway is finalizing the actuarial review of workers' compensation claims funding as required by the Trust Indenture. The Tollway actuary is recommending an increase in funding for prior year and current year claims.

Expenditures in the Parts and Fuel category had a favorable variance of \$412 thousand in the second quarter, and were \$1.2 million under budget through June 30, 2009. The favorable variance is attributed to decreased fuel costs.

Equipment/Office Rental & Maintenance had a favorable variance of \$760 thousand in the second quarter due to decreased spending on software maintenance and licensing as well as electronic toll collection equipment. (The second quarter expenses in this category include a post closing adjustment to correct an erroneous accrual of \$2.8 million for maintenance of electronic toll collection equipment.) Through June 30, 2009, Equipment/Office Rental & Maintenance expended \$1.6 million less than the year-to-date budget amount. Spending for these items is expected to increase in the second half of the year.

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Employee Development had a favorable variance of \$171 thousand during the second quarter.

Recovery of Expenses had an unfavorable variance of \$35 thousand for the second quarter.

The following tables compare M&O budgeted expenditures to actual expenses for the second quarter, as well as year-to-date through June 30, 2009.

<b>M&amp;O EXPENSES</b>				
<b>Budget vs. Actual</b>				
<b>Second Quarter Ending June 30, 2009</b>				
<b>(\$ millions)</b>				
	<b>2nd Qtr</b>	<b>2nd Qtr</b>	<b>Variance</b>	<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>(\$)</b>	<b>(%)</b>
<b><u>Maintenance &amp; Operations</u></b>				
Payroll and Related Costs	\$34.5	\$32.5	\$1.9	5.6%
Group Insurance	7.0	7.6	(0.6)	-8.8%
Contractual Services	9.6	6.3	3.3	34.7%
Materials/Oper. Supplies/Other Exp.	2.7	3.1	(0.5)	-16.9%
Utilities	2.0	2.6	(0.7)	-33.2%
All Other Insurance	2.2	1.8	0.4	18.1%
Parts & Fuel	1.9	1.5	0.4	21.6%
Equipment / Office Rental & Maint.	3.3	2.6	0.8	22.7%
Employee Development	0.3	0.2	0.2	52.3%
Recovery of Expenses	(0.4)	(0.4)	(0.0)	-8.3%
<b>Total Maintenance &amp; Operations</b>	<b>\$63.0</b>	<b>\$57.7</b>	<b>\$5.2</b>	<b>8.3%</b>

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

<b>M&amp;O EXPENSES</b>				
<b>Budget vs. Actual</b>				
<b>YTD June 30, 2009</b>				
<b>(\$ millions)</b>				
	<b>2009 YTD</b>	<b>2009 YTD</b>	<b>Variance</b>	<b>Variance</b>
	<b>Budget</b>	<b>Actual</b>	<b>(\$)</b>	<b>(%)</b>
<b><u>Maintenance &amp; Operations</u></b>				
Payroll and Related Costs	\$68.9	\$68.4	\$0.5	0.8%
Group Insurance	14.0	13.3	0.7	5.1%
Contractual Services	19.2	16.4	2.7	14.3%
Materials/Oper. Supplies/Other Exp.	5.3	6.8	(1.5)	-27.9%
Utilities	3.9	4.4	(0.4)	-10.9%
All Other Insurance	4.3	4.0	0.3	7.8%
Parts & Fuel	3.8	2.6	1.2	31.3%
Equipment / Office Rental & Maint.	6.7	5.1	1.6	23.3%
Employee Development	0.7	0.6	0.0	6.9%
Recovery of Expenses	(0.8)	(0.7)	(0.1)	-17.2%
<b>Total Maintenance &amp; Operations</b>	<b>\$126.0</b>	<b>\$120.9</b>	<b>\$5.1</b>	<b>4.0%</b>

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

## **DEBT SERVICE**

On May 21, 2009 the Tollway issued \$500,000,000 of Toll Highway Senior Priority Revenue Bonds Taxable 2009 Series A (Build America Bonds - Direct Payment) (the "2009A Bonds"). The 2009A Bonds were issued to finance costs of the Congestion-Relief Program, a deposit to the Debt Reserve Account and costs of issuance. The Tollway elected to designate the 2009A Bonds as Build America Bonds and to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on the 2009A Bonds. The average interest rate on the 2009A Bonds is 6.09% which, after applying the anticipated 35% subsidy payments, would result in a net average interest rate to the Tollway of 3.96%. The issuance of the 2009A Bonds increased the amount of the Tollway's outstanding bonds to a total of \$3.8 billion.

