

Subject to compliance by the Authority with certain covenants, in the opinion of Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel, under present law interest on the 2010A Bonds will not be includible in the gross income of the owners thereof for Federal income tax purposes. Interest on the 2010A Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. See the heading “TAX MATTERS” herein for a more detailed discussion of some of the federal tax consequences of owning the 2010A Bonds. The interest on the 2010A Bonds is not exempt from present Illinois income taxes.

\$279,300,000

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

**Toll Highway Senior Refunding Revenue Bonds,
2010 Series A-1**



**Maturities, Principal Amounts, Interest Rates, Yields and CUSIP Numbers
are shown on the Inside of the Front Cover**

This Official Statement contains information relating to The Illinois State Toll Highway Authority (the “Authority”) and the Authority’s Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1 (the “2010A Bonds”). The 2010A Bonds are being issued under a Trust Indenture dated as of December 1, 1985 (as amended, restated and supplemented, the “Indenture”) from the Authority to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”).

The 2010A Bonds will be issuable as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2010A Bonds. Purchasers of the 2010A Bonds will not receive certificates representing their interests in the 2010A Bonds purchased. Principal of and interest on the 2010A Bonds will be paid by the Trustee to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the 2010A Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 2010A Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See **APPENDIX E – “BOOK-ENTRY SYSTEM”** herein.

The 2010A Bonds will mature on January 1 of the years and in the amounts and will bear interest at the rates per annum set forth on the inside cover page, payable on January 1 and July 1 of each year, commencing January 1, 2011. As described herein, certain of the 2010A Bonds are subject to optional redemption.

All Bonds issued under the Indenture, including the 2010A Bonds, are payable solely from and secured solely by a pledge of and lien on the Net Revenues (as defined herein) and certain other funds as provided in the Indenture. See **“SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS”** herein.

THE 2010A BONDS AND ANY OTHER BONDS ISSUED UNDER THE INDENTURE DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE AUTHORITY OR OF THE STATE OF ILLINOIS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION, OR PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR OF THE STATE OF ILLINOIS, OR GRANT TO THE OWNERS OR HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY OR THE ILLINOIS GENERAL ASSEMBLY LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR THE INTEREST THEREON, OTHER THAN AS MAY BE AUTHORIZED UNDER THE TOLL HIGHWAY ACT.

The 2010A Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to withdrawal and modification of the offer without notice and approval of legality by Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel. Certain legal matters in connection with the 2010A Bonds will be passed upon for the Authority by Thomas Bamonte, Esq., Assistant Attorney General and the Authority’s General Counsel, and by the Authority’s special counsel, Perkins Coie LLP, Chicago, Illinois and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, Chicago, Illinois and Sanchez Daniels & Hoffman LLP, Chicago, Illinois. Certain documents to which the Authority is a party will be approved as to form and constitutionality by the Attorney General of Illinois. It is expected that the 2010A Bonds in definitive form will be available for delivery to DTC on or about July 1, 2010.

BofA Merrill Lynch

Siebert Brandford Shank & Co., L.L.C.

Morgan Stanley

William Blair & Company

Baird

Estrada Hinojosa & Company, Inc.

George K. Baum & Company

KeyBanc Capital Markets Inc.

Raymond James & Associates, Inc.

Stifel Nicolaus

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

\$279,300,000

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1**

Dated: Date of Delivery

Due: January 1, as shown below

Maturity (January 1)	Principal Amount	Interest Rate	Yield	CUSIP*
2018	\$ 1,480,000	3.750%	3.370%	452252FL8
2019	1,260,000	3.500	3.570	452252FM6
2020	1,620,000	4.125	3.780	452252FN4
2021	1,700,000	4.000	3.920 [†]	452252FP9
2022	1,740,000	4.000	4.040	452252FQ7
2023	1,825,000	4.125	4.150	452252FR5
2024	1,905,000	4.250	4.270	452252FS3
2025	41,880,000	5.000	4.390 [†]	452252FT1
2026	22,500,000	5.000	4.490 [†]	452252GA1
2026	18,600,000	5.250	4.390 [†]	452252FU8
2027	16,665,000	4.500	4.670	452252FV6
2027	27,585,000	5.000	4.560 [†]	452252GB9
2028	29,295,000	5.000	4.620 [†]	452252FW4
2029	15,000,000	5.000	4.660 [†]	452252FX2
2029	18,160,000	5.250	4.540 [†]	452252GC7
2030	37,045,000	5.250	4.590 [†]	452252FY0
2031	41,040,000	5.000	4.740 [†]	452252FZ7

* Copyright 2010, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services LLC managed on behalf of the American Bankers Association by Standard and Poor's, a subsidiary of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2010A Bonds at the time of issuance of the 2010A Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for the accuracy of such numbers. CUSIP numbers are subject to being changed after the issuance of the 2010A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2010A Bonds.

[†] Yield to the first optional redemption date of January 1, 2020.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
2700 OGDEN AVENUE
DOWNERS GROVE, ILLINOIS 60515-1703
(630) 241-6800

DIRECTORS

Patrick J. Quinn
Governor of Illinois, *ex officio* director

Gary Hannig
Secretary of the Illinois Department of Transportation, *ex officio* director

Paula Wolff
Chair

James J. Banks
Thomas Canham
William Morris
Arthur George Pradel

James M. Roof
Maria Saldaña
Carl O. Towns
Thomas Weisner

Lisa Madigan
Attorney General of Illinois and
ex officio Attorney for the Authority

Alexi Giannoulis
Treasurer of the State of Illinois and
ex officio Custodian of the Illinois State Toll Highway Authority Fund

EXECUTIVE STAFF

Kristi Lafleur
Executive Director

Doug Kucia
Chief of Staff

Michael J. Colsch
Chief of Finance

Paul Kovacs
Chief Engineer

Thomas Bamonte
Assistant Attorney General
and General Counsel

FINANCIAL ADVISOR

First Southwest Company

SWAP ADVISOR

PFM Asset Management LLC

CONSULTING AND TRAFFIC ENGINEERS

AECOM USA, Inc.
Consulting Engineer

Wilbur Smith Associates, Inc.
Traffic Engineer

This Official Statement, which includes the cover page and inside front cover page and appendices, is being used in connection with the offer and sale of the 2010A Bonds and may not be reproduced or be used, in whole or in part, for any other purpose. The information set forth herein is believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. Each Underwriter has reviewed the information in this Official Statement in accordance with and as part of its respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but no Underwriter guarantees the accuracy or completeness of such information. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information herein pertaining to the Authority and the Tollway System as of any time subsequent to the date of such information. No dealer, sales representative or any other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering it describes and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This Official Statement should be considered in its entirety. No information or portion of information in this Official Statement should be considered less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to herein, reference should be made to such statutes, ordinances, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matters thereof.

Neither this Official Statement nor any statement that may be made orally or in writing in connection therewith is to be construed as a contract with the registered or beneficial owners of the 2010A Bonds.

This Official Statement contains forecasts, projections and estimates that are based on current expectations or assumptions. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the amount of revenues received include, among others, changes in political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, seismic events, and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements include, but are not limited to, certain statements contained in the information contained under the captions “**THE TOLLWAY SYSTEM**” and in **APPENDICES B** and **C** and such statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

IN CONNECTION WITH THE OFFERING OF THE 2010A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2010A BONDS AT LEVELS ABOVE THE LEVELS THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY FEDERAL OR STATE SECURITIES COMMISSION NOR HAS ANY FEDERAL OR STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTORY STATEMENT	1	LITIGATION	44
PLAN OF FINANCE.....	2	APPROVAL OF LEGAL PROCEEDINGS.....	44
ESTIMATED SOURCES AND APPLICATIONS OF FUNDS	3	UNDERWRITING	44
DESCRIPTION OF THE 2010A BONDS	3	FINANCIAL ADVISOR.....	45
General	3	SWAP ADVISOR	45
Interest on the 2010A Bonds; Payment; Authorized Denominations.....	3	TRAFFIC AND CONSULTING ENGINEERS.....	45
Optional Redemption of 2010A Bonds.....	4	RATINGS.....	46
Selection of Bonds for Redemption; Notice of Redemption	4	TAX MATTERS	46
Bond Registration and Transfers.....	4	General.....	46
Mutilated, Lost, Stolen or Destroyed Bonds	5	Original Issue Discount.....	47
SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS	5	Market Discount.....	48
Pledge of Revenues and Funds.....	5	Bond Premium	48
Toll Covenant.....	5	CONTINUING DISCLOSURE.....	49
Certain Amendments to the Indenture.....	6	Annual Report.....	49
Flow of Funds.....	6	Events Notification	50
Debt Reserve Account.....	7	Consequences of Failure of the Authority to Provide Information	50
Additional Indebtedness	8	Amendment; Waiver	50
Other Covenants	9	Termination of Agreement.....	51
The Trustee.....	9	Additional Information	51
SWAP AGREEMENTS.....	10	Dissemination Agent.....	51
General	10	LEGALITY FOR INVESTMENT	51
Swap Agreements for the 2008A Bonds	11	FINANCIAL STATEMENTS.....	51
Swap Agreements for the 2007 Bonds	11	ACCOUNTING AND INVESTMENT PRACTICES.....	52
Swap Agreements for the 1998B Bonds.....	12	MISCELLANEOUS	52
Sources of Funds for Swap Termination Payments	12	AUTHORIZATION	52
ANNUAL DEBT SERVICE REQUIREMENTS.....	13	APPENDIX A – Financial Statements	A-1
THE AUTHORITY	14	APPENDIX B – Consulting Engineer’s Report	B-1
Board of Directors.....	14	APPENDIX C – Traffic Engineer’s Report.....	C-1
Principal Administrative Personnel.....	15	APPENDIX D – Summary of Certain Provisions of the Indenture.....	D-1
Organizational Structure.....	16	APPENDIX E – Book-Entry System	E-1
Labor Relations and Employee Benefits	17	APPENDIX F – Form of Opinion of Bond Counsel	F-1
Outstanding Indebtedness.....	18	APPENDIX G – Schedule of Refunded Bonds	G-1
THE TOLLWAY SYSTEM	19		
Routes.....	19		
Congestion-Relief Plan.....	20		
Congestion-Relief Program Progress	21		
Potential Additional Capital Projects	24		
Other Limited Access Highways.....	26		
Patron Service Areas	26		
Condition and Maintenance.....	27		
Renewal and Replacement Program and Improvement Program.....	28		
Toll Collection and Internal Control Procedures.....	29		
Toll Rates	31		
Historical Trends in Toll Transactions and Toll Revenues	33		
Historical Trends in Net Operating Revenues.....	35		
Financial Information Discussion.....	37		
Pro Forma Debt Service Coverage.....	40		

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$279,300,000

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
Toll Highway Senior Refunding Revenue Bonds,
2010 Series A-1**

INTRODUCTORY STATEMENT

This Official Statement sets forth certain information concerning The Illinois State Toll Highway Authority (the “Authority”), the Tollway System and the Authority’s \$279,300,000 Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1 (the “2010A Bonds”). The 2010A Bonds will be issued pursuant to the Toll Highway Act, 605 ILCS 10/1 *et seq.*, as amended (the “Act”), creating the Authority, a resolution adopted by the Authority on January 28, 2010 authorizing up to \$850,000,000 of bonds for refunding purposes, and an Amended and Restated Trust Indenture effective as of March 31, 1999 amending and restating a Trust Indenture dated as of December 1, 1985 (the “Trust Indenture”), from the Authority to The Bank of New York Mellon Trust Company, N.A., as successor to J.P. Morgan Trust Company, N.A., and its predecessors, as Trustee (the “Trustee”), as previously supplemented and amended by the First through Thirteenth Supplemental Indentures and the 1996 Amendatory Supplemental Indenture dated as of September 1, 1996 (the “Amendatory Supplemental Indenture”), and as further supplemented and amended by the Fourteenth Supplemental Indenture dated as of June 1, 2010 (the “Fourteenth Supplemental Indenture”) providing for the issuance of the 2010A Bonds. The Trust Indenture, as supplemented and amended from time to time, including by the First through the Fourteenth Supplemental Indentures, and, upon its effectiveness as described in this Official Statement, the Amendatory Supplemental Indenture, is referred to herein as the “Indenture.” As to amendments in the Amendatory Supplemental Indenture that are not yet effective, see **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Supplemental Indentures.”** Purchasers of the 2010A Bonds will be deemed to have consented to certain additional amendments to the Indenture set forth in the Seventh Supplemental Indenture dated as of June 1, 2005 (the “Seventh Supplemental Indenture”). See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS – Certain Amendments to the Indenture**” and **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Sale, Lease or Encumbrance of Property.”** Certain capitalized terms used in this Official Statement, unless otherwise defined herein, have the meanings set forth in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions.”**

The 2010A Bonds are being issued under the Indenture to provide funds that will be used, together with other available funds, to (a) current refund a portion of the Authority’s Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-2, as set forth in **APPENDIX G** (collectively, the “Refunded Bonds”), (b) make a payment related to the termination of a hedging agreement related to the Refunded Bonds (the “Termination Payment”), and (c) pay costs of issuance in connection with the issuance of the 2010A Bonds and the refunding of the Refunded Bonds. See “**PLAN OF FINANCE**” below.

The 2010A Bonds will be secured on a parity with other Senior Bonds of the Authority. Upon the issuance of the 2010A Bonds, and after giving effect to the application of the proceeds thereof, the other outstanding Senior Bonds, in the aggregate principal amount of \$3,787,375,000, consist of the following: (a) \$100,665,000 aggregate principal amount Toll Highway Priority Revenue Bonds, 1992 Series A (the “1992A Bonds”), (b) \$193,050,000 aggregate principal amount Toll Highway Priority

Refunding Revenue Bonds, 1998 Series A (the “1998A Bonds”), (c) \$123,100,000 aggregate principal amount Toll Highway Refunding Revenue Bonds, 1998 Series B (the “1998B Bonds”), (d) \$770,000,000 aggregate principal amount Toll Highway Senior Priority Revenue Bonds, 2005 Series A (the “2005 Bonds”), (e) \$291,660,000 aggregate principal amount Toll Highway Senior Priority Revenue Bonds, 2006 Series A-1 (the “2006 Bonds”), (f) \$350,000,000 aggregate principal amount Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-1 and \$350,000,000 aggregate principal amount Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-2 (collectively, the “2007 Bonds”), (g) \$383,100,000 aggregate principal amount Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-1 (the “2008A-1 Bonds”) and \$95,800,000 aggregate principal amount Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-2 (the “2008A-2 Bonds” and together with the 2008A-1 Bonds, the “2008A Bonds”), (h) \$350,000,000 aggregate principal amount Toll Highway Senior Priority Revenue Bonds, 2008 Series B (the “2008B Bonds”), (i) \$500,000,000 Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series A (Build America Bonds – Direct Payment) (the “2009A Bonds”), and (j) \$280,000,000 Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series B (Build America Bonds – Direct Payment) (the “2009B Bonds”). After the issuance of the 2010A Bonds, the Senior Bonds, including the 2010A Bonds, will be outstanding in the aggregate principal amount of \$4,066,675,000.

The scheduled principal payments of all Senior Bonds come due on January 1 of each year for which principal payments are due, except for (i) the 2007 Bonds, for which the scheduled principal payment due dates are July 1 of each of the years 2024 through 2030; and (ii) the 2009B Bonds, for which the one scheduled principal payment due date is December 1, 2034.

All references herein to laws, agreements and documents are qualified in their entirety by reference to such laws, agreements and documents, and all references herein to the 2010A Bonds and the Indenture are further qualified in their entirety by reference to the complete terms thereof and the information with respect thereto in the Indenture.

PLAN OF FINANCE

The 2010A Bonds are being issued to refund \$287,300,000 aggregate principal amount of the original \$383,100,000 aggregate principal amount of the 2008A-2 Bonds, as more fully described in **APPENDIX G** hereto. The Refunded Bonds will be redeemed on July 21, 2010 from amounts deposited in escrow as provided below. In connection with the issuance of the 2010A Bonds, on June 10, 2010 the Authority terminated one of the two swap agreements related to the 2008A-2 Bonds in the notional amount of \$287,325,000.

To provide for the refunding of the Refunded Bonds, a portion of the proceeds of the 2010A Bonds, together with certain funds held for the payment of the Refunded Bonds in the Debt Service Account established under the Indenture and moneys released from the Debt Reserve Account established under the Indenture will be used to provide a cash deposit and/or purchase direct obligations of the United States of America (the “United States Government Securities”), the principal of which, together with any initial cash balances, shall be sufficient to pay (i) the interest on the Refunded Bonds when due, calculated at their maximum interest rate, and (ii) the redemption price of the Refunded Bonds on July 21, 2010. The United States Government Securities and any uninvested cash will be held by the Trustee in an escrow account established for the Refunded Bonds (the “Escrow Account”). The redemption price and interest on the Refunded Bonds will be payable from the Escrow Account and neither the cash deposit, the maturing principal of any United States Government Securities purchased to refund the Refunded Bonds nor any interest earned thereon will serve as security for or be available for the payment of the principal of or interest on the 2010A Bonds. The accuracy of: (a) the arithmetical

computation of the adequacy of the cash deposited in the Escrow Account together with the maturing principal amounts of any United States Government Securities deposited therein to pay when due the interest and redemption price of the Refunded Bonds and (b) the mathematical computations of yield supporting the conclusions of Bond Counsel that the Series 2010A Bonds are not arbitrage bonds under the Internal Revenue Code of 1986, as amended (the “Code”), will be verified by Robert Thomas CPA, LLC, independent certified public accountants. Such verification of arithmetical accuracy and mathematical computations shall be based upon information and assumptions supplied by the Authority.

