



2011 Budget Analysis

*(Unaudited)*

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Quarterly Financial Review

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October 1 – December 31, 2011

Table of Contents

<b>Introduction</b> .....	<b>3</b>
<b>Budget Summary</b> .....	<b>4</b>
Budgeted Revenue 2011.....	4
Allocation of Budgeted Revenue 2011 .....	4
<b>Fiscal 2011 and Fourth Quarter Results Summary</b> .....	<b>5</b>
Revenue .....	5
Expenditures .....	5
<b>Revenue Summary</b> .....	<b>6</b>
Analysis .....	6
<b>Maintenance and Operations (M&amp;O) Summary</b> .....	<b>7</b>
Analysis .....	8
<b>Debt Service Summary</b> .....	<b>10</b>
Transfers for Debt Service and Other Bond-Related Costs .....	10
Analysis .....	11
Derivatives .....	11
<b>Capital Program Summary</b> .....	<b>13</b>
Introduction .....	13
Capital Budget 2011.....	13
Revised Estimate 2011.....	13
Capital Program Expenditures .....	14
Analysis .....	15
<b>Financial Summaries</b> .....	<b>17</b>
2011 Fourth Quarter .....	18
2011 Year-End .....	20
2010 vs. 2011 .....	22

## INTRODUCTION

In December 2010, the Tollway Board of Directors adopted the annual budget for 2011. To monitor performance against this budget, each quarter the Finance Department reviews and compares actual revenue and expenditures of the Tollway to the budget, and presents the resulting analysis in this quarterly report to the Board or Board Committees.

The annual budget is prepared in conformance with provisions of the Tollway's Trust Indenture. This quarterly financial report is **unaudited** and is prepared on a basis of accounting that comports with the Trust Indenture, which is a basis of accounting other than generally accepted accounting principles. Revenue 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. For more details, see page 50 of the Tollway's Comprehensive Annual Financial Report (CAFR) dated December 31, 2010.

Tollway revenue sources include Toll Revenue and Evasion Recovery, Concessions, Investment Income, and Miscellaneous Income.

- Toll Revenue is collected from Tollway users either by cash or electronic toll collection for users of I-PASS.
- Evasion Recovery revenue includes fines, fees and tolls collected from toll violators.
- Concessions revenue is generated from the Tollway's oases, where third-party vendors provide fuel, food and other conveniences to users of the Tollway.
- 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, tower co-location fees, rental income from fiber optic lines and other miscellaneous receipts.

This report provides an analysis of actual revenue and expenditures through the fourth quarter of fiscal year 2011. The purpose of this analysis is to assess the financial performance of the Tollway relative to the 2011 Budget and October Estimate. The report indicates variances from budgeted amounts. A favorable variance contributes to a higher fund balance, while an unfavorable variance reduces the fund balance. For example, if toll revenues were higher during the quarter than anticipated in the budget, it would be a favorable variance.

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

## BUDGET SUMMARY

### Budgeted Revenue 2011

In December 2010, the Tollway Board of Directors approved an annual budget for 2011. The budget estimated annual revenue totaling \$680 million, including \$670 million from tolls and evasion recovery, \$2 million from investment income, and \$8 million from concessions and miscellaneous revenue.

### Allocation of Budgeted Revenue 2011

<b>2011 Revenue Sources and Allocations</b> (\$ millions)	
<b>SOURCES OF REVENUE</b>	
	<b>2011 Budget</b>
<b>Toll &amp; Evasion Recovery</b>	<b>\$670</b>
<b>Investment Income</b>	<b>2</b>
<b>Concessions &amp; Misc.</b>	<b>8</b>
<b>Total Revenue</b>	<b>\$680</b>
<b>ALLOCATION OF REVENUE</b>	
	<b>2011 Budget</b>
<b>Maintenance and Operations</b>	<b>\$255</b>
<b>Debt Service Transfers</b>	<b>251</b>
<b>Deposit to RR &amp; I</b>	<b>174</b>
<b>Total Allocation</b>	<b>\$680</b>

The Tollway's 2011 Budget allocated \$255 million for Maintenance and Operations (M&O), \$251 million for Debt Service Transfers, and \$174 million for deposit to the Renewal & Replacement and Improvement (RR&I) Accounts.

## **FISCAL YEAR 2011 AND FOURTH QUARTER RESULTS SUMMARY**

### **Revenue**

Revenue for the fourth quarter 2011 totaled \$167.8 million; \$4.1 million or 2.5 percent more than budgeted for the period. Toll and evasion recovery revenue totaled \$165.7 million, \$4.5 million more than budgeted for the fourth quarter. Concessions income totaled \$587 thousand. Investment income totaled \$146 thousand, \$354 thousand less than budgeted for the fourth quarter. Miscellaneous income totaled \$1.3 million, \$65 thousand less than budgeted for the fourth quarter.

Fiscal year 2011 Revenue totaled \$697.4 million; \$17.4 million or 2.6 percent more than budget. Toll and evasion recovery revenue totaled \$685.9 million; \$15.9 million more than budgeted for 2011. Concessions income totaled \$2.3 million; \$154 thousand less than budget. Investment income totaled \$1.1 million; \$936 thousand less than budget. Miscellaneous income totaled \$8.1 million; \$2.6 million more than the budget for 2011.

### **Expenditures**

The Tollway's 2011 fourth quarter operating expenditures totaled \$70.7 million; \$1.8 million or 2.6 percent more than budgeted for the same period. Fiscal year 2011 Operating expenditures amounted to \$246 million; \$9 million or 3.5 percent less than the annual Maintenance and Operations budget.

The Tollway's fourth quarter Debt Service transfers totaled \$61.1 million; \$2 million or 3.2 percent less than the budgeted amount. Fiscal year 2011 Debt Service transfers totaled \$244 million; \$7 million or 2.8 percent less than the annual budget.