Debt service expenditures consist of the payment of interest due on outstanding bonds plus the retirement of principal at maturity or redemption. Transfers from the Revenue Fund for debt service for the second quarter ended June 30, 2009 were \$37.7 million, versus a budgeted amount of \$52.1 million. The favorable variance of \$14.4 million is comprised of: (i) \$11.6 million of budgeted transfers for debt service made unnecessary by the early redemption of the Series 1993B Bonds from funds on hand in the Improvement Account; (ii) \$5.5 million of reduced transfers for debt service due to timing issues related to the issuance date and first interest payment date of the Series 2009A Bonds; (iii) \$1.5 million of reduced transfers for debt service related to timing issues regarding the advance funding requirements of the Indenture; and (iv) \$4.2 million of increased transfers for debt service on the Series 2007A and Series 2008A variable rate bonds caused by the credit deterioration of the financial institutions providing credit enhancement for those bonds.

The original budget for debt service transfers in the first six months of 2009 was \$98.7 million. In March 2009 this amount was revised downward to \$86.9 million. The actual transfers for debt service made in the first six months of 2009 were \$76.0 million. Of the \$10.9 million of favorable variance versus the revised estimate, \$6.2 million relates to timing issues and are likely to be offset in the second six months of 2009 and \$4.7 million represents savings.

## **DERIVATIVES**

The Tollway 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 1998, 2007 and 2008. As of the end of the second quarter of 2009, the Tollway had two agreements attached to the Series 1998B bond issue, four agreements attached to the Series 2007A bond issue (two each to Series 2007A-1 and 2007A-2) and four agreements attached to the Series 2008A bond issue (two each to Series 2008A-1 and 2008A-2). The four agreements attached to Series 2007A were originally entered into as forward agreements in September 2005, and became effective upon the closing of the \$700 million Series 2007A Bonds on November 1, 2007. The four agreements attached to Series 2008A were originally entered into in December

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2007, and became effective upon the closing of 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 possible (although not certain) that such a realized loss might be mitigated by a lower cost of capital expected to be available in that lower-interest rate market.

The (\$74 million) estimated total valuation as of June 30, 2009 compares favorably to the total valuations of (\$154 million) as of March 31, 2009 and (\$248 million) as of December 31, 2008.

Swap Portfolio as of 6/30/2009						
(Note: Valuations do not include Accrued interest)						
(\$ thousands)						
Series	Provider	Notional Amount	Rate	Maturity	Valuation	
1998 SERIES B	Goldman Sachs Mitsui Marine	67,705	4.3250%	1/1/2017	(6,627)	
1998 SERIES B	JP Morgan Chase Bank *	55,395	4.3250%	1/1/2017	(5,422)	
<b>1998 SERIES B TOTAL</b>		<b>\$123,100</b>			<b>(\$12,049)</b>	
2007 SERIES A-1	Citibank N.A., New York	175,000	3.9720%	7/1/2030	(9,240)	
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	7/1/2030	(9,240)	
<b>2007 SERIES A-1 TOTAL</b>		<b>\$350,000</b>			<b>(\$18,480)</b>	
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	7/1/2030	(14,568)	
2007 SERIES A-2	Wachovia Bank, National Association **	87,500	3.9925%	7/1/2030	(4,856)	
<b>2007 SERIES A-2 TOTAL</b>		<b>\$350,000</b>			<b>(\$19,424)</b>	
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	1/1/2031	(6,096)	
2008 SERIES A-1	Deutsche Bank AG, New York Branch	191,550	3.7740%	1/1/2031	(6,096)	
<b>2008 SERIES A-1 TOTAL</b>		<b>\$383,100</b>			<b>(\$12,192)</b>	
2008 SERIES A-2	Depfa Bank, PLC	287,325	3.7640%	1/1/2031	(8,768)	
2008 SERIES A-2	Merrill Lynch Capital Services, Inc.***	95,775	3.7640%	1/1/2031	(2,923)	
<b>2008 SERIES A-2 TOTAL</b>		<b>\$383,100</b>			<b>(\$11,691)</b>	
<b>TOTAL</b>		<b>\$1,589,300</b>			<b>(\$73,836)</b>	