ESTIMATED SOURCES AND APPLICATIONS OF FUNDS

The estimated sources and applications of the 2010A Bonds and other available funds are set forth below:

SOURCES

Principal Amount of 2010A Bonds	\$279,300,000
Net Original Issue Premium	9,648,275
Transfer from Debt Service Account for Refunded Bonds	1,865,037
Transfer from Debt Reserve Account ⁽¹⁾	35,461
Authority Funds	<u>10,331,528</u>
Total	<u>\$301,180,301</u>

APPLICATIONS

Escrow for Refunded Bonds	\$289,189,096
Termination Payment for Related Swap ⁽²⁾	10,331,528
Costs of Issuance ⁽³⁾	<u>1,659,677</u>
Total	<u>\$301,180,301</u>

- ⁽¹⁾ Amount in the Debt Reserve Account in excess of the Debt Reserve Requirement after the issuance of the 2010A Bonds and application of the proceeds thereof.
- ⁽²⁾ See “**PLAN OF FINANCE**” herein. Exclusive of net swap payments accrued prior to the termination date (\$247,776) and paid with the termination payment.
- ⁽³⁾ Includes Underwriters’ Discount.

DESCRIPTION OF THE 2010A BONDS

General

The 2010A Bonds will be issued in the aggregate principal amount set forth on the inside front cover page hereof, will be dated the date of issuance thereof, and will bear interest at the rates per annum shown on the inside front cover page hereof to the maturity dates shown on the inside front cover page hereof, subject to earlier redemption as set forth below.

Interest on the 2010A Bonds; Payment; Authorized Denominations

The 2010A Bonds shall bear interest at the rates per annum set forth on the inside front cover page hereof (computed on the basis of a 360-day year composed of twelve 30-day months), payable on each January 1 and July 1, commencing January 1, 2011.

The principal and Redemption Price of the 2010A Bonds shall be payable in lawful money of the United States of America upon surrender of such Bonds to the Trustee. Interest on the 2010A Bonds shall be payable by check or bank draft mailed or delivered by the Trustee to the Registered Owners as the same appear on the registration books of the Authority maintained by the Trustee as of the applicable Record Date or, in the case of a Registered Owner of \$1,000,000 or more in aggregate principal amount of Bonds who so elects, by wire transfer of funds.

The 2010A Bonds will be issued in denominations of \$5,000 and integral multiples thereof (an “Authorized Denomination”).

Optional Redemption of 2010A Bonds

The 2010A Bonds maturing on or after January 1, 2021 are subject to redemption at the option of the Authority on or after January 1, 2020, in whole or in part, and if in part in an Authorized Denomination, at a redemption price equal to 100% of the principal amount of the 2010A Bonds called for redemption plus accrued interest, if any, to the redemption date.

Selection of Bonds for Redemption; Notice of Redemption

If less than all of the 2010A Bonds of a single maturity are to be redeemed, the particular 2010A Bonds or portions of 2010A Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee may determine and shall be in principal amount equal to an Authorized Denomination.

Notice of any redemption of 2010A Bonds will be given by the Trustee by registered or certified mail, postage prepaid, to the Registered Owner of any 2010A Bonds to be redeemed not fewer than 30 days prior to the redemption date. Neither failure to give notice by mail nor defect in any notice so mailed in respect of any 2010A Bond will affect the validity of any proceedings for redemption of any other 2010A Bonds with respect to which notice was properly given. No further interest will accrue on the principal of any 2010A Bonds properly called for redemption after the redemption date if payment of the Redemption Price thereof has been duly provided for, and the Registered Owners of such 2010A Bonds will have no rights with respect to such 2010A Bonds nor will they be entitled to the benefits of the Indenture except to receive payment of the Redemption Price thereof and unpaid interest accrued to the date fixed for redemption.

Bond Registration and Transfers

For a description of the procedure to transfer ownership of a Bond while in the book-entry only system, see **APPENDIX E – “BOOK-ENTRY SYSTEM.”** Subject to the limitations described below, the 2010A Bonds are transferable upon surrender thereof at the Principal Office of the Trustee, accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the Bondholder or such Bondholder’s attorney duly authorized in writing. Any 2010A Bond, upon surrender of such 2010A Bond at the Principal Office of the Trustee, shall be exchanged for an equal aggregate principal amount of 2010A Bonds of any Authorized Denomination of the 2010A Bond being surrendered. The Trustee may charge a fee sufficient to cover any tax, fee or other governmental charge in connection with any exchange or transfer of any Bond.

The Trustee is not required to make any transfer or exchange of any 2010A Bond during the period between such Record Date and the next succeeding interest payment date of such 2010A Bonds, or after such 2010A Bond has been called for redemption.

Mutilated, Lost, Stolen or Destroyed Bonds

If any 2010A Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and the Trustee shall authenticate a new 2010A Bond; provided, however, that the Authority and the Trustee shall require satisfactory indemnification prior to authenticating a new 2010A Bond and the Trustee shall require satisfactory evidence of the ownership and the loss, theft or destruction of the affected 2010A Bond. The expense of issuing a substitute 2010A Bond in place of a mutilated, lost, stolen or destroyed 2010A Bond shall be borne by the Registered Owner.

SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS

The following is a summary of certain provisions of the Indenture relating to the 2010A Bonds and other Bonds issued under the Indenture. A more detailed summary of such provisions is included in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”**

Pledge of Revenues and Funds

All Bonds issued under the Indenture, including the 2010A Bonds, are payable solely from and secured solely by a pledge of and lien on the Net Revenues of the Tollway System and certain other funds as provided in the Indenture.

The 2010A Bonds and any other Bonds issued under the Indenture do not represent or constitute a debt of the Authority or of the State of Illinois within the meaning of any constitutional or statutory limitation or pledge of the faith and credit of the Authority or the State of Illinois, or grant any right to have the Authority or the Illinois General Assembly levy any taxes or appropriate any funds for the payment of the principal of, premium, if any, or interest with respect thereto, other than as authorized under the Act. The Act provides that neither the directors of the Authority nor any person executing the 2010A Bonds shall be liable personally on the 2010A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Toll Covenant

The Authority covenants in the Indenture that in each Fiscal Year tolls will at all times be set so that Net Revenues will at least equal the Net Revenue Requirement for such Fiscal Year, comprised of the amount necessary to cure deficiencies, if any, in all debt service accounts and debt reserve accounts established under the Indenture, plus the greater of (i) the sum of Aggregate Debt Service (defined to include any debt service on Senior Bonds), the Junior Bond Revenue Requirement and the Renewal and Replacement Deposit for such period or (ii) 1.3 times the Aggregate Debt Service for such period. Under the Act, the Authority has the exclusive right to determine, fix, impose and collect tolls for the use of the Tollway System. Such tolls are required under the Act to be fixed at rates calculated to provide the lowest reasonable toll rates to provide funds that will be sufficient, together with other revenues of the Authority, to pay the costs of any authorized new construction and the reconstruction, major repairs or improvements to the Tollway System and the costs of operating and maintaining the Tollway System and paying debt service on all outstanding bonds. There is no other State of Illinois executive, administrative or regulatory body or regional or local governmental or regulatory body with the authority to limit or restrict such rates and charges.

Certain Amendments to the Indenture

The Seventh Supplemental Indenture amends the Indenture, subject to receipt of consent of (i) the owners of the requisite principal amount of Bonds Outstanding on the date of such consent (as described below) and (ii) certain Providers, to permit the Authority to sell or otherwise transfer all or a portion of the Tollway System (a “Transfer”) upon delivery to the Trustee of, among other items, (i) an opinion of bond counsel to the effect that the Transfer complies with the provisions of the Act and the Indenture and will not cause interest on any Senior Bonds or Junior Bonds Outstanding immediately prior to the Transfer or on any Subordinated Indebtedness to become subject to Federal income taxation, (ii) evidence that the Transfer will not adversely affect the rating on any Bonds Outstanding immediately prior to the Transfer, (iii) a certificate of the Traffic Engineers estimating toll receipts for the portion of the Tollway System that has not been conveyed (the “Remaining Tollway System”), (iv) a certificate of the Consulting Engineers estimating Operating Expenses and Renewal and Replacement Deposits for the Remaining Tollway System, and (v) a certificate of the Authority based upon the certificates of the Traffic Engineers and the Consulting Engineers stating, among other things, that for the then current and each of the next ten Fiscal Years the Net Revenues allocable to the Remaining Tollway System will be not less than the greater of (A) one and one-half (1.5) times the Aggregate Debt Service and the Junior Bond Revenue Requirement (excluding, in each case, bond interest, the payment of which shall have been provided by payments or deposits from Bond proceeds) allocable to the Remaining Tollway System for each such Fiscal Year (the “Remaining Tollway System Debt Service”) and (B) the sum of the Remaining Tollway System Debt Service and the Renewal and Replacement Deposit for each such Fiscal Year. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Sale, Lease or Encumbrance of Property.”**

The amendment described in the preceding paragraph (the “Transfer Amendment”) and more fully described in **APPENDIX D** shall not become effective until such time as the Authority has obtained the consents of (i) any Providers with respect to the Priority Bonds and Refunding Bonds then outstanding, and (ii) the Holders of at least two-thirds in principal amount of the Priority Bonds and of at least two-thirds in principal amount of the Refunding Bonds then Outstanding, or, if such consent is sought at such time as no 1992 Series A Bonds remain Outstanding, the consents of the Holders of at least a majority in principal amount of the Senior Bonds and of at least a majority in principal amount of the Junior Bonds then Outstanding. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Supplemental Indentures.”** The Authority has not issued any Junior Bonds. The Transfer Amendment is not yet effective. The Authority has the consent of the requisite bondholders and certain, but not all, of the Providers.

EACH PURCHASER OF THE 2010A BONDS SHALL BE DEEMED TO HAVE CONSENTED TO THE TRANSFER AMENDMENT BY ITS PURCHASE OF THE 2010A BONDS.

Flow of Funds

The Authority covenants to deliver all Revenues (other than investment income, unless otherwise directed by the Indenture), within five Business Days after receipt, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer of the State of Illinois, at the direction of the Authority, will transfer or apply the balance in the Revenue Fund not previously transferred or applied in the following order of priority:

First, to the Operating Sub-Account of the Maintenance and Operation Account;

Second, to the Operating Reserve Sub-Account of the Maintenance and Operation Account;

Third, to the Interest Sub-Account, Principal Sub-Account and Redemption Sub-Account of the Debt Service Account, in that order of priority, for deposits relating to the Senior Bonds;

Fourth, to the Provider Payment Sub-Account of the Debt Service Account to pay Costs of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds or to reimburse Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds for payments of principal or interest made by such Providers and fees of such Providers and to make termination payments then due and owing with respect to any such Credit Enhancement or Qualified Hedge Agreements outstanding prior to the effective date of the Seventh Supplemental Indenture (June 22, 2005), which contained an amendment establishing the Termination Account (but no such deposit for any termination payment for a Qualified Hedge Agreement shall be made if there is any deficiency in the Debt Reserve Account);

Fifth, to the Debt Reserve Account;

Sixth, to any Junior Bond Debt Service Account or any Junior Bond Debt Reserve Account;

Seventh, to the Termination Payment Account to pay termination payments then due and owing with respect to Credit Enhancement and Qualified Hedge Agreements executed and delivered on or after the effective date of the amendment establishing the Termination Account (June 22, 2005);

Eighth, to the Renewal and Replacement Account;

Ninth, at the direction of the Authority, to the Improvement Account; and

Tenth, the balance of such amounts in the Revenue Fund, to the System Reserve Account.

The flow of funds is further described in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds.”**

Debt Reserve Account

The Indenture establishes one Debt Reserve Account for all outstanding Senior Bonds. Amounts on deposit in the Debt Reserve Account are required to be used by the Trustee to cure any deficiencies arising from time to time in the Debt Service Account with respect to payment of interest or principal (including sinking fund installments) on Senior Bonds.

Concurrently with the delivery of the 2010A Bonds, there will be on deposit in the Debt Reserve Account an amount sufficient to meet the Debt Reserve Requirement for the Senior Bonds. The Debt Reserve Requirement is the maximum annual Aggregate Debt Service for any Fiscal Year for all Outstanding Senior Bonds.

Under the Indenture, the Authority may deliver a surety bond, insurance policy, letter of credit or other credit facility meeting the requirements of the Indenture (a “Reserve Account Credit Facility”) to the Trustee to meet all or a part of the Debt Reserve Requirement. For a description of the requirements of a Reserve Account Credit Facility, see **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds – Debt Reserve Account.”**

In connection with the issuance of the 2008B Bonds, the Authority applied funds in the Debt Reserve Account to obtain a surety bond qualifying under the Indenture as a Reserve Account Credit Facility from Berkshire Hathaway Assurance Corporation (“BHAC”) in the stated amount of \$100,000,000 (the “BHAC Surety”) to satisfy a portion of the Debt Reserve Requirement. The BHAC Surety is guaranteed by Columbia Insurance Company (“Columbia”), which is an affiliate of BHAC. Moody’s Investors Service and Standard & Poor’s, a Division of The McGraw-Hill Companies, currently rate each of BHAC and Columbia as “Aa1” and “AA+”, respectively. A.M. Best Company (“A.M. Best”) currently rates Columbia with a Financial Strength Rating of “A++” and an Issuer Credit Rating of “aaa,” both of which are the highest A.M. Best ratings for those categories. A.M. Best does not rate BHAC.

Upon issuance of the 2010A Bonds and after giving effect to the refunding of the Refunded Bonds, the applicable Debt Reserve Requirement would equal \$302,814,096 based upon the assumptions set forth herein under “**ANNUAL DEBT SERVICE REQUIREMENTS.**” The actual Debt Reserve Requirement will be calculated based upon the requirements of the Indenture, including the assumptions set forth under the definition of “Debt Service” in **APPENDIX D**. On the date of issuance of the 2010A Bonds, the aggregate amount of cash and permitted investments on deposit in the Debt Reserve Account, together with any surety bonds or other instruments constituting a Reserve Account Credit Facility, will be not less than the Debt Reserve Requirement.

In the event the balance in the Debt Reserve Account is less than the Debt Reserve Requirement, the Treasurer, at the direction of the Authority, is required to transfer monthly to such Account from the Revenue Fund, subject to certain prior transfers as described above under “**SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS – Flow of Funds,**” the amount necessary to maintain the balance in the Debt Reserve Account equal to the Debt Reserve Requirement. In the event the amount to the credit of the Debt Reserve Account, including the amount of any Reserve Account Credit Facility, and after making any required reimbursement to a Provider of a Reserve Account Credit Facility, exceeds the Debt Reserve Requirement, the excess may be transferred as provided in the Indenture and summarized under **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds – Debt Reserve Account.”**

Additional Indebtedness

The Indenture permits the Authority to incur additional indebtedness, including Senior Bonds on a parity with the 2010A Bonds and other Outstanding Senior Bonds, Junior Bonds and Subordinated Indebtedness. Additional Senior Bonds may be issued for the purposes of (a) paying Costs of Construction of Projects (which include modifications and enhancements to the existing Tollway System, as well as System Expansion Projects and Renewal and Replacements), (b) refunding or prepaying at or prior to maturity Senior Bonds or any other obligations of the Authority issued or entered into for purposes for which Senior Bonds may be issued, (c) making deposits to the Debt Reserve Account or acquiring a Reserve Account Credit Facility, (d) paying interest on any Bond, (e) paying any costs of issuing Senior Bonds, and (f) paying Costs of Credit Enhancement and Qualified Hedge Agreements for Additional Senior Bonds. The requirements relating to the incurrence of additional indebtedness are described in this Official Statement in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness.”**

The Authority is also authorized by the Indenture to issue one or more series of Junior Bonds or Subordinated Indebtedness for any purpose for which Senior Bonds may be issued without satisfying the Additional Senior Bonds test.

Other Covenants

The Authority covenants in the Indenture not to (i) issue any bonds or other evidences of indebtedness (other than Senior Bonds, Junior Bonds and Subordinated Indebtedness) secured by a pledge of or lien on Net Revenues or the moneys, securities or funds set aside under the Indenture; (ii) create any lien or charge on Net Revenues or the moneys, securities or funds set aside under the Indenture except for (a) evidence of indebtedness payable from moneys in the Construction Fund as part of the Cost of Construction of any Project and (b) indebtedness payable solely from amounts in the System Reserve Account; or (iii) sell, lease or otherwise dispose of or encumber the Tollway System except as provided in the Indenture. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Sale, Lease or Encumbrance of Property.”** The Authority also covenants, among other things, to prepare an adequate annual budget, to operate the Tollway System in a sound and economical manner, to maintain the Tollway System, to maintain insurance and to keep proper books and records.