The Tollway's fourth quarter Capital Program expenditures totaled \$53.7 million compared to the October Estimate of \$66.6 million, including \$38.5 million for the Congestion-Relief Program expenses and \$15.2 million for Other Capital project expenses. Fiscal year 2011 Capital Program expenditures amounted to \$167.4 million; the CRP expenses totaled \$122.4 million and the Other Capital project expenses totaled \$44.9 million. In addition, Intergovernmental Agreement reimbursements for work performed in prior periods and other accounting adjustments totaled \$414 thousand in the fourth quarter and \$24.7 million in 2011.

Detailed comparisons of 2011 budget to fourth quarter and 2011 unaudited actual, as well as 2010 actual to 2011 unaudited actual can be found at the end of this report starting on Page 17.

## REVENUE SUMMARY

### REVENUE Budget vs. Unaudited Actual Fourth Quarter 2011

(\$ thousands)

	4th Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue & Evasion Recovery	\$161,193	\$165,699	\$4,507	2.8%
Concessions	593	587	(5)	-0.9%
Investment Income	500	146	(354)	-70.8%
Miscellaneous	1,403	1,338	(65)	-4.6%
<b>Total Revenue</b>	<b>\$163,688</b>	<b>\$167,770</b>	<b>\$4,083</b>	<b>2.5%</b>

Note: Numbers may not add to totals due to rounding

### REVENUE Budget vs. Unaudited Actual Year End 2011

(\$ thousands)

	2011		Variance	
	Budget	Actual	\$	%
Toll Revenue & Evasion Recovery	\$670,000	\$685,942	\$15,942	2.4%
Concessions	2,500	2,346	(154)	-6.2%
Investment Income	2,000	1,064	(936)	-46.8%
Miscellaneous	5,500	8,064	2,564	46.6%
<b>Total Revenue</b>	<b>\$680,000</b>	<b>\$697,416</b>	<b>\$17,416</b>	<b>2.6%</b>

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

## Analysis

Revenue for the 2011 fourth quarter totaled \$167.8 million; \$4.1 million or 2.5 percent more than budgeted for the same period.

Fiscal year 2011 Revenue totaled to \$697.4 million; \$17.4 million or 2.6 percent more than budgeted for 2011.

Toll and evasion recovery's favorable variance totaled \$4.5 million for the fourth quarter and \$15.9 million for 2011.

## MAINTENANCE AND OPERATIONS (M&O) SUMMARY

### M&O EXPENSES Budget vs. Unaudited Actual Fourth Quarter 2011

(\$ thousands)

	4th Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$35,911	\$37,743	(\$1,832)	-5.1%
Group Insurance	6,981	6,887	94	1.3%
Contractual Services	12,285	13,131	(846)	-6.9%
Materials/Oper. Supplies/Other Exp.	4,226	3,987	240	5.7%
Utilities	1,843	1,532	312	16.9%
All Other Insurance	2,681	2,128	553	20.6%
Parts & Fuel	2,023	1,998	25	1.2%
Equipment / Office Rental & Maint.	3,330	3,630	(300)	-9.0%
Employee Development	221	165	56	25.5%
Recovery of Expenses	(600)	(507)	(92)	-15.4%
<b>Total Maintenance &amp; Operations Expenditures</b>	<b>\$68,902</b>	<b>\$70,692</b>	<b>(\$1,791)</b>	<b>-2.6%</b>

Notes:

1. Positive variance indicates lower than estimate, while negative variance indicates higher than estimate.
2. Number may not add to totals due to rounding.

### M&O EXPENSES Budget vs. Unaudited Actual Year End 2011

(\$ thousands)

	2011		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$143,644	\$140,898	\$2,745	1.9%
Group Insurance	27,923	27,345	578	2.1%
Contractual Services	39,233	39,618	(385)	-1.0%
Materials/Oper. Supplies/Other E	8,729	8,404	325	3.7%
Utilities	7,374	6,603	770	10.4%
All Other Insurance	10,725	4,960	5,765	53.8%
Parts & Fuel	5,562	6,469	(907)	-16.3%
Equipment / Office Rental & Mai	13,320	13,163	158	1.2%
Employee Development	883	710	173	19.6%
Recovery of Expenses	(2,399)	(2,196)	(202)	-8.4%
<b>Total Maintenance &amp; Operations</b>	<b>\$254,994</b>	<b>\$245,975</b>	<b>\$9,020</b>	<b>3.5%</b>

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

## **Analysis**

The Tollway's 2011 fourth quarter operating expenditures totaled \$70.7 million, representing an unfavorable variance of \$1.8 million. Operating expenditures through December 31<sup>st</sup> amounted to \$246 million, a favorable variance of \$9 million when compared to the \$255 million annual Maintenance and Operations budget.

The most significant variances to the original 2011 annual budget are explained below:

**Payroll and Related Costs** totaled \$140.9 million, \$2.7 million under budget. This favorable variance is attributable to higher than anticipated vacancies in both the salary and wage categories, offset in part by higher overtime in Roadway Maintenance, Toll Collection and Custodial Services.

**Group Insurance** totaled \$27.3 million, \$578 thousand under budget. This variance reflects the transition of providing medical benefits through a new collective bargaining agreement. In July, coverage for Teamster employees and eligible dependents was transitioned to a union provided medical program for which the Tollway is paying a flat premium per employee per month. This program affords the Tollway stable premiums through the term of the contract, and is expected to reduce cost to the Tollway through September 2014. In addition, effective July 1, 2011, there were changes in deductibles, out of pocket costs and co-payments in health care plans for other Tollway employees that reduce the Tollway's costs.

**Contractual Service** expenses totaled \$39.6 million, \$385 thousand over budget. This variance is attributable to increased activity regarding bank charges (credit card fees) as well as additional ITS maintenance in Engineering. This increase is partially offset by reduced costs in Business Systems for image review and phone call volume in the I-PASS Customer Call Center as well as less expenditures for Secretary of State and Hearing Officer services.