\* Originally Bear Stearns Financial Products; novated to JP Morgan Chase Bank in May 2009.

\*\* Wachovia acquisition by Wells Fargo completed in December 2008; swap still in name of Wachovia Bank, National Association.

\*\*\* Merrill Lynch acquisition by Bank of America completed in December 2008; swap still in name of Merrill Lynch Capital Services, Inc.

## **CAPITAL PROGRAM**

Capital expenditures include Renewal/Replacement costs related to repairs of the existing system and 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 2009 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 fifth year of the multi-year Congestion-Relief Program (CRP). In December 2008 the Tollway's Board of Directors approved \$1,095.7 million for the Fiscal Year 2009 Capital Budget. The budget allocates \$977.1 million to the CRP and \$118.6 million to support other needs such as roadway equipment and vehicles, building repair and improvements and technological equipment and enhancements.

The 2009 CRP expenditures are budgeted to rebuild and widen the Tri-State Tollway (\$562.9 million), which includes \$177.4 million for 159<sup>th</sup> Street to 95<sup>th</sup> Street; \$44.8 million for Balmoral Avenue to Dempster Street; \$124.9 million for Dempster Street to Lake-Cook Road; \$136.7 million for Half Day Road to IL 137; and \$77.8 million for IL 137 to Russell Road. In addition, \$1.3 million is budgeted on the Tri-State Tollway for improvements at the I-57 interchange.

The 2009 CRP budget allocates \$140.2 million to rebuild and widen the Reagan Memorial Tollway from York Road to Washington Street and from the Aurora Toll Plaza to IL 56.

Additionally, \$121.6 million is allocated to continue the Jane Addams Memorial Tollway improvements, which includes rebuild and widen from Newburg Road to Rockton Road, the I-39 interchange improvements, and the East Riverside interchange Inter-Agency project.

The majority of the \$40.9 million budgeted for the Veterans Memorial Tollway will be expended to resurface and widen between 75<sup>th</sup> Street and the Reagan Memorial Tollway (I-88) and from I-55 to Army Trail Road. In addition, the 2009 CRP budget also provides funding for ongoing restoration of wetlands adjacent to the Des Plaines River and other roadside completion improvements.

The 2009 capital budget allocated \$111.6 million for Systemwide Improvements which includes bridge improvements, interchange improvements, environmental and intermittent pavement projects.

Additionally, \$118.6 million is included in the 2009 capital budget 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. For 2009, it is anticipated that \$60.0 million will be earned for projects in this category

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In addition to amounts approved in the 2009 capital budget, \$186.7 million of the 2008 CRP budget was unexpended at the end of 2008. The 2008 carry-over reflects less than anticipated spending on the CRP during 2008. Reduced expenditures in 2008 were a result of aggressive bids by contractors, effective project management, schedule changes, and timing of payments.