The Trustee

The Indenture contains provisions regarding the designation of a successor trustee by the Authority and the assumption by a successor without Authority action of the trusteeship resulting from the transfer of substantially all of the corporate trust business of the Trustee. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Removal or Merger or Consolidation of Trustee.”**

The Indenture grants to the Trustee the right to act on behalf of the owners of the 2010A Bonds and other Outstanding Senior Bonds and any Outstanding Junior Bonds if an Event of Default occurs. The rights of owners of Bonds to bring direct action are limited as provided in the Indenture, but owners may bring direct action in the event of a default in the payment of Debt Service. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default – Proceedings Brought By Trustee.”**

[Remainder of Page Intentionally Left Blank]

SWAP AGREEMENTS

General

Significant terms of the Authority's existing swap agreements in effect on the date of issuance of the Series 2010 Bonds (each a "Swap Agreement" and collectively, the "Swap Agreements") are set forth in the following table. Estimated valuations of the Swap Agreements are shown as of April 30, 2010 and do not include accrued interest; however such valuations are only estimates and may change due to various factors, including changes in interest rates and differences in valuation methods.

Series	Current Notional Amount (000s)	Effective Date	Fixed Rate ⁽¹⁾	Termination Date	Counterparty (as of 4/30/10)	Estimated Valuation (000s) (as of 4/30/2010)
1998B	\$ 67,705	12/30/98	4.3250%	01/01/17	Goldman Sachs Mitsui Marine Derivative Products, L.P.	\$ (7,687)
1998B	55,395	12/30/98	4.3250	01/01/17	JPMorgan Chase Bank, National Association	(6,289)
2007A-1	175,000	11/01/07	3.9720	07/01/30	Citibank N.A., New York	(14,100)
2007A-1	175,000	11/01/07	3.9720	07/01/30	Goldman Sachs Bank USA ⁽²⁾	(14,100)
2007A-2	262,500	11/01/07	3.9925	07/01/30	Bank of America, N.A.	(21,842)
2007A-2	87,500	11/01/07	3.9925	07/01/30	Wells Fargo Bank, N.A.	(7,281)
2008A-1	191,550	02/07/08	3.7740	01/01/31	The Bank of New York	(11,539)
2008A-1	191,550	02/07/08	3.7740	01/01/31	Deutsche Bank AG	(11,539)
2008A-2	95,775	02/07/08	3.7640	01/01/31	Merrill Lynch Capital Services, Inc. ⁽³⁾	(5,647)

⁽¹⁾ Fixed rate paid by the Authority. The Authority receives a variable payment from each counterparty. For the 1998B Series, the variable payment is based upon the actual amount of interest paid bondholders (cost of funds) and for all other series it is based upon the SIFMA 7-day Municipal Swap Index.

⁽²⁾ Guaranteed by The Goldman Sachs Group, Inc.

⁽³⁾ Assets assumed by Bank of America in 2008.

Each of the above Swap Agreements is a Qualified Hedge Agreement. As a result, pursuant to the terms of the Indenture, the Authority is entitled to treat the Bonds related to a given Swap Agreement as bearing interest at the fixed rate of interest payable by the Authority to the counterparty under such Swap Agreement, for purposes of calculating the Net Revenue Requirement to be used in demonstrating compliance with certain financial tests and requirements under the Indenture, including tests for the issuance of Additional Senior Bonds. Each of the Swap Agreements will amortize in such amounts and at such times that the notional amount of the Swap Agreement will at all times approximately match, but not exceed, the outstanding principal amount of the related Bonds. Swap Agreements were entered into with respect to the 2008A-2 Bonds and in connection with the refunding of the Refunded Bonds, one of the Swap Agreements related thereto was terminated as described under "PLAN OF FINANCE" herein. The termination payment for such Swap Agreement will be made from lawfully available funds of the Authority. See "ESTIMATED SOURCES AND APPLICATIONS OF FUNDS."

Arrangements made in respect of the Swap Agreements do not alter the Authority's obligation to pay the principal of, premium, if any, and interest on the Authority's Outstanding Bonds. Payments pursuant to the Swap Agreements do not constitute Revenues and therefore the Swap Agreements do not provide a source of security for the Authority's Outstanding Bonds.

There are certain risks related to each Qualified Hedge Agreement. For a discussion of certain of these risks, see APPENDIX A – "FINANCIAL STATEMENTS – Note 6 – Revenue Bonds Payable – Interest Rate Exchange Agreements."

Swap Agreements for the 2008A Bonds

On the date of issuance of the 2010A Bonds, the Authority will have three separate Qualified Hedge Agreements with respect to the 2008A Bonds having an aggregate notional amount of \$478,875,000 (collectively, the “2008A Swap Agreements”). The 2008A Swap Agreements became effective on February 7, 2008, the date of issuance of the 2008A Bonds. The aggregate notional amount of the 2008A Swap Agreements will at all times approximately match, but not exceed, the outstanding principal amount of the 2008A Bonds. Each of the 2008A Swap Agreements provides that on the first day of each calendar month following the effective date of such Agreement the Swap Provider will pay the Authority a variable rate of interest based on the USD-SIFMA Municipal Swap Index (as defined in the 2008A Swap Agreements), which may be different than the interest rate on the 2008A Bonds, and that the Authority will pay to the respective counterparty a fixed rate of interest. Each of the 2008A Swap Agreements may be terminated at any time at the option of the Authority and may be terminated by either party, as applicable, following the occurrence of certain events of default or other termination events.

The monthly fixed interest payments made by the Authority under the 2008A Swap Agreements will be paid from amounts on deposit in the Interest Sub-Account of the Debt Service Account on a parity with the lien of the Net Revenues created with respect to the 2008A Bonds and any Senior Bonds issued on a parity therewith. Any termination payments with respect to the 2008A Swap Agreements will be paid from amounts on deposit in the Termination Payment Account or other lawfully available funds of the Authority. Payments from the Termination Payment Account are made after payment of debt service on Senior Bonds, after deposits to the Debt Reserve Account and after payment of any amounts required by Supplemental Indentures authorizing Junior Bonds. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS – Flow of Funds.**” Based upon market conditions prevailing at the time of termination, the amount of any such termination payment(s) payable by the Authority to one or more of the providers of the 2008A Swap Agreements, or by one or more of the providers of the 2008A Swap Agreements to the Authority, may be substantial.

Swap Agreements for the 2007 Bonds

The Authority entered into four separate Qualified Hedge Agreements with respect to the 2007 Bonds having an aggregate notional amount of \$700,000,000 (collectively, the “2007 Swap Agreements”). The 2007 Swap Agreements were initially entered into in anticipation of the issuance of Junior Bonds and amended in connection with the issuance of the 2007 Bonds. The aggregate notional amount of the 2007 Swap Agreements will at all times match the outstanding principal amount of the 2007 Bonds. Each of the 2007 Swap Agreements provides that on the first day of each calendar month the Swap Provider will pay the Authority a variable rate of interest based on the USD-SIFMA Municipal Swap Index (as defined in the 2007 Swap Agreements), which may be different than the interest rate on the 2007 Bonds, and that semi-annually on the first days of January and July of each year the Authority will pay to the respective counterparty a fixed rate of interest. The 2007 Swap Agreements may be terminated at any time at the option of the Authority and may be terminated by either party, as applicable, following the occurrence of certain events of default or other termination events.

The semi-annual fixed interest payments made by the Authority under the 2007 Swap Agreements will be paid from amounts on deposit in the Interest Sub-Account of the Debt Service Account on a parity with the lien of the Net Revenues created with respect to the 2007 Bonds and any Senior Bonds issued on a parity therewith. Any termination payments with respect to the 2007 Swap Agreements will be paid from amounts on deposit in the Termination Payment Account or other lawfully available funds of the Authority. Payments from the Termination Payment Account are made after payment of debt service on Senior Bonds, after deposits to the Debt Reserve Account and after payment of any amounts required by Supplemental Indentures authorizing Junior Bonds. See “**SECURITY AND**

SOURCES OF PAYMENT FOR THE 2010A BONDS – Flow of Funds.” Based upon market conditions prevailing at the time of termination, the amount of any such termination payment(s) payable by the Authority to one or more of the providers of the 2007 Swap Agreements, or by one or more providers of the 2007 Swap Agreements to the Authority, may be substantial.

Swap Agreements for the 1998B Bonds

The Authority entered into two separate Swap Agreements with respect to the 1998B Bonds having an aggregate notional amount of \$123,100,000 (collectively, the “1998 Swap Agreements”). The aggregate notional amount of the 1998 Swap Agreements will at all times match the outstanding principal amount of the 1998B Bonds. Each of the 1998 Swap Agreements provides that on January 1 and July 1 of each year commencing July 1, 1999 and ending January 1, 2017, the 1998 Swap Providers will pay to the Authority an amount equal to the amount of interest accruing on the 1998B Bonds, and the Authority will pay to the respective counterparty (collectively, the “1998 Swap Providers”) a fixed rate of interest. The 1998 Swap Agreements provide further that, upon the occurrence of certain events, the amounts payable by the 1998 Swap Providers under the 1998 Swap Agreements shall equal the Alternative Floating Rate (as defined in the 1998 Swap Agreements), which may be different than the interest rate on the 1998B Bonds. The 1998 Swap Agreements may be terminated at any time at the option of the Authority and may be terminated by either party, as applicable, following the occurrence of certain events of default or other termination events. Based upon market conditions prevailing at the time of any termination, the amount of any such termination payments payable by the Authority to the 1998 Swap Providers, or by the 1998 Swap Providers to the Authority, may be substantial.

Unless otherwise provided for, the Authority is obligated to make payments to the 1998 Swap Providers, including Swap Termination Payments, if any, from the Net Revenues of the Tollway System, including amounts in and transferred to the Debt Service Account. The Authority’s obligation to make such payments is on a parity with the lien on the Net Revenues created with respect to the 2010A Bonds and is prior to payment of debt service on any Junior Bonds or Subordinated Indebtedness.

Sources of Funds for Swap Termination Payments

Under the Indenture, any termination payments with respect to the 1998 Swap Agreements are payable from the Provider Payment Sub-Account of the Debt Service Account. Payments from the Provider Payment Sub-Account are made after payment of debt service on the Senior Bonds but prior to deposits to the Debt Reserve Account (although no deposit may be made to the Provider Payment Sub-Account for making any termination payment if there is a deficiency in the Debt Reserve Account) and prior to payment of debt service on Junior Bonds. Termination payments, if any, with respect to Swap Agreements executed and delivered from and after the date of execution and delivery of the Seventh Supplemental Indenture, which include the 2007 Swap Agreements and the 2008A Swap Agreements, are payable from funds on deposit in the Termination Payment Account. See **“SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS – Flow of Funds.”** In addition, the Authority may determine to make termination payments from other lawfully available funds of the Authority.

ANNUAL DEBT SERVICE REQUIREMENTS

Set forth below is a schedule of the annual debt service associated with the 2010A Bonds and the other Senior Bonds Outstanding, after giving effect to the application of the proceeds of the 2010A Bonds, and the combined debt service thereon during the period January 1, 2011 through January 1, 2035.

Year Ending January 1	Debt Service on Outstanding Senior Bonds ⁽¹⁾⁽²⁾⁽³⁾	2010A Bonds		Total Debt Service on all Senior Bonds ⁽¹⁾⁽²⁾⁽³⁾
		Principal	Interest	
2011	\$230,908,106	--	\$ 6,974,978	\$237,883,084
2012	235,975,185	--	13,949,956	249,925,141
2013	235,973,875	--	13,949,956	249,923,831
2014	269,363,800	--	13,949,956	283,313,756
2015	269,363,725	--	13,949,956	283,313,681
2016	269,275,300	--	13,949,956	283,225,256
2017	269,372,625	--	13,949,956	283,322,581
2018	266,432,225	\$ 1,480,000	13,949,956	281,862,181
2019	287,659,640	1,260,000	13,894,456	302,814,096
2020	287,294,806	1,620,000	13,850,356	302,765,162
2021	286,988,884	1,700,000	13,783,531	302,472,415
2022	286,773,646	1,740,000	13,715,531	302,229,178
2023	286,496,478	1,825,000	13,645,931	301,967,409
2024	286,267,559	1,905,000	13,570,650	301,743,209
2025	236,646,333	41,880,000	13,489,688	292,016,021
2026	239,511,142	41,100,000	11,395,688	292,006,829
2027	246,128,224	44,250,000	9,294,188	299,672,412
2028	263,656,470	29,295,000	7,165,013	300,116,482
2029	262,673,504	33,160,000	5,700,263	301,533,766
2030	261,327,768	37,045,000	3,996,863	302,369,631
2031	259,704,548	41,040,000	2,052,000	302,796,548
2032	297,913,800	--	--	297,913,800
2033	296,633,972	--	--	296,633,972
2034	295,291,004	--	--	295,291,004
2035	296,382,800	--	--	296,382,800
Total	\$6,724,015,417	\$279,300,000	\$240,178,828	\$7,243,494,245

⁽¹⁾ Debt service for the Authority's variable rate bonds (Series 1998B, 2007A-1, 2007A-2, 2008A-1 and 2008A-2) assumes the following annual synthetic fixed interest rates, based on Swap Agreements entered into in connection with those variable rate bonds:

Series	Synthetic Fixed Rate	Series	Synthetic Fixed Rate
1998B	4.3250%	2008A-1	3.7740%
2007A-1	3.9720	2008A-2	3.7640
2007A-2	3.9925		

⁽²⁾ The Authority's variable rate bonds have liquidity provided through standby bond purchase agreements with the liquidity providers set forth below and have bond insurance to the extent set forth below:

Series	Insurer	Liquidity Provider and Expiration Date of Liquidity Facility
1998B	Assured Guaranty Municipal Corp.	Landesbank Hessen-Thüringen Girozentrale, New York Branch (12/29/2010)
2007A-1	None	Dexia Credit Local, New York Branch (3/20/2011)
2007A-2	None	Dexia Credit Local, New York Branch (3/20/2011)
2008A-1	Assured Guaranty Municipal Corp.	Dexia Credit Local, New York Branch (2/7/2011)
2008A-2	Assured Guaranty Municipal Corp.	Dexia Credit Local, New York Branch (2/7/2011)

Debt service for the variable rate bonds does not include any liquidity fees or remarketing fees. As of the date hereof, no variable rate bonds were held by their respective liquidity providers.

⁽³⁾ Debt service does not net out any subsidy payments received or anticipated to be received by the Authority in connection with the Series 2009A or 2009B Build America Bonds. Debt service does net out \$12 million of Series 2009B interest expense due in 2010 which was provided for by a deposit of Authority funds on hand at the time of the closing of the Series 2009B Bonds. Rows and columns may not add due to rounding.

THE AUTHORITY

The Authority was created under the Act as an instrumentality and administrative agency of the State of Illinois to provide for the construction, operation, regulation and maintenance of a system of toll highways within the State of Illinois. Under the Act, on April 1, 1968, the Authority assumed all the obligations, powers, duties, functions and assets of its predecessor agency, The Illinois State Toll Highway Commission. The Act authorizes the issuance of revenue bonds for the purposes, among others, of financing expansions of the Tollway System and reconstruction of and improvements to the Tollway System, and authorizes the issuance of refunding bonds for the purpose of refunding any bonds of the Authority then outstanding at maturity or on any redemption date.

The Authority is empowered to enter into contracts; to acquire, own, use, lease, operate and dispose of personal and real property, including rights-of-way, franchises and easements; to establish and amend resolutions, by-laws, rules, regulations and to fix and revise tolls; to acquire, construct, relocate, operate, regulate and maintain the Tollway System; to exercise the power of eminent domain; and to contract for services and supplies, including services and supplies for the various patron service areas on the Tollway System.

Board of Directors

The Authority is governed by an 11-member Board of Directors that includes the Governor of Illinois and the Secretary of the Illinois Department of Transportation, *ex officio*. Nine directors are appointed by the Governor, with the advice and consent of the Illinois Senate, from the State at large with a goal of maximizing representation from the areas served by the Tollway System. These nine directors are appointed for a term of four years, or in the case of an appointment to fill a vacancy, the unexpired term. No more than five directors may be from the same political party. Of the directors appointed by the Governor, one is appointed by the Governor as Chair of the Authority. The current Chair, Paula Wolff, was initially appointed as a Director and Chair of the Authority on August 13, 2009.

The present directors, their terms of office and occupations are listed below.

NAME	INITIAL APPOINTMENT	EXPIRATION OF CURRENT TERM ⁽¹⁾	OCCUPATION
Governor Patrick J. Quinn, <i>ex officio</i>	—	—	Governor of the State of Illinois
Secretary Gary Hannig, <i>ex officio</i>	—	—	Secretary, Illinois Department of Transportation
Paula Wolff, Chair	August 13, 2009	May 1, 2013	Senior Executive, Chicago Metropolis 2020
James J. Banks ⁽¹⁾	September 29, 1993	May 1, 2009	Attorney at Law
Thomas Canham	August 30, 2007	May 1, 2011	Partner and General Counsel, Sonnenschein Capital, LLC
William Morris	August 13, 2009	May 1, 2011	Retired, Former Senior Vice President, D.A. Davidson & Co.
Arthur George Pradel ⁽¹⁾	October 26, 2001	May 1, 2007	Mayor, City of Naperville
James M. Roof ⁽¹⁾	April 3, 2004	May 1, 2009	Banker, First Midwest of Joliet
Maria Saldaña	December 4, 2009	May 1, 2011	Banker, Duncan-Williams, Inc.
Carl O. Towns ⁽¹⁾	November 14, 2002	May 1, 2009	Retired, Former Head of Human Resources, Ingersoll Milling Machine Company
Thomas Weisner	August 13, 2009	May 1, 2011	Mayor, City of Aurora

⁽¹⁾ Directors whose terms have expired will serve until such director resigns, is reappointed or a successor is duly appointed and qualified.