**Materials/Operational Supplies/Other Expenses** totaled \$8.4 million, with a favorable variance of \$325 thousand compared to budget. This favorable variance is due in part to less demand for winter materials such as rock salt, calcium chloride and abrasives resulting from the mild winter weather during the fourth quarter.

**Utilities**, which include electricity, natural gas, water, propane and telephone, totaled \$6.6 million, \$770 thousand under budget. This decrease was mainly due to the implementation of energy efficient measures as well as a reduction in electric billing rates precipitated by implementation of a new utility database which allowed the Tollway to identify more cost effective plans. In addition, there was a reduction in telephone expenses.

**All Other Insurance** expenses totaled \$5.0 million resulting in a favorable variance of \$5.8 million compared to budget. This category includes expenses for property and liability insurance as well as amounts allocated to the workers' compensation claim fund. Based on a recent actuarial study that reviewed claim volume and magnitude for workers' compensation, the Tollway was able to make a substantial downward adjustment to claim reserves from previous years.



**Parts and Fuel** totaled \$6.5 million, \$907 thousand over budget. During 2011, fuel and oil pricing increased approximately 35%. These increases were partially offset by a concerted effort on the part of the Fuel Task Force Team to reduce Tollway vehicle fuel consumption using various strategies.

**Equipment/Office Rental & Maintenance** totaled \$13.2 million, with a favorable variance of \$158 thousand compared to budget. This variance is attributable to reduced expenditures for the maintenance of electronic tolling equipment. Certain aspects of electronic tolling equipment maintenance and application development have been scaled back pending the expected future procurement of a next generation back office toll collection system.

**Employee Development** totaled \$710 thousand, with a favorable variance of \$173 thousand in the areas of travel, training, dues, books, subscriptions, uniforms and accessories.

**Recovery of Expenses** totaled \$2.2 million, \$202 thousand over budget. This category includes reimbursement for services (ambulances or fire trucks) or damage to Tollway property caused by others.

**Budget Transfers:** Budget to actual comparisons in this analysis are based on the Original 2011 M&O Budget adopted by the Board in December 2010. During the budget year, management approved transfers from accounts that incurred surpluses to those requiring additional funds due to shortfalls. As mentioned earlier, the Workers' Compensation account incurred a significant surplus. The Board was informed in September that funds would be transferred from this account to the Fuel, Operational Materials and Contractual Services accounts to cover critical expenditures. These transfers did not change the total dollar amount of the Fiscal Year 2011 M&O Budget.

## DEBT SERVICE SUMMARY

For annual budgeting and quarterly reporting purposes, debt service consists of the sum of monthly transfers from the Revenue Account to the Trustee-held Debt Service Account, in accordance with the Indenture, to provide for the payment of:

- (i) interest due on outstanding bonds;
- (ii) the retirement of bond principal at maturity or sinking fund redemption;
- (iii) net payments on interest rate exchange (“swap”) agreements; and
- (iv) costs related to bond credit/liquidity agreements, bond remarketing agreements, and bond ratings.

For 2011 the Tollway budgeted \$251 million for transfers from the Revenue Account to the Debt Service Account to provide for these payments. That budgeted amount assumed an additional source of funds of \$16.2 million from federal subsidies associated with the Tollway’s Series 2009A and Series 2009B Build America Bonds.

Following are unaudited quarterly results through December 31, 2011 with comparisons to budget.

### Budget vs. Actual (Unaudited) (\$ thousands) (#s may not total due to rounding)

	Budget	Actual	Variance	
			\$	%
Debt Service Transfers – 1 <sup>st</sup> Qtr	\$62,420	\$60,383	\$2,037	3.3%
Debt Service Transfers – 2 <sup>nd</sup> Qtr	62,420	60,662	1,758	2.8%
Debt Service Transfers – 3 <sup>rd</sup> Qtr	63,080	61,934	1,145	1.8%
Debt Service Transfers – 4 <sup>th</sup> Qtr	63,080	61,062	2,017	3.2%
<b>Debt Service Transfers - YTD Dec 31, 2011</b>	<b>\$251,000</b>	<b>\$244,042</b>	<b>\$6,958</b>	<b>2.8%</b>

### % of Budget Realized (Unaudited) (\$ thousands)

	Annual Budget	YTD Actual	Realized
Debt Service Transfers	\$251,000	\$244,042	97.2%

## Analysis

The primary contributors to the \$6.958 million favorable variance for the year and the \$2.017 million favorable variance in the fourth quarter are the following.

- (i) A \$4 million provision for additional debt service during 2011 to accommodate refunding synthetic fixed rate bonds was not realized because such a refunding did not occur.
- (ii) Transfers for costs related to bond credit/liquidity agreements, bond remarketing agreements and bond ratings were \$9.98 million during 2011, approximately \$2 million lower than the budgeted amount of \$12 million.

## DERIVATIVES

The Tollway employed the use of interest rate exchange (swap) 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. The following chart presents the Tollway's swap portfolio as of December 30, 2011. The four swap agreements related to the Series 2007A Bonds were originally entered into as forward agreements in September 2005, and became effective upon the closing of the Series 2007A Bonds on November 1, 2007. The three swap agreements related to the Series 2008A Bonds were originally entered into in December 2007, and became effective upon the closing of the Series 2008A Bonds on February 7, 2008.