<b>CAPITAL PROGRAM</b>				
<b>2009 Budget for Second Quarterly Review</b>				
	<b>2008 Carry-Over</b>	<b>2009 Approved Budget</b>	<b>2009 Approved Budget Plus 2008 Carry-Over</b>	<b>2009 Estimate</b>
<b>Capital Program</b>				
Tri-State Tollway (I-294/I-94)	\$85,722,766	\$562,880,903	\$648,603,669	\$585,781,705
Ronald Reagan Memorial Tollway (I-88)	38,891,613	140,151,213	179,042,826	150,762,925
Jane Addams Memorial Tollway (I-90)	9,264,306	121,630,562	130,894,868	141,866,200
Veterans Memorial Tollway (I-355)	3,851,944	40,854,092	44,706,036	51,931,298
Open Road Tolling (ORT)	24,496,411	0	24,496,411	14,388,238
Systemwide Improvements	24,494,451	111,607,190	136,101,641	134,408,629
<b>Congestion-Relief Program Subtotal</b>	<b>\$186,721,491</b>	<b>\$977,123,961</b>	<b>\$1,163,845,452</b>	<b>\$1,079,138,994</b>
<b>"Other" Capital Projects Subtotal</b>	<b>0</b>	<b>118,585,291</b>	<b>118,585,291</b>	<b>60,000,000</b>
<b>Total Capital Program Expenses</b>	<b>\$186,721,491</b>	<b>\$1,095,709,252</b>	<b>\$1,282,430,743</b>	<b>\$1,139,138,994</b>

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

The current estimate for 2009 capital expenditures was prepared by the Tollway PMO (HNTB Corporation) in preparation for the issuance of the Illinois State Toll Highway Authority 2009 Series A Bonds in May 2009. The Tollway's multi-year capital plan currently anticipates \$1,079.1 million of CRP expenditures (accrual basis) in 2009. Similarly, the quarterly projections included in this report are based on estimated 2009 CRP expenditures of \$1,079.1 million, \$84.7 million less than the total 2009 Approved Budget Plus 2008 Carry-Over.

The "Other" Non-CRP portion of the Capital Program Budget totals \$118.6 million, of which \$58.6 million was planned and previously included in the 2009 Budget. For 2009, it is anticipated \$60.0 million will be expended for "Other" Non-CRP projects.

During the second quarter, \$141.9 million was expended to improve the Tri-State Tollway corridor. Rebuild and widening projects along the South Tri-State from 159<sup>th</sup> Street to 95<sup>th</sup> Street on the northbound lanes are ongoing. Construction work continues on the southbound lanes along the Central Tri-State from Balmoral Avenue to Touhy Avenue, as well as on the northbound lanes from Lake-Cook Road to Dempster Street. Rebuilding the northbound Tri-State Tollway Bridge over IL Route 176 continued into the second quarter. Other current projects on the North Tri-State include construction of the O'Plaine Road Bridge, Grand Avenue Bridge, and the Half Day Road Interchange.

More than \$43.5 million was expended during the second quarter for the rebuild and widening projects along the Ronald Reagan Memorial corridor. Current work includes construction on both the eastbound and westbound lanes from York Road to Finley Road, noise wall installation and pavement striping from IL Route 83 to Finley Road, and

reconstruction of the westbound side of the Fox River Bridge. Construction work began in April for the Eola Road Interchange.

For the second quarter, approximately \$41.4 million was expended on the Jane Addams Memorial corridor to rebuild and widen Newburg Road to Rockton Road, as well as the reconfiguration of the Cherry Valley Interchange. Current construction includes the exit ramp from westbound I-90 to southbound I-39/U.S. Route 51 and the westbound I-90 bridge over State Street in Rockford.

More than \$11.2 million was expended on the Veterans Memorial Tollway corridor for the quarter ended June 30th. Construction work to widen and resurface lanes between 75<sup>th</sup> Street and Ogden Avenue on the southbound is continuing, while the widen and resurface work on northbound lanes at the 75<sup>th</sup> Street Interchange began during the second quarter. Tree planting and landscape work is continuing on the South Extension of the Veterans Memorial Tollway.

Approximately \$9.7 million was expended during the second quarter 2009 on the Systemwide corridor. Ongoing Systemwide Improvement projects include bridge repairs, culvert reconstruction and repairs, as well as pavement repairs and patching.

For the second quarter 2009, approximately \$13.4 million was expended for projects to support the Congestion-Relief Program in the Non-CRP category including building repairs, maintenance equipment, and professional and roadway services.