Principal Administrative Personnel

The Board of Directors of the Authority appoints an Executive Director and employs certain other personnel to administer the Tollway System and implement its policies. The following individuals are the principal administrative personnel of the Authority:

Kristi Lafleur, Executive Director. Ms. Lafleur was appointed Executive Director of the Authority on April 2, 2010. Prior to joining the Authority, Ms. Lafleur served as the Deputy Chief for Economic Development and Recovery for Illinois Governor Pat Quinn where her duties included organizing and overseeing the State's inter-agency program alignment and the development and implementation of reporting systems, procedures and community outreach for programs and projects utilizing Illinois' American Recovery and Reinvestment Act programs. She has also served as the Governor's liaison for the State's economic development and transportation agencies, including the Authority. In addition, she has been serving as the Chair and Illinois appointee to the Midwest High-Speed Rail Steering Committee, a multi-state group appointed by eight Midwest Governors and the Mayor of Chicago. Previously, she served as the Chief of Staff for the Illinois Department of Commerce and Economic Opportunity overseeing operations of the agency's \$1.5 billion annual budget. She also served as president of her own strategic consulting and management firm specializing in business development and urban health initiatives.

Michael J. Colsch, Chief of Finance. Mr. Colsch has been Chief of Finance of the Authority since April, 2003. Prior to joining the Authority, Mr. Colsch was interim Director of the Illinois Bureau of the Budget from October 1, 2002 through January 29, 2003, and was Deputy Director from May 1994 through September 2002. Mr. Colsch has been involved in major capital program planning and financing for twenty years. He has managed the State's general obligation, Build Illinois, Illinois First and civic center bonding programs. Additionally, he assisted with the development of the plan of finance for the expansion of McCormick Place in Chicago, Illinois in the early 1990s. Mr. Colsch has a M.A. Degree in Economics from Western Illinois University and a B.A. Degree in Economics from Loras College in Dubuque, Iowa.

Thomas Bamonte, Assistant Attorney General and General Counsel to the Authority. Mr. Bamonte was appointed General Counsel of the Authority by the Illinois Attorney General in February, 2004. Before joining the Authority, Mr. Bamonte spent seven years at the Chicago Transit Authority, first as Deputy General Counsel for Legal Policy and Appeals, and then as First Deputy General Counsel. He served in the Appeals Division of the Corporation Counsel's Office of the City of Chicago from 1996 to 1998. Mr. Bamonte received his undergraduate degree from the University of Chicago and his J.D. Degree from Northwestern University School of Law. Following law school and a judicial clerkship with Judge James B. Moran in the U.S. District Court for the Northern District of Illinois, Mr. Bamonte spent 10 years in the private practice of law at the firm of Sachnoff & Weaver, Ltd. in Chicago, Illinois.

Paul Kovacs, P.E., Chief Engineer. Mr. Kovacs has been Chief Engineer since November, 2007. As Chief Engineer of the Authority, Mr. Kovacs is responsible for the organization of the Engineering Department, including policies, procedures, and performance, to ensure the integrity and safety of the Tollway infrastructure and the implementation of the Congestion-Relief Program. He oversees a staff of engineers and consultants and manages the Engineering Department with a combined staff of approximately 500 employees. Mr. Kovacs joined the Authority in 1999. As Deputy Chief and Deputy Program Manager, he successfully managed the high profile conversion to open road tolling under extremely tight deadlines. Mr. Kovacs has also overseen much of the Tri-State and I-88 rehabilitation under the Congestion-Relief Program. Mr. Kovacs received his B.S. Degree in Civil

Engineering from the University of Illinois – Champaign/Urbana. He is a Registered Professional Engineer in the States of Illinois and Michigan.

Doug Kucia, Chief of Staff. Mr. Kucia began as Chief of Staff on April 26, 2010. Prior to joining the Authority, Mr. Kucia was the Chief Operations Officer for the Illinois Department of Central Management Services where his duties included managing the state procurement reform initiative, personnel, and the public information office. Previously, he served as Chief of Staff to Cook County Commissioner Forrest Claypool. He currently is an adjunct professor at Northwestern University's School of Public Policy and previously was an adjunct professor in DePaul University's Political Science Department. Mr. Kucia has a B.A. Degree in Political Science from DePaul University and an M.A. Degree in Public Administration from Arizona State University.

Organizational Structure

The Authority's organizational structure consists of 11 departments consisting of Administration, Business Systems, Communications, Directors and Executive, District 15 of the Illinois State Police, Engineering, Finance, Information Technology, Legal, Procurement and Toll Operations. The Executive Director manages the day-to-day operations of the Authority. Authority department chiefs report to the Executive Director. The Commander of District 15 of the State Police also reports to the Superintendent of the State Police, and the General Counsel to the Authority also reports to the Attorney General of the State of Illinois.

The Administration Department is responsible for the development and implementation of administrative policies and procedures and employee compliance therewith.

The Business Systems Department is responsible for overseeing the design and development of the open road tolling system and collecting toll revenue from toll violators and assessing fines and imposing sanctions. The Business Systems Department's responsibilities also include the customer service associated with electronic toll collection.

The Communications Department is responsible for all external and internal communications between the Authority and its constituents, including patrons, news media, elected and appointed officials, the general public and employees.

The Directors and the Executive Department manages Tollway affairs consistent with the Act.

Illinois State Police – District 15 is one of 21 districts of the Illinois State Police, responsible for providing comprehensive law enforcement services. The entire Tollway System comprises District 15. State police patrol the Tollway System to enforce speed limits and traffic laws, assist disabled motorists, and provide special details for operations, such as overweight vehicle enforcement.

The Engineering Department is responsible for the design, construction and maintenance of the roadway. It also coordinates with community groups, government agencies, and planning organizations on transportation and land-use policy. It also manages the Tollway's DBE (Disadvantaged Business Enterprise) Program.

The Finance Department is responsible for all general accounting, budgeting, treasury functions, financial reporting, accounts payable, payroll, risk management and debt management. In addition, the Finance Department manages certain investments.

The Information Technology Department is responsible for planning, directing, managing and controlling all information technologies and telecommunications throughout the Authority.

The Legal Department is a Bureau of the Office of the Attorney General of the State of Illinois. The Attorney General is, by law, the legal advisor and attorney for the Authority.

Procurement is responsible for all purchasing and procurement issues, and is authorized to execute contracts and place orders for goods and services. Additionally, the procurement department is responsible for warehousing.

The Toll Operations Department is responsible for providing the necessary resources and services to maintain the Authority's toll operations and facilities, as well as managing the collection and counting of tolls.

In January 2010 the Authority abolished its Office of the Inspector General in response to Public Act 96-0555, which amended the State Officers and Employees Ethics Act to prohibit State agencies like the Authority from appointing inspectors general absent specific statutory authorization. The Authority has hired a General Manager of Investigations and Audit, who oversees employees who formerly were part of the Authority's Office of Inspector General and perform similar investigation and audit tasks. This group remains responsible for investigating instances of waste, inefficiencies, fraud, corruption, misconduct and mismanagement in the day to day operations of the Authority. Legislation establishing a Toll Highway Inspector General has passed both the Illinois Senate and the Illinois House, but has not yet been signed by the Governor. Under the legislation, the Toll Highway Inspector General would be appointed by the Governor, with approval by the Senate, for a term of five years.

Labor Relations and Employee Benefits

As of April 30, 2010, unions represent approximately 1,379 of the Authority's 1,603 employees. In April of 2010, the Authority entered into a one year extension agreement, through September 30, 2010, with the State and Municipal Teamsters, Chauffeurs, and Helpers Union Local 726, representing approximately 445 highway maintenance personnel (the "Teamsters"). In addition, the Authority has entered into two separate collective bargaining agreements with the Metropolitan Alliance of Police ("MAP") representing 24 employees. The MAP's Civilian Call Takers agreement was reached in 2008 and runs through October 31, 2011. The MAP's Telecommunicators contract runs from May 1, 2007 through April 30, 2010. The Authority and MAP have just begun the process of negotiating for a new contract with the Telecommunicators. The Authority also employs approximately 654 employees represented by the Service Employees International Union Local 73 ("SEIU"). The agreement reached in 2005 ran through December 31, 2008 and covers Toll Collectors; Money Room employees; and Clerks, Custodians, and Warehouse Workers. The Authority is currently bargaining with SEIU for a new contract. The final group of employees, approximately 256 professional and non-professional white collar employees, is represented by the American Federation of State, County and Municipal Employees, Council 31 and their contract runs from January 1, 2007 through December 31, 2010.

All employees of the Authority employed by the State or its agencies for at least six months are covered by the State Employees' Retirement System (the "Retirement System"), a pension system maintained by the State of Illinois. The Authority and its employees contribute a percentage of each employee's annual salary to the Retirement System. The employer contribution rates set by the Retirement System averaged 18.8% for the Authority's fiscal year 2008, 24.7% for the Authority's fiscal year 2009, and are currently estimated to average 29.3% for the Authority's fiscal year 2010. The Authority's contributions in dollars were \$20.2 million in 2008, are estimated to be \$27.0 million in 2009, and are projected to be \$31.9 million in 2010. Benefits paid to retirees are based on a fixed benefit plan

for vested participants and are computed as a percentage of their salary (calculated at a specified time or as an average during certain periods of their service, as appropriate) multiplied by the number of years of service of the employee.

There are no other material pension plans or similar retirement programs covering Authority employees.

Under provisions of the Retirement System, the State of Illinois provides certain health, dental, and life insurance benefits (other post employment benefits, "OPEB") to annuitants, including former Authority employees. Substantially all Authority employees may become eligible for OPEB benefits if they eventually become annuitants. As of May 31, 2010, 834 Authority retirees meet the eligibility requirements. Life insurance benefits are limited to \$5,000 per annuitant age 60 or older. For the years ended December 31, 2009 and 2008, the Authority contributed \$3.7 million and \$3.9 million, respectively, towards the state's cost of these benefits. As with the pension plan described above, the OPEB are obligations of the State, not of the Authority. The actuarially determined annual OPEB cost for providing these benefits and the related OPEB obligations are recorded in the financial statements of the state agencies responsible for paying these benefits: the Department of Healthcare and Family Services which administers the Health Insurance Reserve Fund (for payment of health benefits) and the Department of Central Management Services which administers the Group Life Insurance Funds (for payment of life insurance benefits).

Outstanding Indebtedness

Set forth below is a summary of the outstanding indebtedness of the Authority, after the issuance of the 2010A Bonds and the application of the proceeds thereof. All of the following are Senior Bonds under the Indenture.

Series	Final Maturity	Principal Outstanding	Type of Issue
1992 Series A	1/1/2012	\$ 100,665,000	Fixed
1998 Series A	1/1/2016	193,050,000	Fixed
1998 Series B	1/1/2017	123,100,000	Variable
2005 Series A	1/1/2023	770,000,000	Fixed
2006 Series A-1	1/1/2025	291,660,000	Fixed
2007 Series A-1	7/1/2030	350,000,000	Variable
2007 Series A-2	7/1/2030	350,000,000	Variable
2008 Series A-1	1/1/2031	383,100,000	Variable
2008 Series A-2	1/1/2031	95,800,000	Variable
2008 Series B	1/1/2033	350,000,000	Fixed
2009 Series A	1/1/2034	500,000,000	Fixed
2009 Series B	12/1/2034	280,000,000	Fixed
2010 Series A-1	1/1/2031	279,300,000	Fixed
Total Outstanding Debt		\$4,066,675,000	

The 2005 Series A, 2006 Series A-1, 2007 Series A-1, 2007 Series A-2, 2008 Series B, 2009 Series A and 2009 Series B Bonds were used to finance portions of the Congestion-Relief Program. The 2008 Series A-1 and 2008 Series A-2 Bonds were used to advance refund the Authority's 2006 Series A-2 Bonds and a portion of the 2006 Series A-1 Bonds, both of which were used to finance a portion of the Congestion-Relief Program.

There are floating-to-fixed interest rate Swap Agreements in place relating to each series of the Authority's variable rate bonds. See **"SWAP AGREEMENTS"** for additional information.

The proceeds of the 2010A Bonds will be used to refund a portion of the 2008 Series A-2 Bonds. See **"PLAN OF FINANCE"** herein.

After the issuance of the 2010A Bonds, the Authority may consider refunding or restructuring some portion of its remaining variable rate bonds. Options the Authority may consider include, but are not limited to, liquidity provider replacement, interest rate mode conversion or refinancing into fixed interest rate bonds.

THE TOLLWAY SYSTEM

The Tollway System presently consists of approximately 286.5 miles of limited access highway in twelve counties in the northern part of Illinois and is an integral part of the expressway system in northern Illinois and the U.S. Interstate Highway System. The entire Tollway System has been designated a part of the U.S. Interstate Highway System.

Since beginning operations in 1958, the Tollway System has served an important role in the development of the northern Illinois economy. During its initial operation, the Tollway System permitted rapid interstate travel between northern Illinois, Indiana and Wisconsin. As the suburban areas surrounding Chicago expanded throughout the 1960's and 1970's, the Tollway System evolved into primarily a commuter travel system, serving suburban Chicago and Chicago O'Hare International Airport. At the present time, the four routes of the Tollway System described below serve, among other areas, suburban Cook County and the Chicago area "collar counties," which together represent one of the fastest growing areas in Illinois in terms of population and employment.

Routes

The Tollway System is currently made up of four Tollways: the Jane Addams Memorial, the Tri-State, the Veterans Memorial and the Ronald Reagan Memorial.

The Jane Addams Memorial Tollway, formerly the Northwest Tollway, constituting a portion of U.S. Interstate Highway 90, is a 76-mile roadway. The Jane Addams Memorial Tollway begins east of the intersection of the Kennedy Expressway from downtown Chicago and the Tri-State Tollway in the vicinity of O'Hare International Airport, and extends to the west, crossing the Fox River just north of Elgin, Illinois. From there it runs northwesterly to Rockford, Illinois, and then northerly to a point near the Illinois-Wisconsin border, where it feeds into the Wisconsin portion of U.S. Interstate Highway 90 leading to Madison, Wisconsin.

The Tri-State Tollway, constituting portions of U.S. Interstate Highways 80, 94 and 294 and including the 5-mile Edens Spur, is an 84-mile beltway around the Chicago metropolitan area. It extends from a point near the Indiana state line where it intersects with the Bishop Ford and the Kingery Expressways to a point near the Illinois-Wisconsin border, where it connects with U.S. Route 41 and U.S. Interstate Highway 94 from Milwaukee. The Tri-State also connects with the Ronald Reagan Memorial Tollway to the western suburbs, the Eisenhower Expressway to downtown Chicago, the Jane Addams Memorial Tollway to the northwest suburbs, the Kennedy Expressway to downtown Chicago, the north end of the Edens Expressway to the north shore suburbs and downtown Chicago, and the Stevenson Expressway to downtown Chicago. From its southern terminus the Tri-State Tollway has a direct connection to the Indiana Toll Road via the Kingery Expressway and U.S. Interstate Highway 80. The

Tri-State Tollway is the most traveled Tollway in the Tollway System, accounting for approximately 44% of the volume of the Tollway System.

The Veterans Memorial Tollway (Interstate 355), formerly the North-South Tollway, is a 30-mile highway generally paralleling Illinois Route 53 in DuPage and Will Counties between approximately the intersection of Army Trail Road and the U.S. Interstate Highway 290 spur in Addison on the north and U.S. Interstate Highway 80 (near Joliet) on the south. The Veterans Memorial Tollway, which opened in December 1989, is the newest addition to the Tollway System and consists of six through lanes along its entire length. The Veterans Memorial Tollway runs through or near the communities of Bolingbrook, Downers Grove, Naperville, Lombard, Glen Ellyn and Wheaton. As part of the Congestion-Relief Program described below, a 12.5-mile south extension of the Veterans Memorial Tollway through Will County from U.S. Interstate Highway 55 to U.S. Interstate Highway 80 (the “South Extension”) opened on November 12, 2007, increasing the size of the Veterans Memorial Tollway to 30 miles. See **“THE TOLLWAY SYSTEM – Congestion-Relief Program Progress – Veterans Memorial Tollway (I-355)”** below.

The Ronald Reagan Memorial Tollway, formerly the East-West Tollway, constituting a portion of U.S. Interstate Highway 88, covers 96.5 miles and begins east of the junction of the Tri-State Tollway and the Eisenhower Expressway and runs southwest and west, providing service to Oak Brook, Naperville, Aurora, DeKalb and Dixon, Illinois, ending at U.S. Route 30 in the Sterling/Rock Falls area. From U.S. Route 30, U.S. Interstate Highway 88 is a toll-free facility connecting to U.S. Interstate Highway 80 and the Quad Cities.

Congestion-Relief Plan

On September 30, 2004, the Authority approved a ten-year \$5.3 billion capital improvement plan known as the Congestion-Relief Plan: Open Roads for a Faster Future (the “Congestion-Relief Plan”), and also approved an adjustment in toll rates. See **“THE TOLLWAY SYSTEM – Toll Rates”** below. The Congestion-Relief Plan is designed to reduce congestion and add capacity by rebuilding, restoring and expanding the Tollway System and utilizing open road tolling as described herein. The capital improvement projects described in the Congestion-Relief Plan, other than the O’Hare Bypass/Western Access capital improvement project, are referred to in the Indenture as the “Congestion-Relief Plan Project.”