The Illinois State Toll Highway Authority						
Swap Portfolio as of December 30, 2011 (FYE 2011)						
(Note: Valuations do not include Accrued interest)						
(\$ thousands)						
Series	Provider	Notional Amount	Fixed Rate Paid	Variable Rate Rec'd	Maturity	Valuation
1998 SERIES B	Goldman Sachs Mitsui Marine	67,705	4.3250%	Actual	1/1/2017	(10,073)
1998 SERIES B	JP Morgan Chase Bank*	55,395	4.3250%	Actual	1/1/2017	(8,242)
<b>1998 SERIES B TOTAL</b>		<b>\$123,100</b>				<b>(\$18,315)</b>
2007 SERIES A-1	Citibank N.A., New York	175,000	3.9720%	SIFMA	7/1/2030	(\$42,052)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(\$42,052)
<b>2007 SERIES A-1 TOTAL</b>		<b>\$350,000</b>				<b>(\$84,104)</b>
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(\$63,810)
2007 SERIES A-2	Wells Fargo Bank**	87,500	3.9925%	SIFMA	7/1/2030	(\$21,270)
<b>2007 SERIES A-2 TOTAL</b>		<b>\$350,000</b>				<b>(\$85,080)</b>
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	SIFMA	1/1/2031	(\$40,933)
2008 SERIES A-1	Deutsche Bank AG, New York Branch	191,550	3.7740%	SIFMA	1/1/2031	(\$40,933)
<b>2008 SERIES A-1 TOTAL</b>		<b>\$383,100</b>				<b>(\$81,866)</b>
2008 SERIES A-2	Bank of America, N.A.***	95,775	3.7640%	SIFMA	1/1/2031	(\$20,338)
<b>2008 SERIES A-2 TOTAL</b>		<b>\$95,775</b>				<b>(\$20,338)</b>
<b>TOTAL</b>		<b>\$1,301,975</b>				<b>(\$289,704)</b>

NOTE: 1998B swaps are valued assuming the receipt of SIFMA+8bp, as an approximation of the valuation of these actual-bond-rate swaps.

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

\*\* Originally Wachovia Bank, N.A.; acquired by Wells Fargo in December 2008; name changed in March 2010.

\*\*\* Originally Merrill Lynch Capital Services, Inc.; Bank of America acquired Merrill Lynch in December 2008; this swap was novated to Bank of America, N.A. in October 2011.

Mark-to-market valuations of the Tollway's swap agreements typically decline in value (from the Tollway's perspective) when interest rates decline and increase in value when

interest rates increase. To the extent any negative valuation of the Tollway's derivatives were to become realized by a swap 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.

## **CAPITAL PROGRAM SUMMARY**

### **Introduction**

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 major capital renewal or repair projects and 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.

### **Capital Budget 2011**

The fiscal year 2011 capital budget reflected the Tollway's pledge to maintain and upgrade the existing facilities and infrastructure of the system. The budget included funding for the seventh year of the multi-year Congestion-Relief Program (CRP). In December 2010, the Tollway's Board of Directors approved \$278.8 million for the Fiscal Year 2011 Capital Budget. The budget allocated \$192 million to the CRP and \$86.9 million to support other needs such as roadway equipment and vehicles, building repair and improvements and technological equipment and enhancements. The 2011 budget anticipated spending \$45 million of the \$86.9 million budgeted for Other Capital projects.

### **Revised Estimate 2011**

Revision to expenditure projections are made during the course of the year. The 2011 Capital Program expenditures in the third quarter Financial Review were estimated to total \$237 million, which included \$192 million for CRP and \$45 million for Other Capital projections. In October, the 2011 expenditure projections were revised downward from \$237 million to \$202.3 million. The CRP portion was reduced by \$35.5 million, from \$192 million to \$156.5 million. The October estimate anticipated spending \$45.8 million for the Other Capital projects. Additionally, the October estimate reflected cost recoveries pursuant to Intergovernmental Agreements totaling \$21.7 million, which further reduced the Capital Program to \$180.5 million.

The 2011 Budget and the October estimate are detailed in the following table.

**CAPITAL PROGRAM**  
**2011 Budget vs. October Estimate**  
(\$ millions)

	2011 Budget	2011 October Estimate
Tri-State Tollway (I-94/I-294/I-80)	\$14.4	\$21.2
Reagan Memorial Tollway (I-88)	7.6	6.0
Jane Addams Memorial Tollway (I-90)	104.9	72.3
Veterans Memorial Tollway (I-355)	5.2	6.3
Open Road Tolling (ORT)	0.5	4.4
Systemwide Improvements	59.4	46.2
<b>Congestion-Relief Program Subtotal</b>	<b>\$192.0</b>	<b>\$156.5</b>
"Other" Capital Projects	86.9*	45.8
<b>Total Capital Program</b>	<b>\$278.8</b>	<b>\$202.3</b>
Intergovernmental Agreement Reimbursements	-	(21.7)
<b>Capital Program Net of Reimbursements</b>	<b>\$278.8</b>	<b>\$180.5</b>

\*The Other Capital Projects portion of the Capital Program Budget for 2011 totals \$86.9 million; \$45 million was anticipated to be earned.

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

## Capital Program Expenditures

**October Estimate vs. Unaudited Actual**  
**Year-End 2011**  
(\$ thousands)

	2011		Variance	
	October Estimate	Actual <sup>(1)</sup>	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$21,169	\$13,758	\$7,411	35.0%
Reagan Memorial Tollway (I-88)	5,985	4,475	1,509	25.2%
Jane Addams Memorial Tollway (I-90)	72,331	62,620	9,711	13.4%
Veterans Memorial Tollway (I-355)	6,291	4,322	1,969	31.3%
Open Road Tolling (ORT)	4,436	1,667	2,768	62.4%
Systemwide Improvements	46,241	35,587	10,654	23.0%
<b>Congestion-Relief Program Subtotal</b>	<b>\$156,452</b>	<b>\$122,429</b>	<b>\$34,022</b>	<b>21.7%</b>
"Other" Capital Projects <sup>(2)</sup>	45,800	44,928	872	1.9%
<b>Capital Program Subtotal</b>	<b>\$202,252</b>	<b>\$167,357</b>	<b>\$34,894</b>	<b>17.3%</b>
Intergovernmental Agreement Reimbursements and Other Adjustments <sup>(3)</sup>	(21,748)	(24,659)	2,911	N/A
<b>Total Capital Program Expenditures</b>	<b>\$180,503</b>	<b>\$142,698</b>	<b>\$37,805</b>	<b>20.9%</b>

<sup>(1)</sup> Capital Program Actual included \$19,561 thousand in work completed for which payments have not been made as of December 31, 2011.