The Tollway's second quarter capital program expenditures totaled \$264.0 million. This amount included expenses paid during the quarter, as well as \$79.4 million of work completed during the quarter for which payments have not been made as of July 28, 2009. The CRP portion expended \$250.6 million, \$183.9 million under the quarter estimate of \$434.4 million, while expenditures for the Non-CRP portion totaled \$13.4 million, or \$1.6 million under the second quarter projection of \$15.0 million.

<b>CAPITAL PROGRAM</b>				
Estimate vs. Actual				
Second Quarter Ending June 30, 2009				
(\$ millions)				
	2nd Qtr Estimate	2nd Qtr Actual*	Variance (\$)	Variance (%)
Tri-State Tollway (I-294/I-94)	\$225.6	\$141.9	\$83.7	37.1%
Ronald Reagan Memorial Tollway (I-81)	68.3	43.5	24.8	36.3%
Jane Addams Memorial Tollway (I-90)	55.9	41.4	14.5	25.9%
Veterans Memorial Tollway (I-355)	26.9	11.2	15.6	58.2%
Open Road Tolling (ORT)	4.6	2.8	1.9	40.1%
Systemwide Improvements	53.1	9.7	43.4	81.7%
<b>Congestion-Relief Program Subtotal</b>	<b>\$434.4</b>	<b>\$250.6</b>	<b>\$183.9</b>	<b>42.3%</b>
"Other" Capital Projects Subtotal**	15.0	13.4	1.6	10.6%
<b>Total Capital Program</b>	<b>\$449.4</b>	<b>\$264.0</b>	<b>\$185.4</b>	<b>41.3%</b>

\* Capital Program Actual included \$79.4 million in work completed during the 2nd Qtr, for which payments have not been made as of July 28, 2009.

\*\*The Non-CRP portion of the Capital Program Budget for 2009 totals \$118.6 million, of which it is anticipated \$60.0 million will be earned.

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

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The following table compares the 2009 estimate and expenditures through June 30<sup>th</sup>. At the end of the second quarter, capital program expenditures totaled \$361.5 million, \$237.3 million less than the year-to-date estimate of \$598.9 million. Through the second quarter, the CRP portion expended \$338.6 million, \$230.3 million under the estimate of \$568.9 million, while expenditures for the Non-CRP portion totaled \$23.0 million, \$7.0 million less than the projected \$30.0 million. It is estimated that for 2009, \$60.0 million will be expended for the Non-CRP capital projects. The year-to-date variance between estimate and expenditures can be attributed to lower cost of completed projects and slower than anticipated spending on utilities and right-of-way totaling an estimated cost of \$65 million, and schedule delays related to weather totaling an estimated cost of approximately \$160 million.

<b>CAPITAL PROGRAM</b>				
Estimate vs. Actual				
YTD June 30, 2009				
(\$ millions)				
	2009 YTD Estimate	2009 YTD Actual	Variance (\$)	Variance (%)
<b>Capital Program</b>				
Tri-State Tollway (I-294/I-94)	\$296.4	\$194.2	\$102.2	34.5%
Ronald Reagan Memorial Tollway (I-88)	97.0	61.9	35.2	36.2%
Jane Addams Memorial Tollway (I-90)	68.8	48.4	20.4	29.7%
Veterans Memorial Tollway (I-355)	31.2	11.4	19.8	63.5%
Open Road Tolling (ORT)	12.9	2.4	10.6	81.8%
Systemwide Improvements	62.6	20.4	42.3	67.5%
<b>Congestion-Relief Program Subtotal</b>	<b>\$568.9</b>	<b>\$338.6</b>	<b>\$230.3</b>	<b>40.5%</b>
<b>"Other" Capital Projects Subtotal</b>	<b>30.0</b>	<b>23.0</b>	<b>7.0</b>	<b>23.4%</b>
<b>Total Capital Program Expenses</b>	<b>\$598.9</b>	<b>\$361.5</b>	<b>\$237.3</b>	<b>39.6%</b>

For "Other" Non-CRP Projects \$60 million is estimated to be earned in 2009.