The Tollway redesignated the Congestion-Relief Plan as the Congestion-Relief Program (the “Program” or the “Congestion-Relief Program”) once implementation of the Congestion-Relief Plan was underway. The Tollway reassessed the Congestion-Relief Program during the Spring of 2007. A number of projects were reevaluated and were modified or enhanced due to roadway conditions or to accommodate input from affected municipalities. Also, due to increased material and construction costs, the budgets for remaining projects were reevaluated and in some cases increased. Finally, significant additions were made to the Program to address additional portions of the system and to provide access improvements to the Tollway. Based upon these Program changes, the overall budget for the Program was increased by approximately \$1 billion to \$6.3 billion. Also the schedule was lengthened by two years, from 2014 to 2016. The revised Program was approved by the Authority at its September 7, 2007 Board meeting. Progress since the September 7, 2007 update has resulted in management reducing the total cost of the Program to \$6.1 billion. The goals of the Program remain to provide congestion relief by converting the entire mainline system to open road tolling (which has been completed); widening a significant portion of the roadway network; rebuilding or rehabilitating over 95% of the existing pavement; extending I-355 south from I-55 to I-80 (which has been completed); and upgrading or adding interchanges systemwide to meet the needs of growing communities.

Proceeds of the 2005 Bonds, the 2006 Bonds, the 2007 Bonds, the 2008B Bonds, the 2009A Bonds and the 2009B Bonds were used to pay a portion of the costs of the capital projects in the Program. Proceeds of the 2008A Bonds were used to refund a portion of the outstanding 2006 Bonds.

Prior to the implementation of the Program and the addition of the newly constructed South Extension, more than 65% of the Authority's existing roads and structures were more than 45 years old. As part of the Program, the Authority is rebuilding and refurbishing large sections of the Tollway System, including the widening and/or reconstruction of the Tri-State Tollway from I-394 to 95th Street and from Balmoral Avenue to the Wisconsin State line and the Ronald Reagan Memorial Tollway from I-290 to Orchard Road.

Under the Program, approximately 41% of the existing roadway will be reconstructed (including rubblization) and 54% will be rehabilitated by lane-mile. In addition, approximately 88 miles of the existing roadways will be widened. Upon completion of the Program, most (76 miles) of the Tri-State Tollway will have eight travel lanes and a majority of the eastern portion of the Ronald Reagan Memorial Tollway will have eight travel lanes. Construction activities for all mainline widenings have been or will be performed such that the number of existing mainline lanes will generally be provided throughout the construction period. This will generally be accomplished using shoulders and median crossovers.

The Program also includes conversion of the Tollway System to an open road toll collection system that is barrier-free and provides non-stop travel for all I-PASS users. Under this system, cash-paying customers generally exit the mainline to pay tolls at new plazas located at the sides of the roadway. This portion of the Program has been completed. All eight mainline toll plazas on the Tri-State Tollway, four mainline toll plazas on the Ronald Reagan Memorial Tollway, six mainline toll plazas on the Jane Addams Memorial Tollway and two mainline toll plazas on the Veterans Memorial Tollway have been converted to open road tolling. Additionally, two new mainline toll plazas have been constructed: one on the Jane Addams Memorial Tollway and one on the South Extension of the Veterans Memorial Tollway.

The Program also includes the 12.5 mile South Extension of the Veterans Memorial Tollway (I-355). This extension opened on November 12, 2007. It serves Will County and provides a regional connection that improves north-south mobility between I-55 and I-80.

Measured in lane-miles, the Tollway System will grow by approximately 15.9% as a result of the completion of the South Extension, the widening of existing routes and the construction of additional interchanges under the Program.

For additional detail on the projects included as part of the Congestion-Relief Plan and the progress to date on the Congestion-Relief Plan, see the Consulting Engineer's Report included herein as **APPENDIX B** and the Traffic Engineer's Report included herein as **APPENDIX C**.

Congestion-Relief Program Progress

Open Road Tolling. The projects that combine to form the open road tolling program are substantially complete. Additional expenditures are anticipated through 2010 for construction close out and equipment needs. The Authority has delivered open road tolling at the 22 mainline plazas systemwide and reconstructed or rehabilitated the existing plaza cash lanes and facilities. This included reconstruction of the pavement through the plazas to accommodate the new roadway geometry necessary to implement open road tolling. The first two phases of this project, which included delivering open road tolling at 21 mainline plazas, were completed in the Fall of 2006 and the 22nd mainline plaza was

completed as part of the construction of the South Extension, which opened in 2007. The remainder of the work consisted of reconstructing the cash-side of the mainline plazas including adding new I-PASS only lanes and rebuilding or rehabilitating the existing toll collection booths and the toll plaza support buildings. This project is substantially complete, and its estimated total project cost is \$706 million.

Tri-State Tollway (I-294/I-94). Within the initial five years of the Program, the Authority has reconstructed and widened to 4 lanes in each direction 76 miles of the 78.5 mile I-294/I-94. By the end of 2008, all of the contracts required to complete this work had been awarded. The projects to reconstruct and widen from I-394 to 167th Street, phase I of the south Tri-State, were completed in 2006. Reconstruction and widening of 159th Street to 95th Street began in early 2007 with work on four retaining walls and bridge widening contracts. This work set up the corridor for the mainline reconstruction and widening contracts scheduled for 2008 and 2009. The five contracts to reconstruct and widen the southbound lanes from 159th Street to 95th Street were awarded by the end of 2007 and this work was completed in late 2008. Four remaining contracts to reconstruct and widen the northbound lanes from 159th Street to 95th Street were awarded in the fall of 2008 and were completed by the end of 2009.

Reconstruction and widening of the mainline central section of the Tri-State from Balmoral Avenue to Lake-Cook Road began in 2007 and all contracts were awarded by late 2008. Three contracts to reconstruct and widen the northbound lanes from Balmoral Avenue to Dempster Street were awarded in 2006 and this work was completed in late 2008. Three southbound contracts from Des Plaines River to Lake-Cook Road were awarded in late 2007 and completed in late 2008. The remainder of the construction projects were awarded in 2008 and completed in 2009, inclusive of the reconstruction and widening of two southbound projects from Balmoral Avenue to Des Plaines River Road and three northbound contracts from Dempster Street to Lake-Cook Road. Three crossroad bridges were reconstructed and widened in this corridor and completed by late 2008. Reconstruction and widening of the north section of the Tri-State from Half Day Road to IL 173 and reconstruction only from IL 173 to the Wisconsin State Line began in 2007 and all contracts were awarded by late 2008. Two southbound contracts between Stearns School Road and the Wisconsin State Line were awarded in early 2007 and completed in late 2007. Four southbound reconstruct and widen contracts from Half Day Road to Stearns School Road and two northbound reconstruct and widen contracts from Stearns School Road to the Wisconsin State Line were awarded in late 2007 and this work was completed at the end of 2008. The balance of the four northbound contracts to reconstruct and widen between Half Day Road and Stearns School Road were awarded in late 2008 and were completed by the end of 2009. In this section three bridge contracts over the mainline were awarded in 2008 and were completed by the end of 2009.

Construction continues in 2010 with the Bioswale Stormwater and Water Quality Improvements between Touhy Avenue and Sanders Road Overpass and Wetland Mitigation between Half Day Road and IL 137. A corridor wide miscellaneous improvement contract and resurfacing the Edens Spur is anticipated to be awarded in May 2010. Design for future construction projects is ongoing, including roadway and bridge improvements between 95th Street and Balmoral Avenue which are anticipated to be awarded in 2011, and resurfacing from the Edens Spur to Half Day Road, which is anticipated to be awarded in 2012.

Ronald Reagan Memorial Tollway (I-88). In 2009, construction work continued along I-88 between I-290 and west of the Fox River with all of the contracts required to complete this work having been awarded by early 2009. Two retaining wall and bridge widening contracts and two eastbound reconstruction and widening contracts were completed during 2007 between Finley Road and Washington Street. Other significant work along I-88 that continued through 2009 included replacement of the east-west connector bridge connecting I-294 northbound with I-88 westbound, reconstruction and widening in both directions of the mainline between IL 83 and York Road, reconstruction of the

westbound York Road toll plaza, two reconstruction and widening contracts in the westbound direction of the mainline between Finley Road and Washington Street, construction of a new mainline bridge over the Fox River and reconstruction and widening in the eastbound and westbound directions between IL 31 and the Aurora toll plaza. A majority of the construction on the Ronald Reagan Memorial Tollway was completed by the end of 2009. Design for future construction projects is ongoing and includes resurfacing Deerpath Road to IL 251 with an anticipated award in early 2012 and reconstructing/widening and resurfacing between IL56 and US30 with an anticipated award in early 2015.

Veterans Memorial Tollway (I-355). In 2005, the Authority began construction of the South Extension of the Veterans Memorial Tollway, a 12.5 mile extension of the existing Tollway from where it then ended at the Stevenson Expressway (I-55), through Will County, one of the fastest growing counties in Illinois, to I-80. The project included two major interchanges at I-55 and I-80 and four other local interchanges, one mainline and eight ramp toll plazas, a 6,600 foot bridge spanning the Des Plaines River Valley and numerous other bridges. The South Extension was dedicated on November 11, 2007 and opened to traffic on November 12, 2007. The South Extension has six lanes and runs through 13 Municipalities/Townships in three counties, including Bolingbrook, Downers Grove Township, DuPage Township, Homer Glen, Homer Township, Lemont, Lemont Township, Lockport, Lockport Township, New Lenox, New Lenox Township, Romeoville and Woodridge. This project is complete, with the exception of minor expenditures anticipated for construction close-out, landscaping and wetland mitigation activities.

In early 2008, a resurfacing and widening contract for a 4-mile section of the Veterans Memorial Tollway in both directions between 75th Street and I-88 was awarded. Work to resurface and construct a fourth northbound lane from 75th Street to Ogden Avenue began in April 2008 and was completed in the fall of 2008. Southbound resurfacing and widening work began in April 2009 and was completed in late 2009. The installation of noise walls and retaining walls and the widening of three existing mainline bridges were included in this contract. Work to widen and resurface the mainline in the northbound direction between 75th Street and Boughton Road was awarded in early 2009 and completed in the fall of 2009. Two resurfacing mainline contracts from I-55 to Finley Road and from Finley Road to Army Trail Road were awarded in February 2010 and construction began in April 2010.

Jane Addams Memorial Tollway (I-90). In 2007, an advance work contract to reconstruct the shoulders and construct mainline crossovers was completed between Cherry Valley and Rockton Road in preparation for the mainline reconstruction and widening projects scheduled for 2008-2009. In early 2008, work began on the reconstruction of the Cherry Valley Interchange followed by reconstruction and widening of the eastbound lanes for the section of I-90 between Newburg Road and Rockton Road. By the end of 2009, this 14.3 mile section of the corridor north of Rockford was widened from two to three lanes in each direction and the reconstruction of the Cherry Valley Interchange at I-90/I-39 was completed, allowing for more efficient traffic movements. By fall of 2009, all traffic was shifted to final configuration and this work was completed late 2009 and is expected to be completed in 2010.

Design for future construction projects is ongoing, including resurfacing from the Kennedy Expressway to Elgin Plaza 9 with an anticipated construction start in 2011, resurfacing from Elgin Plaza 9 to Newburg Road with an anticipated construction start in 2015, and continued master planning and design work for the future reconstruction and widening for the balance of the corridor.

Overall Program. As of March 2010, contracts for approximately \$4.72 billion of project costs have been awarded. As noted previously, the total cost of the Program increased in 2007 from \$5.3 billion to \$6.3 billion in order to accommodate modifications to schedule, scope and cost estimates made since the adoption of the Program in September of 2004, and in 2007 the length of the Program was

increased by two years. Subsequently, the total cost of the Program was reduced to \$6.1 billion. The most notable Program change in 2007 occurred with respect to the Jane Addams Memorial Tollway (I-90). A majority of the portion of I-90 originally proposed for widening and reconstruction was changed to rehabilitation and resurfacing. The design work for the omitted reconstruction/widening has been kept in the Program so that the actual reconstruction/widening may be rescheduled beyond the term of the Program. Program changes also have included a number of enhancements to the Program throughout the System, including (i) several additions of reconstruction or resurfacing, (ii) culvert repairs, (iii) sign fabrication, (iv) bridge repairs, (v) maintenance yard improvements, and (vi) the addition of the interchange at I-88 and Eola Road.

See the Consulting Engineer's Report in **APPENDIX B**, which provides a summary of the schedule, scope and cost estimates of the Congestion-Relief Plan projects.

Potential Additional Capital Projects

Description and Status of "Tomorrow's Transportation Today." On November 20, 2008, the Authority approved an additional \$1.8 billion capital program entitled Tomorrow's Transportation Today Plan ("TTT") and also known as the Congestion-Relief Program – Phase II. The goal of TTT was to continue congestion-relief efforts and improve mobility via managed toll lanes and interchange construction. Approximately 80 miles of the Tollway's heaviest used segments were considered for managed toll lanes, including segments on all four of the Tollway's corridors. Two major interchange projects were also included in the TTT proposed program: (i) a new interchange connecting I-294 (Tri-State Tollway) and I-57; and (ii) a combination new and redesigned interchange connecting I-90 (Jane Addams Memorial Tollway) and I-290/IL Rte 53. Additional smaller interchange projects were also considered for TTT, but none were identified. The Authority's portion of the estimated cost of the identified projects of TTT was approximately \$1.4 billion. The Authority considered financing such costs of TTT with additional indebtedness of the Authority. To provide additional revenues for payment of any such future indebtedness, the Authority approved an increase to commercial vehicle tolls effective as follows: a 40% increase above the 2008 rates on January 1, 2015, a 50% increase above the 2008 rates on January 1, 2016 and a 60% increase above the 2008 rates on January 1, 2017 plus an annual inflator applied to commercial vehicle tolls commencing January 1, 2018 equal to the percentage change in the Consumer Price Index for all Urban Consumers (CPI-U), or its successor index, over the 12 month period ending on June 30 of the previous year. Any additional indebtedness would be subject to the requirements of the Indenture related to the incurrence of additional indebtedness. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness."** Management had considered issuing indebtedness for TTT on a junior lien basis.

No contracts have been let nor proposals solicited for TTT. No expenditures for TTT were made in 2009 and Management and the Board of the Authority have indicated that no expenditures are expected, in 2010 or in future years, for TTT in its current form. In 2009, the Authority placed TTT on hold, and reviewed various factors including but not limited to the following: (i) the Authority's funding priorities in light of its operational needs; (ii) increases in the estimated cost of TTT, especially the cost of the major interchanges; (iii) the current desirability of the TTT projects in light of the economic downturn; and (iv) the timing of TTT in relation to the timing of the approved toll increases in view of current credit market conditions. TTT remains on hold. Any new capital plan that may emerge in the future would likely differ significantly from TTT as described in the preceding paragraph. A projection of the additional revenues which would be generated by the commercial vehicle toll increase approved by the Board in connection with TTT has not been included in the Traffic Engineer's Report included in **APPENDIX C**. A projection of additional capital costs of TTT has not been included in the Consulting Engineer's Report included in **APPENDIX B**.

Among projects being considered by the Authority are: (a) projects that are described in “**THE TOLLWAY SYSTEM – Potential Additional Capital Projects – Potential System Expansion**”; (b) reconstruction and other improvements on portions of the existing Tollway System, including the Jane Addams Expressway from the Kennedy junction to Route 31 near the Elgin Toll Plaza; and (c) participating in various toll road projects in the Chicago area with other transportation agencies such as the Illinois Department of Transportation and the Regional Transportation Authority. The Authority would expect to seek approval from the incumbent governor before proceeding with any successor capital plan.

Statutory Approvals for New Toll Highways. The Act provides for certain approvals by the Governor and the Illinois General Assembly in connection with the Authority’s issuance of bonds to finance costs related to new toll highways. Prior to commencing any engineering or traffic studies to determine the feasibility of constructing additional toll highways in the State, the Authority must submit the proposed route, together with an estimate of the cost of the proposed study or studies, to the Governor for his approval. If the Governor approves such studies, or fails to disapprove such studies and estimated cost within 30 days after receipt thereof, the Authority is permitted, but is not required, to proceed with such studies. Prior to the issuance of bonds other than refunding bonds, the Authority must first hold a public hearing relating to the proposed toll highway and then deliver to the Governor preliminary plans showing the proposed location of the route of the particular toll highway for which the bonds are to be issued, together with a preliminary estimate of the costs of construction. If the Governor approves the preliminary plans and the estimate of construction costs, the Authority may, but is not required to, proceed with the issuance of bonds. In addition, the Act provides that prior to the issuance of bonds for or the commencement of construction of any new toll highway, that particular toll highway shall be authorized by a joint resolution of the Illinois General Assembly. The Authority has obtained all necessary gubernatorial and legislative approvals for the projects under the Program.

Potential System Expansion. The Illinois General Assembly has passed joint resolutions authorizing, but not requiring, the Authority to construct four new toll highways described in the following table that would add approximately 81 miles to the Tollway System.