<sup>(2)</sup> The Other Projects portion of the Capital Program Budget for 2011 totals \$86.9 million, of which it is anticipated \$45.8 million will be earned.

<sup>(3)</sup> Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made year-to-date.

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

## Analysis

Capital Program expenditures are reported on an accrual basis. For the quarter ending December 31, 2011, unaudited capital program expenditures totaled \$53.7 million. This amount included expenses paid during the fourth quarter, as well as \$19.6 million of work completed during the quarter and/or in prior periods for which payments have not been made as of December 31, 2011. CRP expenditures totaled \$38.5 million, and Other Capital project expenditures totaled \$15.2 million.

For fiscal year 2011, Capital Program expenditures totaled \$167.4 million or \$34.9 million less than the October estimate; the CRP expenses totaled \$122.4 million and the Other Capital project expenses totaled \$44.9 million. In addition, Intergovernmental Agreement reimbursements for work performed in prior periods and other accounting adjustments totaled \$24.7 million in 2011.

The 2011 favorable variance of \$37.8 million for the Capital Program can be attributed to:

- Savings/lower cost of construction – an estimated \$13 million
- Scheduling or timing of work and payments – an estimated \$21 million
- Increase in Intergovernmental agreement reimbursements

### **The Tri-State Tollway**

**\$13.8 million**

During the fourth quarter, design efforts are nearing completion for roadway resurfacing and bridge improvements on the Central Tri-State between 95<sup>th</sup> Street and Balmoral Avenue and contracts have been advertised for bidding with construction scheduled to begin in 2012. Major environmental efforts were completed including the bioswale stormwater/ water quality treatment project from Touhy Avenue to Lake-Cook Road and the construction work for the wetland mitigation from IL Route 60 to IL Route 137. The new northbound Balmoral Avenue exit ramp was constructed through coordinated efforts with the Village of Rosemont (an Intergovernmental Agreement). The new ramp features All Electronic Tolling (AET) and was opened to traffic in November 2011. Roadside improvements from the Lincoln Oasis to Russell Road are being finalized and closeout documents are being processed. Roadway and ITS work for the Edens Spur roadway and bridge rehabilitation project has been extended. Compared to budget, the favorable variance for this corridor totaled \$7.4 million which is attributed to slower than anticipated spending on right-of-way and the time extension allowed for the Edens Spur project.

### **The Reagan Memorial Tollway**

**\$4.5 million**

Design efforts continued for the rehabilitation and repair of the pavement and bridges between IL Route 251 and IL Route 56, as well as for the reconstruction and widening of I-88 between IL Route 56 and Deerpath Road. Construction is scheduled for both projects in 2012. Delayed design efforts contributed to the \$1.5 million favorable variance realized for this corridor.

**The Jane Addams Memorial Tollway**

**\$62.6 million**

Roadway rehabilitation, resurfacing and bridge repairs are complete from Newburg Road to Sandwald Road and from the Elgin Toll Plaza to Barrington Road. Work finalized includes integration of Intelligent Transportation Systems (ITS) as well as major culvert repairs east to Des Plaines River Road. The favorable variance of \$9.7 million for this corridor is primarily attributed to potential savings from the construction contracts.

**The Veterans Memorial Tollway**

**\$4.3 million**

Roadway resurfacing and bridge rehabilitation work from I-55 to Army Trail Road was completed. The favorable variance of \$2 million for the Veterans Memorial corridor is primarily attributed to lower project costs.

**Open Road Tolling (ORT)**

**\$1.7 million**

The favorable variance of \$2.8 million for this corridor is attributed to a decrease in expenditures for the Traffic Revenue Maintenance and Management Program (TRMMP).

**Systemwide**

**\$35.6 million**

Repairs continued for four bridges from Chicago Road to the I-55 Ramps, one bridge at Everett Road, as well as the Tri-Level Bridge on the Tri-State Tollway. Intermittent pavement repairs on the Jane Addams Memorial progressed in October and later placed on hold for the winter months. Work will be substantially complete by the end of 2012. Landscaping and roadside improvements along I-88, I-355, I-94/I-294 and the Edens Spur are progressing. The favorable variance of \$10.7 million for this corridor is mainly attributed to a change in the start date of construction projects.

**Other Capital Projects**

**\$44.9 million**

Project expenditures in this corridor include Fleet, General Engineering and Traffic Consultant services, the purchase of transponders, Maintenance Facility Management Program services, Traffic Incident Management System (TIMS), Intelligent Transportation Systems (ITS), and other small capital equipment purchases. The favorable variance of \$872 thousand is mainly attributed to a timing issue on goods ordered in 2011, but not received until 2012.