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

## **SUMMARY**

For the second quarter 2009, the Tollway's revenues totaled \$167.3 million, \$7.0 million less than the budget projection. The revenue through June 30th was \$324.7 million, or \$13.1 million less than budgeted, but \$0.8 million more than the revised estimate of March 2009.

Operating expenditures (M&O) totaled \$57.7 million, or \$5.2 million less than the second quarter budget. Through June 30, 2009 M&O expenses were \$5.1 million under the year-to-date M&O budget.

Debt Service transfers totaled \$37.7 million, or \$14.4 million less than the budgeted amount for the second quarter, and \$6.7 million under the revised estimate of March 2009. Through June 30<sup>th</sup>, Debt Service transfers totaled \$76.0 million, \$22.7 million under the year-to-date budget, and \$10.9 million less than the revised estimate of March 2009.

Capital expenditures totaled \$264.0 million, or \$185.4 million under the amount estimated for the second quarter. At the end of June 30, 2009 capital expenses were \$237.3 million under the year-to-date projection. The quarterly projections are based on estimated 2009 capital expenditures of \$1,139.1 million, including \$1,079.1 million for the CRP and \$60.0 million for "Other" Non-CRP capital projects.

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ILLINOIS TOLLWAY				
BUDGET vs. ACTUAL				
Second Quarter Ending June 30, 2009				
	2nd Quarter Budget	2nd Quarter Actual	Variance (\$)	Variance (%)
<b>REVENUES</b>				
Toll Revenue & Evasion Recovery	\$166,694,330	\$165,281,495	(\$1,412,835)	-0.8%
Concession	1,554,000	754,141	(799,859)	-51.5%
Investment Income	5,500,000	930,034	(4,569,966)	-83.1%
Miscellaneous	496,000	326,535	(169,465)	-34.2%
<b>Total Revenues</b>	<b>\$174,244,330</b>	<b>\$167,292,204</b>	<b>(\$6,952,126)</b>	<b>-4.0%</b>
<b>EXPENDITURES</b>				
<b>Maintenance &amp; Operations (M&amp;O)</b>				
Payroll and Related Costs	\$34,465,546	\$32,542,869	\$1,922,677	5.6%
Group Insurance	6,987,500	7,599,300	(611,800)	-8.8%
Contractual Services	9,581,807	6,257,873	3,323,934	34.7%
Materials/Oper. Supplies/Other Exp.	2,660,840	3,111,599	(450,760)	-16.9%
Utilities	1,962,775	2,613,649	(650,874)	-33.2%
All Other Insurance	2,153,000	1,764,344	388,656	18.1%
Parts & Fuel	1,908,613	1,496,960	411,653	21.6%
Equipment/Office Rental & Maint.	3,349,931	2,589,842	760,089	22.7%
Employee Development	327,425	156,163	171,262	52.3%
Recovery of Expenses	(422,050)	(387,126)	(34,924)	-8.3%
<b>Total M&amp;O</b>	<b>\$62,975,385</b>	<b>\$57,745,474</b>	<b>\$5,229,911</b>	<b>8.3%</b>
<b>Debt Service</b>				
Existing Debt	\$46,603,114	\$37,730,250	\$8,872,864	19.0%
New Debt	5,500,000	-	5,500,000	100.0%
<b>Total Debt Service</b>	<b>\$52,103,114</b>	<b>\$37,730,250</b>	<b>\$14,372,864</b>	<b>27.6%</b>