Year of Joint Resolution	Potential Toll Highway	Additional Miles
1993	Southward extension of the Veterans Memorial Tollway from U.S. Interstate Highway 80 to U.S. Interstate Highway 57 near Peotone.	20
1993	North Extension extending Illinois Route 53 from Lake-Cook Road to the Tri-State Tollway.	23
1993	Richmond Waukegan Toll Highway extending from Illinois Route 120 west to Richmond, Illinois at approximately Illinois Route 173.	26
1995	O’Hare Bypass with Extension along the western edge of O’Hare Airport with the Extension constructed in an east-west direction between U.S. Interstate Highway 290 at the west and the O’Hare Bypass at the east.	12

Pursuant to a Board Resolution passed on December 20, 2007, the Authority identified several projects in Northeastern Illinois not currently part of the Tollway System, known as the Illiana Expressway, the Crosstown Expressway, the Prairie Parkway, completion of the Elgin-O’Hare Expressway, and improvement of the Eisenhower Expressway, as additional potential future projects to be studied by Authority management. The Governor has approved the commencement of feasibility, traffic and engineering studies related to these projects. As a result of this process, the Governor and the Authority announced the additional capital program described above as TTT. Except with respect to

TTT, the Authority has not completed feasibility studies, held the public hearings required by the Act, or requested the Governor's approval of preliminary plans or estimates of costs of construction for any of the potential toll highways or projects described above. Before commencing construction on any new toll highway, the Authority must comply with all applicable legal requirements under the Act. In the future the Authority may embark on other system expansion and improvement projects, depending upon factors such as the availability of funding for highway projects in the region, changes in traffic congestion patterns, and agreements with other public entities in the region. On April 22, 2009, the Illinois House of Representatives passed a non-binding Joint Resolution authorizing the Authority to expand the Tollway System to include western access to O'Hare Airport (the O'Hare Bypass project). On March 19, 2010 Indiana Governor Mitch Daniels signed into law Senate Enrolled Act 382, which authorizes the Indiana Department of Transportation to enter into a public-private partnership to construct and operate a toll road connecting Interstate 69 in Indiana to an interstate highway in Illinois (the "Illiana Expressway"). Illinois Senate Bill 3659 ("SB3659"), which was signed into law by Illinois Governor Pat Quinn on June 9, 2010, authorizes the Illinois Department of Transportation to engage in public-private partnerships to develop, finance and operate transportation facilities, subject to various conditions and restrictions. SB3659 authorizes, subject to compliance with a number of requirements including approval of the Governor, the Illinois portion of the Illiana Expressway. Also on June 9, 2010, the Governors of Indiana and Illinois entered into a Memorandum of Understanding (the "MOU") for the purpose of initiating and conducting all studies, preliminary engineering, modeling, forecasting, planning and permitting necessary to deliver the proposed Illiana Expressway connecting Interstate 55 in Illinois to Interstate 65 in Indiana. The MOU also provided that a financing agency in each state is to investigate all options available to finance the Illiana Expressway as a public private partnership. It is impossible to predict (i) whether SB3659 and the MOU will result in the construction of the Illiana Expressway or (ii) the Authority's involvement, if any, in the development, financing or operation of the Illiana Expressway as a result of the bill or otherwise. The Authority cannot predict whether the Illiana Expressway, if completed, would become part of the Tollway System.

Other Limited Access Highways

There are no limited access freeways or other limited access highways under construction, and to the knowledge of the Authority, no Federal, state or other agency is now planning the construction, improvement or acquisition of any highway or other facility that may be materially competitive with the Tollway System.

Patron Service Areas

Seven patron service areas ("Oases") serve the existing Tollway System. These Oases are comprised of motor fuel stations and patron service buildings that house washroom facilities, restaurants and other traveler-related convenience services.

In 2002, the Authority entered into separate triple-net lease agreements with Wilton Partners Tollway LLC ("Wilton") and ExxonMobil Oil Corporation ("Exxon") for developing, operating, maintaining and managing the Oases facilities. Wilton is responsible for the restaurants, gift shops, and traveler-related convenience service operations and was required to reconstruct six of the over the road Oases buildings and expand the on-grade Oasis building at DeKalb. Wilton has completed work on all of the Oases sites. Exxon has reconstructed all 13 fuel facilities at the seven Oases sites and constructed new car wash facilities at ten locations and is responsible for the on-going maintenance of the fuel service stations and related convenience stores and car wash facilities. The lease agreements extend until April 2027. Any improvements that are placed or constructed on or about an Oasis site by a lessee become the property of the Authority upon expiration or earlier termination of the lease term. Under the lease agreements, the lessee is required to provide snow plowing, lawn mowing, garbage pick-up, and other site

related maintenance at the Oases sites and pay real estate taxes on the leasehold estate during the lease term.

On October 1, 2008, the Tollway served a notice of default on Wilton under its lease agreement seeking payment of approximately \$2.3 million in back rent and to cover the costs of repairs the Authority had made to Oases facilities on Wilton's behalf. Wilton failed to cure the default. On December 8, 2008, iStar FM Loans LLC, the leasehold mortgagee, sent the Authority a notice pursuant to the lease agreement that it was proceeding with due diligence with respect to possible foreclosure of the leasehold mortgage. As required by the lease agreement, the leasehold mortgagee represented that it would pay rent during the due diligence period and would cure any curable defaults under the lease agreement upon taking possession. On April 8, 2009, iStar filed a foreclosure action against Wilton in the Circuit Court of Cook County Illinois. The Authority is not a party to the action. On August 27, 2009, at iStar's behest, the Court appointed Cindy O'Drobniak as Receiver and authorized her to retain U.S. Equities Asset Management, LLC, an affiliate of the Receiver, to manage the Oases. It is unknown how long the foreclosure process will take, although it is expected to be completed in 2010, or which entity, if any, will ultimately assume control of the leasehold interest from Wilton.

The leases provide for rent that is approximately \$1,643,000 in years 4 through 10 and \$1,750,000 in years 11 through 25. Rental payments constitute part of "Concession and Other Revenues" in the financial statements of the Authority. Exxon is current in its rent payments. Wilton was in arrears on its rent payments and its failure to pay rent was included in the Authority's October 1, 2008 default notice. As a result of two payments totaling \$2,563,843.73 made by iStar to the Tollway, Wilton's defaults have been cured and rents under the Wilton lease are current and being paid monthly.

In December 2009, Exxon requested that the Authority approve the assignment of its leasehold interest to a third party. The Authority denied that particular request on March 4, 2010.

Condition and Maintenance

Providing Tollway patrons with a well-maintained highway is a task assigned to the Authority's maintenance crews. Personnel assigned to the eleven maintenance buildings, spaced at approximately 25-30 mile intervals along the road, are responsible for maintaining the Tollway System by keeping roads clean and safe in all weather conditions, particularly in winter when they clear the roadway of snow and ice.

In connection with properly maintaining the condition of the Tollway System, the Authority has employed AECOM USA, Inc. ("AECOM" or the "Consulting Engineer") since the Tollway's inception. For forty-nine years, the Consulting Engineer has performed an annual inspection of the Tollway's roadway and facilities and produced a report of this inspection. AECOM's most recent report, for the year 2008, was dated December 28, 2009 (the "AECOM Report"), and includes assessments of: roadway pavement, which includes a visual inspection, structural evaluation and pavement surface evaluations; roadway appurtenances (i.e. drainage structures, embankments, ditches, guardrail and median barriers, mile markers, pavement markers and right-of-way fencing); structures (i.e. bridges, large culverts, retaining walls, noise abatement walls, and sign structures); and buildings and facilities (i.e. maintenance facility sites (garages, offices, salt domes, gas pumping facilities, storage buildings, etc.), toll plazas, telecommunication buildings, and oases). The Indenture requires that the Authority employ a consulting engineer of nationwide and favorable reputation while any Bonds issued under the Indenture remain outstanding, including the 2010A Bonds.

According to the AECOM Report, although the original system continues to be maintained, design life expectancies of infrastructure elements are reaching the end of predictable

usefulness due to the effects of age and increasing traffic. A major component of the Congestion-Relief Program is to address the System’s infrastructure needs. Prior to the Program, the Authority’s annual maintenance efforts focused on protecting the integrity of the roadway through projects such as emergency patching and intermittent pavement repairs. See **APPENDIX B** for additional information on the condition of the existing Tollway System and the projects being undertaken as part of the Program.

Work that cannot be completed by the Authority’s maintenance crews is scheduled to be completed under the Renewal and Replacement program. The Authority’s Renewal and Replacement program has been based upon the recommendations of the Consulting Engineer. See “**THE TOLLWAY SYSTEM – Renewal and Replacement Program and Improvement Program**” below.

Renewal and Replacement Program and Improvement Program

The Authority’s Renewal and Replacement program consists of projects to maintain the integrity of the existing Tollway System. The Renewal and Replacement program includes the preservation, replacement, repairs, renewals and reconstruction or modification of the Tollway System, but does not include System Expansion Projects. The Authority and its Consulting Engineer perform periodic inspections of the Tollway System to determine work necessary to maintain the existing system.

For the period from 1999 through 2009, the Authority credited over \$1.4 billion to the Renewal and Replacement Account, for rehabilitation, repair and replacement projects as indicated in Table One. Deposits to the Renewal and Replacement account are made from Net Revenues after deposits are made pursuant to the Indenture into the Maintenance and Operation, Debt Service, Debt Reserve and Junior Bond Accounts. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds.”**

TABLE ONE
RENEWAL AND REPLACEMENT PROGRAM
FOR THE YEARS ENDED DECEMBER 31, 1999 THROUGH 2009

RENEWAL AND REPLACEMENT ACCOUNT⁽¹⁾

YEAR	TOTAL FUNDS CREDITED⁽²⁾
1999	\$ 59,505,292
2000	87,517,692
2001	91,073,256
2002	121,375,438
2003	157,366,445
2004	157,375,682
2005	204,609,580
2006	186,545,035
2007	198,331,687
2008	1,907,175 ⁽³⁾
2009	161,463,238
	\$1,427,070,520

⁽¹⁾ Prior to the effectiveness of certain amendments to the Indenture in 1999, these deposits were made to the Major Improvement Account, which is now designated as the Renewal and Replacement Account.

⁽²⁾ Includes earnings credited to the Renewal and Replacement Account.

⁽³⁾ As described below, deposits for 2008 were deferred.

Pursuant to the Indenture, on or before October 31 of each Fiscal Year the Authority is required to prepare a tentative budget for the ensuing Fiscal Year and to include in such budget the recommendations of the Consulting Engineer as to the Renewal and Replacement Deposit for the ensuing Fiscal Year. In accordance with the Indenture, Renewal and Replacement Expenses anticipated to be funded with proceeds of Bonds are not included in this Renewal and Replacement Deposit requirement. For current estimates of future Renewal and Replacement Deposits, see the Consulting Engineer's Report in **APPENDIX B**. For 2007, the budget required a minimum deposit of \$175 million be credited to the Renewal and Replacement Account. The actual amount credited in 2007 was \$198,331,687. For 2008, the budget required a minimum deposit of \$100 million to the Renewal and Replacement Account pursuant to the recommendation of the Consulting Engineer. The Consulting Engineer subsequently deferred this required deposit to 2009, based on projections showing a balance of \$74 million in the Renewal and Replacement Account at the end of 2008, which the Consulting Engineer deemed an adequate reserve for the unanticipated maintenance and rehabilitation needs of the System for 2009. The Authority deposited \$161,463,238 in 2009 (which included the amount deferred from 2008 to 2009). Based upon the recommendation of the Consulting Engineer, the Authority estimates that a minimum deposit of \$150,000,000 will be made in 2010. A portion of the Renewal and Replacement Deposits will be used to fund certain costs of the Program.

The tentative budget prepared each year by the Authority may include the Authority's estimate of the amount, if any, that will in the ensuing Fiscal Year be available for credit to the Improvement Account established under the Indenture, which is used to fund the Authority's Improvement program. The Improvement program includes any System Expansion Project, or any acquisition, installation, construction, reconstruction, modification or enhancement of or to any real or personal property (other than Operating Expenses) for which a currently effective resolution of the Authority has been adopted authorizing the deposit of Revenues to the credit of the Improvement Account for such System Expansion Project or acquisition, installation, construction, reconstruction, modification or enhancement including, without limitation, the cost of related feasibility studies, plans, designs or other related expenditures. The Authority has authorized the deposit of Revenues from time to time to the credit of the Improvement Account held under the Indenture for the purpose of funding the cost of each capital improvement comprising the Congestion-Relief Plan Project that constitutes an "Improvement" under the Indenture. See "**THE TOLLWAY SYSTEM – Congestion-Relief Plan.**"

Toll Collection and Internal Control Procedures

At present, the Authority utilizes a combination of a barrier system and an open road tolling system for toll collection along its 286.5 miles of limited access roadway. The system consists of 22 mainline and 51 ramp toll plazas. All mainline plazas and two of the ramp plazas have attendants for motorists requiring change or receipts. The remainder of the ramp plazas are unattended and automated and accept payment only in coins or through electronic toll collection as described below.

In addition to manned toll booths and automatic toll equipment, the Authority has installed an electronic toll collection system under the "I-PASS" service mark. I-PASS enables customers to pre-pay their tolls through an I-PASS account and have an electronic debit from their I-PASS account each time they go through a collection lane. The I-PASS customer's account is typically set up to replenish itself by a pre-determined amount from a credit card on file once it reaches a minimum balance. All toll collection lanes have I-PASS. In addition, special lanes dedicated to I-PASS users only are located throughout the Tollway System. The Authority currently operates 106 I-PASS open road tolling lanes that allow cars and trucks to travel through at the posted speed limit and 121 dedicated I-PASS Only lanes that allow vehicles to pass through toll plazas at reduced speeds (5-30 mph). The Tollway reached 3.8 million I-PASS transponders in October 2009, and approximately 82 percent of all toll transactions are I-PASS based.

The I-PASS system is designed to alleviate congestion and reduce travel times. I-PASS open road tolling lanes can process more than 2,000 vehicles per hour, compared to manual lanes at 350 vehicles per hour. Part of the Authority's Congestion-Relief Plan was to fully convert the Tollway System to an open road tolling system for I-PASS users. Nine mainline plazas were converted to open road tolling plazas in 2005 and the remaining mainline plazas were completed in 2006.

In September, 2005 the Authority became a member of the E-ZPass Interagency Group (IAG). As a result, motorists in states that have E-ZPass transponders are able to use them to electronically pay tolls on the Tollway System and motorists with I-PASS transponders are able to use them to electronically pay tolls on highways and bridges that are part of the E-ZPass system. E-ZPass is currently in use on the toll facilities in the following eleven states in addition to Illinois: Delaware, Indiana, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Virginia and West Virginia. In addition, the Chicago Skyway is part of the E-ZPass system, which means that I-PASSes are accepted.

In order to ensure that the vehicles pay the tolls that they accrue, the Authority has implemented new technologies to improve enforcement. The Authority maintains one of the most extensive violation enforcement systems (VES) in the nation. The VES program has resulted in the collection of approximately \$154 million from 2003 through 2008, and an estimated \$50 million for 2009 (see **"THE TOLLWAY SYSTEM – Financial Information Discussion – Toll Revenue Collection"**). VES employs in-ground technology which interfaces with the toll payment medium, either currency or electronically based, to determine whether the detected vehicle paid the proper toll. If the proper toll was not paid, a camera system snaps multiple digital photos of the vehicle plate. The plate is then cross-checked against the Illinois Secretary of State or appropriate out-of-state department of motor vehicles databases to identify the alleged violator. All non-gated toll lanes are fitted with VES cameras.

The Authority has statutory authority to fix, assess and collect civil fines against toll violators and to establish by rule a system of civil administrative adjudication to adjudicate alleged instances of toll violations, as detected by the Authority's violation enforcement system. The Authority has established fines for toll violations and an administrative adjudication process for adjudicating disputes relating to alleged toll violations. Under current practice, the Authority issues a Notice of Violation upon three unpaid tolls. The alleged violator can schedule an administrative hearing to challenge the violation. If the hearing officer, or the Circuit Court on administrative review, finds that a toll violation has occurred, or a judgment by default is entered, the amount of the unpaid toll plus a \$20 fine per violation is levied on the registered owner of the vehicle involved in the violation. Violators who do not pay the unpaid tolls and the \$20 fine per violation are subject to having their fine increased by \$50, to \$70 per violation. The Authority may refer violators who fail to pay their unpaid tolls and fines to the Office of the Secretary of State, which may revoke the violator's license plate registration and driving privileges.

The outside vendor which is responsible for most of the Authority's functions and services relating to electronic toll collection is Electronic Transaction Consultants Corp. ("ETC"). ETC's responsibilities include vehicle identification and classification technology; recording, storing and auditing toll transactions; electronic collection of toll revenue; and providing and managing the violation enforcement system and customer service system. ETC's contract with the Authority began June 29, 2005 and was scheduled to expire on June 29, 2010. On May 27, 2010 the Authority exercised the first of five one-year renewal options which extended the ETC contract until June 29, 2011.

Toll Rates

The Authority has undertaken four major toll adjustments. The first major adjustment generally increased toll rates in 1963, the second generally decreased toll rates in 1970, and the third increased toll rates in September, 1983. The fourth adjustment was passed by the Authority's Board in September of 2004 in conjunction with the authorization of the Congestion-Relief Plan.