## Financial Summaries

Quarterly Financial Review December 31, 2011

<b>ILLINOIS TOLLWAY</b>				
<b>BUDGET vs. UNAUDITED ACTUAL</b>				
<b>Fourth Quarter Ending December 31, 2011</b>				
	4th Quarter		Variance	
	Budget	Actual	\$	%
<b>REVENUE</b>				
Toll Revenue & Evasion Recovery	\$161,192,564	\$165,699,383	\$4,506,819	2.8%
Concessions	592,500	587,259	(5,241)	-0.9%
Investment Income	500,000	146,212	(353,788)	-70.8%
Miscellaneous	1,402,500	1,337,582	(64,918)	-4.6%
<b>Total Revenue</b>	<b>\$163,687,564</b>	<b>\$167,770,436</b>	<b>\$4,082,872</b>	<b>2.5%</b>
<b>Maintenance &amp; Operations (M&amp;O) Expenditures</b>				
Payroll and Related Costs	\$35,910,892	\$37,742,685	(\$1,831,793)	-5.1%
Group Insurance	6,980,750	6,886,952	93,798	1.3%
Contractual Services	12,284,877	13,130,929	(846,052)	-6.9%
Materials/Oper. Supplies/Other Exp.	4,226,366	3,986,649	239,716	5.7%
Utilities	1,843,394	1,531,825	311,569	16.9%
All Other Insurance	2,681,250	2,127,970	553,280	20.6%
Parts & Fuel	2,023,031	1,998,337	24,694	1.2%
Equipment/Office Rental & Maint.	3,330,091	3,629,911	(299,820)	-9.0%
Employee Development	220,822	164,622	56,200	25.5%
Recovery of Expenses	(599,675)	(507,487)	(92,188)	-15.4%
<b>Total M&amp;O Expenditures</b>	<b>\$68,901,797</b>	<b>\$70,692,394</b>	<b>(\$1,790,597)</b>	<b>-2.6%</b>
<b>Net Revenue</b>				
<b>Revenue Less M&amp;O Expenditures</b>	<b>\$94,785,767</b>	<b>\$97,078,042</b>	<b>\$2,292,275</b>	<b>2.4%</b>
<b>Debt Service Transfers</b>				
Existing Debt	\$63,079,747	\$61,062,446	\$2,017,301	3.2%
New Debt	-	-	-	N/A
<b>Total Debt Service Transfers</b>	<b>\$63,079,747</b>	<b>\$61,062,446</b>	<b>\$2,017,301</b>	<b>3.2%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$31,706,020</b>	<b>\$36,015,596</b>	<b>\$4,309,576</b>	<b>13.6%</b>

Quarterly Financial Review December 31, 2011

ILLINOIS TOLLWAY				
October Estimate vs. UNAUDITED ACTUAL				
Fourth Quarter Ending December 31, 2011				
	4th Quarter		Variance	
	October Estimate	Actual <sup>(2)</sup>	\$	%
<b>Capital Program <sup>(1)</sup></b>				
Tri-State Tollway (I-94/I-294/I-80)	\$4,724,386	\$4,668,981	\$55,405	1.2%
Reagan Memorial Tollway (I-88)	3,001,750	2,368,841	632,909	21.1%
Jane Addams Memorial Tollway (I-90)	16,824,219	15,933,581	890,638	5.3%
Veterans Memorial Tollway (I-355)	432,339	405,293	27,046	6.3%
Open Road Tolling (ORT)	1,368,471	601,304	767,167	56.1%
Systemwide Improvements	20,134,167	14,496,579	5,637,588	28.0%
<b>Congestion-Relief Program Subtotal</b>	<b>\$46,485,332</b>	<b>\$38,474,578</b>	<b>\$8,010,754</b>	<b>17.2%</b>
"Other" Capital Projects	20,150,000	15,235,462	4,914,538	24.4%
<b>Capital Program Subtotal</b>	<b>\$66,635,332</b>	<b>\$53,710,040</b>	<b>\$12,925,292</b>	<b>19.4%</b>
Intergovernmental Agreement Reimbursements and Other Adjustments <sup>(3)</sup>	-	(414,086)	414,086	N/A
<b>Total Capital Program Expenditures</b>	<b>\$66,635,332</b>	<b>\$53,295,954</b>	<b>\$13,339,378</b>	<b>20.0%</b>
<p><sup>(1)</sup> Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.</p> <p><sup>(2)</sup> Capital Program Actual included \$19,561,040 in work completed for which payments have not been made as of December 31, 2011.</p> <p><sup>(3)</sup> Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.</p>				

Quarterly Financial Review December 31, 2011

ILLINOIS TOLLWAY				
BUDGET vs. UNAUDITED ACTUAL				
Year-End 2011				
	2011		Variance	
	Budget	Actual	\$	%
<b>REVENUE</b>				
Toll Revenue & Evasion Recove	\$670,000,000	\$685,941,928	\$15,941,927	2.4%
Concessions	2,500,000	2,346,143	(153,857)	-6.2%
Investment Income	2,000,000	1,064,068	(935,932)	-46.8%
Miscellaneous	5,500,000	8,064,286	2,564,286	46.6%
<b>Total Revenue</b>	<b>\$680,000,000</b>	<b>\$697,416,424</b>	<b>\$17,416,424</b>	<b>2.6%</b>
<b>Maintenance &amp; Operations (M&amp;O) Expenditures</b>				
Payroll and Related Costs	\$143,643,568	\$140,898,415	\$2,745,153	1.9%
Group Insurance	27,923,000	27,345,166	577,834	2.1%
Contractual Services	39,233,411	39,618,157	(384,746)	-1.0%
Materials/Oper. Supplies/Other E	8,728,950	8,403,629	325,321	3.7%
Utilities	7,373,575	6,603,368	770,207	10.4%
All Other Insurance	10,725,000	4,960,035	5,764,965	53.8%
Parts & Fuel	5,561,580	6,469,027	(907,447)	-16.3%
Equipment/Office Rental & Maint	13,320,364	13,162,853	157,511	1.2%
Employee Development	883,288	710,173	173,115	19.6%
Recovery of Expenses	(2,398,700)	(2,196,318)	(202,382)	-8.4%
<b>Total M&amp;O Expenditures</b>	<b>\$254,994,036</b>	<b>\$245,974,505</b>	<b>\$9,019,531</b>	<b>3.5%</b>
<b>Net Revenue</b>				
<b>Revenue Less M&amp;O Expenditure</b>	<b>\$425,005,964</b>	<b>\$451,441,919</b>	<b>\$26,435,955</b>	<b>6.2%</b>
<b>Debt Service Transfers</b>				
Existing Debt	\$251,000,000	\$244,042,073	\$6,957,926	2.8%
New Debt	-	-	-	N/A
<b>Total Debt Service Transfers</b>	<b>\$251,000,000</b>	<b>\$244,042,073</b>	<b>\$6,957,926</b>	<b>2.8%</b>
<b>Net Revenue Less Debt Service</b>	<b>\$174,005,965</b>	<b>\$207,399,846</b>	<b>\$33,393,881</b>	<b>19.2%</b>