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ILLINOIS TOLLWAY				
BUDGET vs. ACTUAL				
YTD June 30, 2009				
	2009 YTD Budget	2009 YTD Actual	Variance (\$)	Variance (%)
<b>REVENUES</b>				
Toll Revenue & Evasion Recovery	\$322,876,525	\$319,252,941	(\$3,623,584)	-1.1%
Concession	2,976,000	2,519,636	(456,364)	-15.3%
Investment Income	11,000,000	2,436,329	(8,563,671)	-77.9%
Miscellaneous	988,000	541,000	(447,000)	-45.2%
<b>Total Revenues</b>	<b>\$337,840,525</b>	<b>\$324,749,907</b>	<b>(\$13,090,618)</b>	<b>-3.9%</b>
<b>EXPENDITURES</b>				
<b>Maintenance &amp; Operations (M&amp;O)</b>				
Payroll and Related Costs	\$68,931,092	\$68,410,053	\$521,039	0.8%
Group Insurance	13,975,000	13,265,365	709,635	5.1%
Contractual Services	19,163,614	16,415,679	2,747,935	14.3%
Materials/Oper. Supplies/Other Exp.	5,321,679	6,806,389	(1,484,710)	-27.9%
Utilities	3,925,550	4,354,661	(429,111)	-10.9%
All Other Insurance	4,306,000	3,969,656	336,344	7.8%
Parts & Fuel	3,817,225	2,623,928	1,193,297	31.3%
Equipment/Office Rental & Maint.	6,699,861	5,140,366	1,559,495	23.3%
Employee Development	654,850	609,744	45,106	6.9%
Recovery of Expenses	(844,100)	(698,649)	(145,451)	-17.2%
<b>Total M&amp;O</b>	<b>\$125,950,771</b>	<b>\$120,897,192</b>	<b>\$5,053,579</b>	<b>4.0%</b>
<b>Debt Service</b>				
Existing Debt	\$93,206,234	\$76,014,560	\$17,191,674	18.4%
New Debt	5,500,000	-	5,500,000	100.0%
<b>Total Debt Service</b>	<b>\$98,706,234</b>	<b>\$76,014,560</b>	<b>\$22,691,674</b>	<b>23.0%</b>

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<b>ILLINOIS TOLLWAY</b>				
<b>ESTIMATE vs. ACTUAL</b>				
<b>YTD June 30, 2009</b>				
	<b>2009 YTD</b>	<b>2009 YTD</b>	<b>Variance</b>	<b>Variance</b>
	<b>Estimate</b>	<b>Actual</b>	<b>(\$)</b>	<b>(%)</b>
<b>REVENUES</b>				
Toll Revenue & Evasion Recovery	\$313,938,067	\$319,252,941	\$5,314,874	1.7%
Concession	2,976,000	2,519,636	(456,364)	-15.3%
Investment Income	6,000,000	2,436,329	(3,563,671)	-59.4%
Miscellaneous	988,000	541,000	(447,000)	-45.2%
<b>Total Revenues</b>	<b>\$323,902,067</b>	<b>\$324,749,907</b>	<b>\$847,840</b>	<b>0.3%</b>
<b>EXPENDITURES</b>				
<b>Maintenance &amp; Operations (M&amp;O)</b>				
Payroll and Related Costs	\$68,931,092	\$68,410,053	\$521,039	0.8%
Group Insurance	13,975,000	13,265,365	709,635	5.1%
Contractual Services	19,163,614	16,415,679	2,747,935	14.3%
Materials/Oper. Supplies/Other Exp.	5,321,679	6,806,389	(1,484,710)	-27.9%
Utilities	3,925,550	4,354,661	(429,111)	-10.9%
All Other Insurance	4,306,000	3,969,656	336,344	7.8%
Parts & Fuel	3,817,225	2,623,928	1,193,297	31.3%
Equipment/Office Rental & Maint.	6,699,861	5,140,366	1,559,495	23.3%
Employee Development	654,850	609,744	45,106	6.9%
Recovery of Expenses	(844,100)	(698,649)	(145,451)	-17.2%
<b>Total M&amp;O</b>	<b>\$125,950,771</b>	<b>\$120,897,192</b>	<b>\$5,053,579</b>	<b>4.0%</b>
<b>Debt Service</b>				
Existing Debt	\$83,240,903	\$76,014,560	\$7,226,343	8.7%
New Debt	3,666,667	-	3,666,667	100.0%
<b>Total Debt Service</b>	<b>\$86,907,570</b>	<b>\$76,014,560</b>	<b>\$10,893,010</b>	<b>12.5%</b>
<b>Capital Program</b>				
Tri-State Tollway (I-294/I-94)	\$296,383,399	\$194,222,588	\$102,160,811	34.5%
Ronald Reagan Memorial Tollway (I-88)	97,023,516	61,854,429	35,169,086.6	36.2%
Jane Addams Memorial Tollway (I-90)	68,783,227	48,378,928	20,404,299.4	29.7%
Veterans Memorial Tollway (I-355)	31,155,963	11,384,679	19,771,284.4	63.5%
Open Road Tolling (ORT)	12,903,902	2,353,044	10,550,857.9	81.8%
Systemwide Improvements	62,636,503	20,378,957	42,257,546.5	67.5%
<b>Congestion-Relief Program Subtotal</b>	<b>\$568,886,510</b>	<b>\$338,572,625</b>	<b>\$230,313,885</b>	<b>40.5%</b>
"Other" Capital Projects Subtotal	30,000,000	22,971,620	7,028,380	23.4%
<b>Total Capital Program</b>	<b>\$598,886,510</b>	<b>\$361,544,244</b>	<b>\$237,342,266</b>	<b>39.6%</b>