The current toll rate structure became effective on January 1, 2005. Toll rates are defined for four classes of vehicles instead of the prior ten classes of vehicles. A passenger car class is the same as the previous Class 1. This class includes all two-axle vehicles with four or fewer tires. The other three classes are for commercial vehicles and consist of the small, medium and large truck classes. A small truck class consists of what was previously a Class 2 vehicle, two-axle vehicles with six tires. A medium truck class encompasses what were previously Class 3, 4, 7 and 8 vehicles. This class is three and four-axle vehicles including two-axle vehicles towing one and two-axle trailers. The fourth class, the large truck class, consists of the previous 5, 6, 9 and 10 classes. This includes all vehicles with five or more axles, including two-axle vehicles towing three-axle trailers.

This last rate change includes certain rates based on the principle of "Congestion Pricing," which charges higher rates for commercial vehicles using the Tollway System during peak time periods of daily travel in order to help with congestion and expedite travel times. The daytime rates for the three commercial vehicle classes of large (Tier 4), medium (Tier 3) and small (Tier 2) are \$4.00, \$2.25 and \$1.50, respectively, at typical mainline plazas. See Table Two for additional detail on the commercial vehicle classifications. The daytime commercial vehicle rates apply from 6:00 a.m. to 10:00 p.m. on weekdays and weekends. The corresponding overnight (10:00 p.m. to 6:00 a.m.) rates are discounted to \$3.00, \$1.75 and \$1.00. In addition, prior to January 1, 2009, commercial vehicles using I-PASS received the discounted overnight toll rate during the off-peak hours of 9:00 a.m. to 3:30 p.m. and 6:30 p.m. to 10:00 p.m. on weekdays and 6:00 a.m. to 10:00 p.m. on the weekends. This off-peak discount expired at the end of 2008. Passenger car I-PASS users pay a discounted rate (\$0.40 at most toll plazas), while passenger car users paying with cash pay double the I-PASS rate.

As described under **"THE TOLLWAY SYSTEM – Potential Additional Capital Projects,"** the Authority approved a Commercial Vehicle toll increase beginning on January 1, 2015 in connection with a new capital program entitled Tomorrow's Transportation Today Plan ("TTT") and also known as the Congestion-Relief Program – Phase II. This toll increase is not included in the information in this section or in any of the projections in this Official Statement, due to the fact that the TTT capital program was placed on hold and is unlikely to proceed in its current form.

Table Two sets forth the toll rates paid by various classes of motor vehicles at a typical mainline toll plaza for the periods shown.

TABLE TWO
ILLINOIS TOLLWAY
HISTORICAL TOLL RATES BY VEHICLE CLASS
FOR THE YEARS 1959 TO PRESENT

Vehicle Class		Description	Period				2005 – Present ⁽¹⁾⁽²⁾	
New Classification	Old Classification		1959-1963	1964-1970	1971-1983	1983-2004	Non-Discounted	Discounted
1	1	Automobile, motorcycle, taxi, station wagon, ambulance, single unit truck or tractor, two axles, four or less tires	\$0.30	\$0.35	\$0.30	\$0.40	\$0.80 ⁽³⁾	\$0.40 ⁽³⁾
2	2	Single unit truck or tractor, buses, two axles, six tires	\$0.40	\$0.45	\$0.30	\$0.50	\$1.50	\$1.00
3	3	Three axle trucks and buses	\$0.50	\$0.50	\$0.45	\$0.75	\$2.25	\$1.75
3	4	Trucks with four axles	\$0.50	\$0.60	\$0.60	\$1.00	\$2.25	\$1.75
3	7	Class 1 vehicle with one axle trailer	\$0.50	\$0.50	\$0.45	\$0.60	\$2.25	\$1.75
3	8	Class 1 vehicle with two axle trailer	\$0.50	\$0.60	\$0.60	\$0.80	\$2.25	\$1.75
4	5	Truck with five axles	\$0.50	\$0.75	\$0.75	\$1.25	\$4.00	\$3.00
4	6	Truck with six axles	\$0.50	\$0.90	\$0.90	\$1.50	\$4.00	\$3.00
4	9	Miscellaneous passenger car, special or unusual vehicles not classified above	\$0.50	\$0.90	\$1.00	\$1.40 ⁽⁴⁾	\$4.00	\$3.00
4	10	Miscellaneous commercial vehicle, special or unusual vehicles not classified above	--	--	--	\$1.75 ⁽⁴⁾	\$4.00	\$3.00

⁽¹⁾ Class 1 vehicles making payment via I-PASS are tolled at the Discounted rate and the Non-Discounted rate applies to all those using cash as a form of payment.

⁽²⁾ Commercial vehicles (Classes 2-4) are tolled at a discounted rate during the overnight period of 10pm-6am whether paying by I-PASS or cash (the "Overnight Discount Rate"). Prior to January 1, 2009, commercial vehicles paying by I-PASS were tolled at the same discounted rate for certain off-peak time periods (the "I-PASS Off-Peak Discount Rate"). This I-PASS Off-Peak Discount Rate expired on 12/31/2008. The Overnight Discount Rate continues.

⁽³⁾ The toll rate for Class 1 on I-355 is \$0.50 (I-PASS) and \$1.00 (Cash); I-355 Extension is \$1.00 (I-Pass) and \$2.00 (Cash).

⁽⁴⁾ Class 9 rate was \$0.20 per axle for automobiles and Class 10 rate was \$0.25 per axle for trucks. Class 10 existed only from 1983-2004.

Under the Act, the Authority has the exclusive right to fix, adjust, revise and collect tolls for the use of the Tollway System. Such tolls are required to be fixed at rates calculated to provide the lowest reasonable toll rates to provide funds that will be sufficient, together with other revenues of the Authority, to pay the costs of any authorized new construction, operating and maintaining the Tollway System and paying debt service on Outstanding Bonds. The Authority may increase tolls by vote of a majority of its Board of Directors, after conducting a public hearing in each county in which the proposed increase is to take place. No other State of Illinois executive, administrative or regulatory body or regional or local governmental or regulatory body has the authority to limit or restrict such rates and charges.

Historical Trends in Toll Transactions and Toll Revenues

Table Three sets forth annual toll transactions for passenger and commercial vehicles for selected years since 1964.

TABLE THREE
ANNUAL TOLL TRANSACTIONS – PASSENGER AND COMMERCIAL VEHICLES⁽¹⁾
1964-2009 (SELECTED YEARS)
(Transactions in thousands)

<u>YEAR</u>	<u>PASSENGER</u>	<u>COMMERCIAL</u>	<u>TOTAL</u>	<u>% PASSENGER</u>
1964	72,721	7,005	79,726	91.21
1969	146,476	14,488	160,964	91.00
1974	204,360	28,446	232,806	87.78
1979	268,051	42,606	310,657	86.29
1984	308,104	42,890	350,994	87.78
1989	428,745	57,193	485,938	88.23
1994	565,601	66,693	632,294	89.45
1999	648,269	71,835	720,104	90.02
2004	714,120	109,025	823,145	86.76
2005	695,378	85,068	780,446	89.10
2006	678,535	85,590	764,125	88.80
2007	696,055	92,237	788,292	88.30
2008	688,516	89,366	777,882	88.51
2009	694,837	80,516	775,353	89.62

Source: Authority's Comprehensive Annual Financial Report for the Year Ended December 31, 2008 for the years 1964-2008. 2009 figures are preliminary and unaudited.

⁽¹⁾ In 2003, a new Integrated Toll Collection System was completed which classified vehicles by axle counts in relation to the toll paid by each vehicle. In 2004, commercial vehicle counts were inflated by the new classification system due to passenger vehicle overpayments at ramp plazas. Due to the toll increase in January 2005, the classification system has more accurately recorded passenger and commercial vehicle counts for 2005 and beyond. The Tollway estimates that about 50% of the decline in commercial vehicle transactions between 2004 and 2005 can be attributed to the over count of commercial vehicles and the corresponding under count of passenger vehicles in 2004.

In 2006, the Tollway permanently converted from bidirectional to one-way tolling at the Belvidere and Marengo Mainline Toll Plazas on the Jane Addams Memorial Tollway in conjunction with a doubling of the fares at those plazas. Due to this reconfiguration, total transactions were reduced by 14.6 million in 2006 with no localized revenue impact.

Table Four sets forth annual toll revenues generated by passenger and commercial vehicles for selected years since 1964.

TABLE FOUR
ANNUAL TOLL REVENUES – PASSENGER AND COMMERCIAL VEHICLES⁽¹⁾
1964-2009 (SELECTED YEARS)
(Dollars in thousands)

<u>YEAR</u>	<u>PASSENGER</u>	<u>COMMERCIAL</u>	<u>TOTAL</u>	<u>% PASSENGER</u>
1964	\$ 26,284	\$ 4,888	\$ 31,172	84.32
1969	46,872	8,803	55,675	84.19
1974	55,419	14,891	70,310	78.82
1979	73,048	24,068	97,116	75.22
1984	114,233	43,094	157,327	72.61
1989	155,394	57,387	212,781	73.03
1994	215,221	66,922	282,143	76.28
1999	259,448	73,178	332,626	78.00
2004	287,218	104,368	391,586	73.35
2005 ⁽²⁾	341,352	239,090	580,442	58.81
2006	324,556	242,944	567,500	57.19
2007	321,008	251,085	572,093	56.11
2008	335,653	247,994	583,647	57.51
2009	334,520	257,544	592,064	56.50

Source: Authority's Comprehensive Annual Financial Report for the Year Ended December 31, 2008 for the years 1964-2008. 2009 figures are preliminary and unaudited.

⁽¹⁾ See the footnote to Table 3 regarding change in traffic counts resulting from completion of the Integrated Toll Collection System.

⁽²⁾ Due to the changed rate structure implemented in 2005, the percentage of revenues from commercial vehicles increased in 2005.

Historical Trends in Net Operating Revenues

From 1964 through 2009, operating revenues and net operating revenues of the Authority grew at average annual rates of 6.6% and 7.0%, respectively.

Table Five sets forth operating revenues, maintenance and operating expenses, and net operating revenues for selected years since 1964.

TABLE FIVE
OPERATING REVENUES, MAINTENANCE AND OPERATING
EXPENSES AND NET OPERATING REVENUES⁽¹⁾

1964-2009 (SELECTED YEARS)
(Dollars in thousands)

YEAR	OPERATING REVENUES	MAINTENANCE AND OPERATING EXPENSES	NET OPERATING REVENUES
1964	\$ 32,135	\$ 6,832	\$ 25,303
1969	57,395	13,015	44,380
1974	72,737	23,715	49,022
1979	100,436	39,733	60,703
1984	162,108	56,639	105,469
1989	254,734	85,065	169,669
1994	309,949	116,996	192,953
1999	366,092	146,881	219,211
2004	423,427	198,302	225,125
2005	613,034	205,575	407,459
2006	606,954	213,510	393,444
2007	637,794	222,295	415,499
2008	691,113	244,275	446,838 ⁽²⁾
2009	651,979	255,012	396,967 ⁽²⁾

Source: Authority's Comprehensive Annual Financial Report for the Year Ended December 31, 2008 for the years 1964-2008. 2009 figures are preliminary and unaudited.

⁽¹⁾ Determined according to the Series 1955 Bond Resolution through December 26, 1985, and in accordance with the Indenture subsequent to December 26, 1985. See Table Six for items included in Operating Revenues.

⁽²⁾ For a discussion of changes from 2007 to 2008 and 2008 to 2009, see "**THE TOLLWAY SYSTEM – Financial Information Discussion**" herein.

Table Six presents a more detailed review of operating revenues, maintenance and operating expenses, net operating revenues and debt service coverage for 2004 through 2008. Estimated net operating revenues and debt service coverage for 2009 are set forth as part of Table Seven.

TABLE SIX

**SUMMARY OF OPERATING REVENUES, MAINTENANCE AND OPERATING EXPENSES, NET OPERATING REVENUES⁽¹⁾ AND DEBT SERVICE COVERAGE FOR THE YEARS ENDED DECEMBER 31, 2004 – DECEMBER 31, 2008
(Dollars in Thousands)**

	2004	2005	2006	2007	2008
Operating Revenues:					
Toll Revenue	\$391,586	\$580,442	\$567,500	\$572,093	\$583,647
Toll Evasion Recovery ⁽²⁾	16,035	13,257	195	10,080	77,654
Concession & Other Revenue	6,627	8,014	5,900	5,775	6,832
Investment Income	9,179	11,321	33,359	49,846	22,980
Total Operating Revenue	<u>\$423,427</u>	<u>\$613,034</u>	<u>\$606,954</u>	<u>\$637,794</u>	<u>\$691,113</u>
Maintenance and Operating Expenses:					
General Administration ⁽³⁾	\$ 20,933	\$ 27,698	\$ 23,279	\$ 24,262	\$ 18,382
Engineering & Maintenance	32,580	31,644	35,559	44,834	43,899
Toll Services	81,691	86,089	85,887	79,538	100,464
Police, Safety and Communication	15,341	18,034	19,145	21,247	21,895
Insurance and Employee Benefits	47,757	42,110	49,640	52,414	59,635
Total Expenses	<u>\$198,302</u>	<u>\$205,575</u>	<u>\$213,510</u>	<u>\$222,295</u>	<u>\$244,275</u>
Net Operating Revenues	<u>\$225,125</u>	<u>\$407,459</u>	<u>\$393,444</u>	<u>\$415,498</u>	<u>\$446,838</u>
Total Debt Service ⁽⁴⁾	\$48,380 ⁽⁵⁾	\$99,366	\$145,633	\$172,284	\$198,429
Net Revenues After Debt Service ⁽⁴⁾	\$176,745	\$308,093	\$247,811	\$243,214	\$248,409
Debt Service Coverage ⁽⁴⁾	4.65	4.10	2.70	2.41	2.25

Source: Financial reporting required by the Indenture and included in the Comprehensive Annual Financial Report for the Year Ended December 31, 2008.

- (1) Determined in accordance with the Indenture and may differ from financial statements prepared in accordance with generally accepted accounting principles. Operating Expenses exclude Depreciation and Amortization. Unaudited.
- (2) In 2003, the Authority implemented a new toll violation enforcement system (VES) that aggressively pursued toll violators from 2001-2004. The amounts shown reflect the dollar amount (tolls plus fines) of violation notices issued in a given fiscal year less estimated bad debt expense for that fiscal year. Toll evasion recovery in FY06 declined for two reasons: (i) violation notice issuances stopped in July as the Tollway began conversion to a new violation enforcement system; and (ii) a large entry for bad debt expense, relating to prior year receivables, was made in the fourth quarter of FY06.
- (3) Includes payments to the State of Illinois for services provided by the State to the Authority, including an administrative chargeback that began in 2003 and averaged roughly \$10 million through 2006. There was no administrative chargeback in 2007, 2008 or 2009.
- (4) Amounts are net of any applicable capitalized interest and do not include any debt service on the 2009A Bonds, the 2009B Bonds and the 2010A Bonds. For current Total Debt Service, see “ANNUAL DEBT SERVICE REQUIREMENTS” herein.
- (5) The 2004 Total Debt Service payment was reduced by \$31.3 million (\$29.9 million principal plus \$1.4 million interest) due to the early principal retirement on the 1993 Series A Bonds in December of 2003.

Historically, Net Revenues after Debt Service have been used primarily to fund deposits to the Renewal and Replacement Account and the Improvement Account in amounts budgeted by the Authority. The Authority anticipates that Net Revenues after Debt Service will continue to be so applied.

Financial Information Discussion

General

Management of the Authority is responsible for establishing and maintaining an internal financial control structure designed to ensure that (i) the assets of the Authority are protected from loss, theft, or misuse and (ii) adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Authority's internal financial control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from it; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The Authority issues audited financial statements (see **APPENDIX A**) annually, which are prepared in accordance with generally accepted accounting principles for public agencies. The Authority's accounting system is organized and operated on an "enterprise fund basis." The accounting practices of the Authority are more fully described in Note 1 to the audited financial statements. The notes provided in the audited financial statements included in **APPENDIX A** are an integral and essential part of adequate disclosures and fair presentation of the audited financial report. The notes include a summary of significant accounting policies for the Authority and other necessary disclosures of pertinent matters relating to the financial position of the Authority. The notes provide additional informative disclosures not reflected on the face of the financial statements. The audited financial statements should be read only in connection with the accompanying notes.

Financial Results – Audited, GAAP Basis – 2008 and 2007

The following summarizes and discusses the audited financial results of the Authority as presented in the audited financial statements included in **APPENDIX A**.

Operating revenues increased 34% during 2008, from \$608 million to \$813 million. Toll revenue increased 2% in 2008 over 2007, from \$572 million to \$584 million. This improvement is attributed to the opening of the I-355 South Extension for the entire year and to drivers' increased awareness of the Tollway's efforts to recover evaded tolls. Most of the increase is attributed to an increase in toll evasion recovery. Violation notice issuances were suspended from June 2006 through August 2007 during a systems conversion. In 2008 most pending notices were issued, producing total evasion recovery income of \$224 million, an increase of \$194 million over the \$30 million in 2007. Of this recorded revenue, \$59 million was collected in cash in 2008. The recording of Evasion Recovery Revenue includes both tolls unpaid as well as fines levied in excess of the tolls paid. During the process of collecting unpaid tolls, many fines are dismissed. Bad debt expense is recorded to account for such settlements, as well as estimated tolls/fines that will go uncollected. Concession revenue declined from \$3.8 million in 2007 to \$1.8 million in 2008 because of adjustments in the agreements for the use of the Tollway's fiber optic network.