Quarterly Financial Review December 31, 2011

ILLINOIS TOLLWAY				
OCTOBER ESTIMATE vs. UNAUDITED ACTUAL				
Year-End 2011				
	2011		Variance	
	October Estimate	Actual <sup>(2)</sup>	\$	%
<b>Capital Program <sup>(1)</sup></b>				
Tri-State Tollway (I-94/I-294/I-80)	\$21,169,054	\$13,758,435	\$7,410,619	35.0%
Reagan Memorial Tollway (I-88)	5,984,556	4,475,059	1,509,497	25.2%
Jane Addams Memorial Tollway (I-90)	72,330,792	62,619,822	9,710,969	13.4%
Veterans Memorial Tollway (I-355)	6,290,892	4,321,757	1,969,135	31.3%
Open Road Tolling (ORT)	4,435,673	1,667,277	2,768,396	62.4%
Systemwide Improvements	46,240,556	35,587,029	10,653,527	23.0%
<b>Congestion-Relief Program Subtotal</b>	<b>\$156,451,523</b>	<b>\$122,429,380</b>	<b>\$34,022,144</b>	<b>21.7%</b>
"Other" Capital Projects <sup>(3)</sup>	45,800,000	44,927,816	872,184	1.9%
<b>Capital Program Subtotal</b>	<b>\$202,251,523</b>	<b>\$167,357,196</b>	<b>\$34,894,327</b>	<b>17.3%</b>
Intergovernmental Agreement Reimbursements and Other Adjustments <sup>(4)</sup>	(21,748,169)	(24,659,293)	2,911,125	N/A
<b>Total Capital Program Expenditures</b>	<b>\$180,503,355</b>	<b>\$142,697,903</b>	<b>\$37,805,452</b>	<b>20.9%</b>
<p><sup>(1)</sup> Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.</p> <p><sup>(2)</sup> Capital Program Actual included \$19,561,040 in work completed for which payments have not been made as of December 31, 2011.</p> <p><sup>(3)</sup> The Other Projects portion of the Capital Program Budget for 2011 totals \$86.9 million, of which it is anticipated \$45.8 million will be earned.</p> <p><sup>(4)</sup> Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made year-to-date.</p>				

Quarterly Financial Review December 31, 2011

<b>ILLINOIS TOLLWAY</b>				
<b>2010 Actual vs. 2011 Unaudited Actual</b>				
<b>Fourth Quarter Ending December 31st</b>				
	4th Qtr		Variance	
	2010	2011	\$	%
<b>REVENUE</b>				
Toll Revenue & Evasion Recovery	\$166,483,060	\$165,699,383	(\$783,677)	-0.5%
Concessions	548,115	587,259	39,144	7.1%
Investment Income	530,354	146,212	(384,141)	-72.4%
Miscellaneous	1,558,904	1,337,582	(221,322)	-14.2%
<b>Total Revenue</b>	<b>\$169,120,432</b>	<b>\$167,770,436</b>	<b>(\$1,349,996)</b>	<b>-0.8%</b>
<b>Maintenance &amp; Operations (M&amp;O) Expenditures</b>				
Payroll and Related Costs	\$39,031,860	\$37,742,685	\$1,289,175	3.3%
Group Insurance	7,636,464	6,886,952	749,511	9.8%
Contractual Services	11,782,363	13,130,929	(1,348,566)	-11.4%
Materials/Oper. Supplies/Other Exp.	3,970,948	3,986,649	(15,702)	-0.4%
Utilities	2,351,998	1,531,825	820,173	34.9%
All Other Insurance	4,043,527	2,127,970	1,915,557	47.4%
Parts & Fuel	1,976,684	1,998,337	(21,652)	-1.1%
Equipment/Office Rental & Maint.	3,696,629	3,629,911	66,718	1.8%
Employee Development	283,400	164,622	118,778	41.9%
Recovery of Expenses	(572,528)	(507,487)	(65,041)	-11.4%
<b>Total M&amp;O Expenditures</b>	<b>\$74,201,345</b>	<b>\$70,692,394</b>	<b>\$3,508,951</b>	<b>4.7%</b>
<b>Net Revenue</b>				
<b>Revenue Less M&amp;O Expenditures</b>	<b>\$94,919,087</b>	<b>\$97,078,042</b>	<b>\$2,158,955</b>	<b>2.3%</b>
<b>Debt Service Transfers</b>				
Existing Debt	\$60,068,900	\$61,062,446	(\$993,546)	-1.7%
New Debt	-	-	-	N/A
<b>Total Debt Service Transfers</b>	<b>\$60,068,900</b>	<b>\$61,062,446</b>	<b>(\$993,546)</b>	<b>-1.7%</b>
<b>Net Revenue Less Debt Service Transfers</b>	<b>\$34,850,187</b>	<b>\$36,015,596</b>	<b>\$1,165,410</b>	<b>3.3%</b>