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<b>ILLINOIS TOLLWAY</b>			
% of Estimate REALIZED			
YTD June 30, 2009			
	2009 Estimate	2009 YTD Actual	%
			Realized
<b>REVENUES</b>			
Toll Revenue & Evasion Recovery	\$620,373,859	\$319,252,941	51.5%
Concession	6,000,000	2,519,636	42.0%
Investment Income	12,000,000	2,436,329	20.3%
Miscellaneous	2,000,000	541,000	27.1%
<b>Total Revenues</b>	<b>\$640,373,859</b>	<b>\$324,749,907</b>	<b>50.7%</b>
<b>EXPENDITURES</b>			
<b>Maintenance &amp; Operations (M&amp;O)</b>			
Payroll and Related Costs	\$143,606,443	\$68,410,053	47.6%
Group Insurance	27,950,000	13,265,365	47.5%
Contractual Services	38,327,227	16,415,679	42.8%
Materials/Oper. Supplies/Other Exp.	10,643,358	6,806,389	63.9%
Utilities	7,851,100	4,354,661	55.5%
All Other Insurance	8,612,000	3,969,656	46.1%
Parts & Fuel	7,634,450	2,623,928	34.4%
Equipment/Office Rental & Maint.	13,399,722	5,140,366	38.4%
Employee Development	1,309,700	609,744	46.6%
Recovery of Expenses	(1,688,200)	(698,649)	41.4%
<b>Total M&amp;O Expenses</b>	<b>\$257,645,800</b>	<b>\$120,897,192</b>	<b>46.9%</b>
<b>Debt Service</b>			
Existing Debt	\$171,491,233	\$76,014,560	44.3%
New Debt	14,666,667	-	0.0%
<b>Total Debt Service Expenses</b>	<b>\$186,157,900</b>	<b>\$76,014,560</b>	<b>40.8%</b>
<b>Capital Program*</b>			
Tri-State Tollway (I-294/I-94)	\$585,781,705	\$194,222,588	33.2%
Ronald Reagan Memorial Tollway (I-88)	150,762,925	61,854,429	41.0%
Jane Addams Memorial Tollway (I-90)	141,866,200	48,378,928	34.1%
Veterans Memorial Tollway (I-355)	51,931,298	11,384,679	21.9%
Open Road Tolling (ORT)	14,388,238	2,353,044	16.4%
Systemwide Improvements	134,408,629	20,378,957	15.2%
<b>Congestion-Relief Program Subtotal</b>	<b>\$1,079,138,994</b>	<b>\$338,572,625</b>	<b>31.4%</b>
"Other" Capital Projects Subtotal	60,000,000	22,971,620	38.3%
<b>Total Capital Program Expenses</b>	<b>\$1,139,138,994</b>	<b>\$361,544,244</b>	<b>31.7%</b>