Quarterly Financial Review December 31, 2011

ILLINOIS TOLLWAY				
2010 Actual vs. 2011 Unaudited Actual				
Fourth Quarter Ending December 31st				
	4th Qtr		Variance	
	2010	2011	\$	%
<b>Capital Program</b>				
Tri-State Tollway (I-94/I-294/I-80)	\$17,392,891	\$4,668,981	\$12,723,910	73.2%
Reagan Memorial Tollway (I-88)	(9,370)	2,368,841	(\$2,378,210)	25382.4%
Jane Addams Memorial Tollway (I-90)	5,314,211	15,933,581	(\$10,619,370)	-199.8%
Veterans Memorial Tollway (I-355)	12,660,471	405,293	\$12,255,179	96.8%
Open Road Tolling (ORT)	322,484	601,304	(\$278,820)	-86.5%
Systemwide Improvements	21,833,636	14,496,579	\$7,337,057	33.6%
<b>Congestion-Relief Program Subtotal</b>	<b>\$57,514,324</b>	<b>\$38,474,578</b>	<b>\$19,039,746</b>	<b>33.1%</b>
"Other" Capital Projects	13,222,439	15,235,462	(2,013,023)	-15.2%
<b>Capital Program Subtotal</b>	<b>\$70,736,763</b>	<b>\$53,710,040</b>	<b>\$17,026,723</b>	<b>24.1%</b>
Intergovernmental Agreement Reimbursements and Other Adjustments <sup>(1)</sup>	(4,529,733)	(414,086)	(4,115,647)	N/A
<b>Total Capital Program Expenditures</b>	<b>\$66,207,030</b>	<b>\$53,295,954</b>	<b>\$12,911,076</b>	<b>19.5%</b>
<sup>(1)</sup> Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.				

Quarterly Financial Review December 31, 2011

ILLINOIS TOLLWAY				
2010 Actual vs. 2011 Unaudited Actual				
Year-End				
		Actual		Variance
	2010	2011	\$	%
<b>REVENUE</b>				
Toll Revenue & Evasion Recovery	\$663,677,336	\$685,941,928	\$22,264,592	3.4%
Concessions	2,387,581	2,346,143	(41,438)	-1.7%
Investment Income	1,749,901	1,064,068	(685,833)	-39.2%
Miscellaneous	4,945,078	8,064,286	3,119,208	63.1%
<b>Total Revenue</b>	<b>\$672,759,896</b>	<b>\$697,416,424</b>	<b>\$24,656,528</b>	<b>3.7%</b>
<b>Maintenance &amp; Operations (M&amp;O) Expenditures</b>				
Payroll and Related Costs	\$144,920,570	\$140,898,415	\$4,022,155	2.8%
Group Insurance	28,534,433	27,345,166	1,189,267	4.2%
Contractual Services	37,592,669	39,618,157	(2,025,489)	-5.4%
Materials/Oper. Supplies/Other Exp.	8,552,475	8,403,629	148,846	1.7%
Utilities	7,100,512	6,603,368	497,144	7.0%
All Other Insurance	8,610,960	4,960,035	3,650,925	42.4%
Parts & Fuel	5,807,828	6,469,027	(661,198)	-11.4%
Equipment/Office Rental & Maint.	10,872,096	13,162,853	(2,290,757)	-21.1%
Employee Development	841,493	710,173	131,320	15.6%
Recovery of Expenses	(1,976,417)	(2,196,318)	219,901	11.1%
<b>Total M&amp;O Expenditures</b>	<b>\$250,856,619</b>	<b>\$245,974,505</b>	<b>\$4,882,114</b>	<b>1.9%</b>
<b>Net Revenue</b>				
<b>Revenue Less M&amp;O Expenditures</b>	<b>\$421,903,277</b>	<b>\$451,441,919</b>	<b>\$29,538,642</b>	<b>7.0%</b>
<b>Debt Service Transfers</b>				
Existing Debt	\$224,984,855	\$244,042,073	(\$19,057,218)	-8.5%
New Debt	-	-	-	N/A
<b>Total Debt Service Transfers</b>	<b>\$224,984,855</b>	<b>\$244,042,073</b>	<b>(\$19,057,218)</b>	<b>-8.5%</b>
<b>Net Revenue Less Debt Service (Coverage)</b>	<b>\$196,918,422</b>	<b>\$207,399,846</b>	<b>\$10,481,424</b>	<b>5.3%</b>



Quarterly Financial Review December 31, 2011

ILLINOIS TOLLWAY				
2010 Actual vs. 2011 Unaudited Actual				
Year-End				
	Actual		Variance	
	2010	2011	\$	%
<b>Capital Program</b>				
Tri-State Tollway (I-94/I-294/I-80)	\$60,778,008	\$13,758,435	\$47,019,573	77.4%
Reagan Memorial Tollway (I-88)	9,211,739	4,475,059	\$4,736,680	51.4%
Jane Addams Memorial Tollway (I-90)	16,750,544	62,619,822	(\$45,869,279)	-273.8%
Veterans Memorial Tollway (I-355)	53,177,255	4,321,757	\$48,855,497	91.9%
Open Road Tolling (ORT)	1,028,529	1,667,277	(\$638,748)	-62.1%
Systemwide Improvements	58,407,882	35,587,029	\$22,820,853	39.1%
<b>Congestion-Relief Program Subtotal</b>	<b>\$199,353,956</b>	<b>\$122,429,380</b>	<b>\$76,924,577</b>	<b>38.6%</b>
"Other" Capital Projects	38,061,691	44,927,816	(6,866,126)	-18.0%
<b>Capital Program Subtotal</b>	<b>\$237,415,647</b>	<b>\$167,357,196</b>	<b>\$70,058,451</b>	<b>29.5%</b>
Intergovernmental Agreement Reimbursements and Other Adjustments <sup>(1)</sup>	(13,735,098)	(24,659,293)	10,924,195	N/A
<b>Total Capital Program Expenditures</b>	<b>\$223,680,549</b>	<b>\$142,697,903</b>	<b>\$80,982,646</b>	<b>36.2%</b>
<sup>(1)</sup> Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made year-to-date.				