Operating expenses in total increased by 45% during 2008, rising to \$685 million from \$472 million the previous year. The Tollway's single largest expense category, depreciation, showed a \$60 million, 27%, increase over 2007, as the result of the completion of Congestion-Relief Program projects which were placed in service for accounting purposes during 2008. Depreciation represents 41%

of the Tollway's \$685 million of operating expense (down from 46% in 2007), equaling \$279 million in 2008, up from \$219 million in 2007. Another major category of expense is the previously mentioned bad debt expense associated with evasion recovery efforts. The Tollway accrues a bad debt expense for estimated tolls and fines that will go uncollected. In 2008 this expense totaled \$147 million, an increase of \$124 million over the previous year. This increase in 2008 resulted from the 14-month hiatus in the issuance of violation notices during 2006 and 2007, most of which were issued and handled in 2008.

Other notable increases in expense categories include a 27% increase in expenses for Services and Toll Collection and a 14% increase for Insurance and Employee Benefits. The outlays for Toll Collection funded increased expenses for the Tollway's customer call center related to the increased evasion recovery effort, and Insurance and Employee Benefit expenses were impacted by an 11% increase in group insurance premiums and a 34% increase in retirement provisions.

The net effect of the 2008 operating revenue and expense increases was a 6% decline in operating income to \$128 million from \$136 million the previous year.

Financial Results – Preliminary and Unaudited, Trust Indenture Basis – 2009

In order to demonstrate compliance with requirements stated in the Indenture, the Authority prepares separate schedules (the "Trust Indenture Financials") in conformance with trust indenture basis accounting principles, which is an accounting basis that differs from GAAP. The Trust Indenture Financials are the basis for the financial information included in Table Six. Some of the primary differences in the information included in Table Six versus the Appendix A financials are: no depreciation/amortization is included in operating expenses; no earnings on construction fund bond proceeds are included in investment earnings; and Toll Evasion Recovery includes the netting of bad debt expense. The following discussion of 2009 results is based on the Trust Indenture basis of accounting.

Preliminary and unaudited 2009 revenues were \$652.0 million, a decline of \$39.1 million, or 5.7%, versus revenues in 2008 (determined on the Trust Indenture Basis). The largest category, Tolls and Evasion Recovery Revenues, totaled \$642.0 million in 2009, a decline of \$19.3 million, or 2.9%, versus \$661.3 million in 2008. Toll revenues net of evaded tolls actually increased by \$8.5 million, or 1.4%, from \$583.6 million in 2008 to \$592.1 million in 2009, but that increase was more than offset by a decline in Evasion Recovery Revenues of \$27.8 million, or 35.7%, from \$77.7 million in 2008 to \$49.9 million in 2009. The decline in Evasion Recovery Revenues, which was expected, was caused by an unusually large amount of Evasion Recovery Revenues in 2008 as the Tollway worked through a backlog created by a suspension in the issuance of violation notices from June 2006 through August 2007.

The other major contributing factor to the 2009 decline in revenues was a sharp drop in Investment Income, which declined from \$23.0 million in 2008 to \$3.2 million in 2009, a decline of \$19.8 million or 86.1%. The primary reason for this decline was a sharp drop in market investment rates for the Authority's permitted investment securities. Given exceptionally low investment rates across the yield curve, the Authority elected to keep its funds invested short (i.e. less than one year), rather than invest longer on the yield curve and risk negative mark-to-market valuations that may occur in a rising interest rate environment. The Authority expects to increase the average maturity of its investment portfolio during the course of 2010 and 2011, and expects Investment Income to increase as a result.

Concession and miscellaneous revenues were flat, declining less than 1% from \$6.83 million in 2008 to \$6.82 million in 2009.

On January 28, 2009 the Authority redeemed in full \$44.4 million of 1993 Series B Bonds, originally scheduled to mature on January 1, 2010. The source of the funds for the redemption was Authority funds on hand. In connection with the redemption, the Authority terminated a \$44.4 million notional amount Swap Agreement and made a termination payment of \$1.75 million in connection therewith.

Budgetary Controls

The Authority is required by the Indenture to prepare a tentative budget of Operating Expenses for the ensuing Fiscal Year on or before October 31 of each Fiscal Year and to adopt the annual budget for such Fiscal Year on or before January 31 of such Fiscal Year. The adopted annual budget does not require the approval of the Illinois General Assembly. The Board of the Authority adopted the tentative annual budget for Fiscal Year 2010 on October 29, 2009 and the final annual budget for Fiscal Year 2010 on December 17, 2009.

On May 27, 2010 Tollway management reduced its estimates for fiscal year 2010 revenue by \$18 million, from the \$696 million presented in the final budget dated December 17, 2009 to \$678 million. The reduction results from: (i) an \$8 million reduction in toll revenue due to an increase in the fiscal year 2010 estimate of evaded tolls; (ii) a \$6 million reduction in the fiscal year 2010 estimate of Evasion Recovery revenue; and (iii) a \$4 million reduction in the fiscal year 2010 estimate of Investment Income. The revised estimate is reflected in the information presented in Table Seven.

Toll Revenue Collection

The Authority experiences a difference between expected and actual toll revenue collected for a variety of reasons, such as non-payments (including toll evasion and non-payment as a result of improper transponder use), underpayments, insufficient funds in I-PASS accounts, and collection or VES equipment failures. The Authority has implemented systems and procedures to facilitate maximum realization of toll revenue. (See “**THE TOLLWAY SYSTEM – Toll Collection and Internal Control Procedures.**”)

Expected revenue represents revenue that would be collected if every vehicle paid the exact published toll based on vehicle class, time of day and payment type. The expected revenue does not account for overpayments, underpayments, exemptions or revenue lost due to toll avoidance. Amounts of revenue reported in the Authority’s quarterly statements and annual financial reports reflects these adjustments. The toll revenue estimates in the Traffic Engineer’s Report represent expected revenue and therefore do not account for tolls and fines collected from violations through the violation enforcement process.

The Authority estimates that prior to 2005, the difference between expected revenue and revenue reported in financial statements, also known as “evaded tolls”, approximated 3% of expected revenues. In 2005, this difference increased to approximately 3.7% of expected revenues, due in part to the dramatic increase in I-PASS usage as a result of the toll rate change.

From July 2006 through August 2007, the Tollway suspended the issuance of violation notices as it transitioned to a new system which integrated toll collection and violation enforcement. In addition to the system change there was also a change in the systems integrator. While these developments have improved the Authority’s ability to enforce its toll collection and violation enforcement in the long term, the temporary suspension of violation notices accompanying the transition resulted in a short-term increase in evaded tolls. Evaded tolls as a percentage of expected toll revenues increased from 3.7% in 2005 to 5.4% in 2006 and to 9.3% in 2007. Evidence pertaining to violations

which occurred during the temporary suspension period, including photos, was captured and maintained. Issuance of violation notices resumed in September of 2007 and increased significantly in March 2008. As a result of the resumption of the issuance of violation notices, evaded tolls declined to 7.0% in 2008, and further to 6.3% in 2009. Tollway management expects this percentage to decline further to 5.0% in 2011 and thereafter.

Also as a result of the resumption of the issuance of violation notices, evasion recovery revenues increased from \$10.1 million in 2007 to \$77.2 million in 2008 and \$49.9 million in 2009. The Authority's violation enforcement systems facilitated the recording of approximately \$204 million from 2003 through 2009, an amount equal to approximately 86% of evaded tolls during that same period. Evasion recovery revenues are projected to be \$32 million in 2010, and thereafter are assumed to be equivalent to the amount of the evaded tolls.

The Authority implemented a video tolling (V-Tolling) program beginning in 2005 to further improve revenue collection from I-PASS customers. Using the VES camera arrays to capture license plate images of users that utilize the system and do not pay the proper toll, the V-Tolling program automatically deducts tolls from I-PASS customer accounts when transponders do not demonstrate valid reads. V-Tolling matches license plates to I-PASS account holders to allow tolls to be collected from these motorists.

Recent Legislation

The General Assembly has passed Senate Bill 3660 ("SB 3660") which, among other things, gives the Governor certain powers to transfer monies out of "special funds" of the State to meet cash flow deficits and to maintain liquidity in the General Revenue Fund and the Common School Fund of the State. It is unknown if the bill will be signed by the Governor and become law. If enacted into law in its current form, the provisions of SB 3660 would not authorize or permit the Governor to transfer monies out of the Funds, Accounts and Sub-Accounts pledged under the Indenture to the payment of the principal and redemption price of, and interest on, the Bonds. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Pledge and Lien."**

Pro Forma Debt Service Coverage

Table Seven below sets forth the estimated Pro Forma Debt Service Coverage for the years 2009 through 2021, based upon the assumptions set forth herein. In Table Seven, Projected Revenues for the years 2010 through 2021 are based upon the report of the Traffic Engineer as to toll revenue (see **APPENDIX C**) and Projected Operating Expenses for the years 2010 through 2021 are based upon the report of the Consulting Engineer (see **APPENDIX B**). Selected portions of each report are summarized in the paragraphs that follow in this section and reference is made to **APPENDICES B** and **C** for the reports.

As previously noted, the toll revenue estimates in the Traffic Engineer's Report represent expected revenue. Expected revenue represents the revenue that would be collected if every vehicle paid the exact published toll based on vehicle class, time of day and payment type. The expected revenue does not account for overpayments, underpayments, exemptions or toll avoidance nor does it account for tolls and fines collected through the violation enforcement system. In addition, estimates of toll revenues by the Traffic Engineer are based on various assumptions, including the assumption that the present toll schedule will remain in effect through 2034. Critical revenue assumptions are stated in the report of the Traffic Engineer. See **APPENDIX C**.

Future Senior Bonds may be issued on a parity with Outstanding Senior Bonds provided that the Authority certifies, based upon certificates of Traffic Engineers and Consulting Engineers and in addition to certain other required certifications, that (1) Net Revenues as reflected in the books of the Authority for a period of 12 consecutive months out of the 18 months next preceding each issuance (as adjusted to reflect certain adjustments of toll rates, if applicable) exceeded the Net Revenue Requirement for such 12-month period, and (2) estimated Net Revenues for the current and each future Fiscal Year through at least the fifth full Fiscal Year after the date of issuance of such Additional Bonds, shall be at least equal to the estimated Net Revenue Requirement for such Fiscal Year. Other tests apply for Senior Bonds issued for the purposes of completing a Project or for refunding purposes. The Net Revenue Requirement means, with respect to any period of time, an amount necessary to cure deficiencies, if any, in the Debt Service Account, the Debt Reserve Account, any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account plus the greater of (i) the sum of Aggregate Debt Service (defined as the sum of the amounts of Debt Service with respect to all series of Senior Lien Bonds), the Junior Bond Revenue Requirement and the Renewal and Replacement Deposit for such period or (ii) 1.3 times the Aggregate Debt Service for such period. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness.”**

Pursuant to the Indenture, the Traffic Engineer is required to certify as a condition to the issuance of any Senior Bonds whether, to the best of its knowledge, any Federal, state or other agency is currently projecting or planning the construction, improvement or acquisition of any highway or other facility that, in its opinion, may be materially competitive with any part of the Tollway System. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness.”**

Under the Indenture, the Authority is required to adopt an annual budget of its operating expenses for each Fiscal Year, which budget shall include the recommendations of the Consulting Engineers as to the Renewal and Replacement Deposit for such Fiscal Year. Estimates of Renewal and Replacement Deposits are based upon the Consulting Engineer’s assessment of the Tollway System and the costs associated with necessary major replacement, repair, and rehabilitation projects. The Consulting Engineer’s Report also contains estimates of the Renewal and Replacement Deposit for the years 2010 through 2021.

The following table sets forth Pro Forma Debt Service Coverage for the years 2009 through 2021, based upon the assumptions set forth in the footnotes thereto. This table should be considered in conjunction with the entire Consulting Engineer’s Report and the entire Traffic Engineer’s Report to understand the assumptions on which Projected Revenues, Projected Operating Expenses and Projected Renewal and Replacement Deposits are based. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

TABLE SEVEN

**PRO FORMA DEBT SERVICE COVERAGE
(Dollars in thousands)**

	<u>2009⁽⁷⁾</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
PROJECTED OPERATING REVENUES						
Toll Revenues ⁽¹⁾	\$634,794	\$676,596	\$738,631	\$764,802	\$783,982	\$802,111
Evaded Tolls ⁽²⁾	(42,730)	(42,596)	(36,932)	(38,240)	(39,199)	(40,106)
Evasion Recovery ⁽³⁾	49,900	32,000	36,932	38,240	39,199	40,106
Concession and Miscellaneous Revenues	6,815	8,000	8,000	8,000	8,000	8,000
Investment Income	3,200	4,000	12,000	20,000	25,000	25,000
TOTAL	\$651,979	\$678,000	\$758,631	\$792,802	\$816,982	\$835,111
PROJECTED OPERATING EXPENSES⁽⁴⁾	\$255,012	\$265,300	\$271,500	\$277,300	\$283,200	\$289,500
PROJECTED NET REVENUES	\$396,967	\$412,700	\$487,131	\$515,502	\$533,782	\$545,611
DEBT SERVICE INCLUDING BONDS⁽⁵⁾	\$173,319	\$237,883	\$249,925	\$249,924	\$283,314	\$283,314
PRO FORMA DEBT SERVICE COVERAGE	2.3	1.7	1.9	2.1	1.9	1.9
PROJECTED NET CASH FLOW⁽⁶⁾	\$223,648	\$174,817	\$237,206	\$265,578	\$250,468	\$262,297

⁽¹⁾ Based upon the report of the Traffic Engineer for the years 2010 through 2021. See **APPENDIX C**.

⁽²⁾ Assumes revenue leakage of 6.3% of Toll Revenues in 2010 and 5% of Toll Revenues thereafter. See **“THE TOLLWAY SYSTEM –Toll Collection and Internal Control Procedures”** for a discussion of Evaded Tolls.

⁽³⁾ Evasion Recovery for 2009 includes collection of a portion of the fines and tolls incurred during the period in which violation notices were temporarily suspended as described under **“THE TOLLWAY SYSTEM – Financial Information Discussion – Toll Revenue Collection.”** Evasion Recovery is estimated at 100% of Evaded Tolls in 2011 and thereafter.

⁽⁴⁾ Based upon the report of the Consulting Engineer for the years 2010 through 2021. See **APPENDIX B**.

⁽⁵⁾ See **“ANNUAL DEBT SERVICE REQUIREMENTS”** for certain assumptions relating to debt service on the outstanding Senior Bonds. This table does not take into account, either as a revenue or as a credit against debt service, the estimated 35% Direct Payment Subsidies expected in connection with the 2009A Bonds and 2009B Bonds; nor does it take into account any authorized toll rate increases. Debt Service in fiscal year 2009 does not include the optional redemption of \$44.4 million of Series 1993B Bonds on January 28, 2009 from Authority funds on hand. Debt Service in fiscal year 2010 is net of \$12 million of capitalized interest on the 2009B Bonds funded by a deposit of Authority funds. Payments due January 1 of each year are deemed payable in the preceding year. See the definition of “Debt Service” in **APPENDIX D**.

⁽⁶⁾ In each year, the projected net cash flow exceeds the projected Renewal and Replacement Deposit for such year set forth in the Consulting Engineer’s Report. Totals may not add due to rounding.

⁽⁷⁾ Numbers for 2009 are preliminary and unaudited.

TABLE SEVEN (continued)
(Dollars in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
PROJECTED OPERATING REVENUES							
Toll Revenues ⁽¹⁾	\$823,966	\$850,723	\$871,955	\$884,190	\$895,910	\$906,751	\$917,411
Evaded Tolls ⁽²⁾	(41,198)	(42,536)	(43,598)	(44,210)	(44,796)	(45,338)	(45,871)
Evasion Recovery ⁽³⁾	41,198	42,536	43,598	44,210	44,796	45,338	45,871
Concession and Miscellaneous Revenues	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Investment Income	25,000	25,000	25,000	25,000	25,000	25,000	25,000
TOTAL	\$856,966	\$883,723	\$904,955	\$917,190	\$928,910	\$939,751	\$950,411
PROJECTED OPERATING EXPENSES⁽⁴⁾	\$298,400	\$307,800	\$315,100	\$324,800	\$334,900	\$345,200	\$355,900
PROJECTED NET REVENUES	\$558,566	\$575,923	\$589,855	\$592,390	\$594,010	\$594,551	\$594,511
DEBT SERVICE INCLUDING BONDS⁽⁵⁾	\$283,225	\$283,323	\$281,862	\$302,814	\$302,765	\$302,472	\$302,229
PRO FORMA DEBT SERVICE COVERAGE	2.0	2.0	2.1	2.0	2.0	2.0	2.0
PROJECTED NET CASH FLOW⁽⁶⁾	\$275,341	\$292,600	\$307,993	\$289,576	\$291,245	\$292,079	\$292,282

⁽¹⁾ Based upon the report of the Traffic Engineer for the years 2010 through 2021. See **APPENDIX C**.

⁽²⁾ Assumes revenue leakage of 6.3% of Toll Revenues in 2010 and 5% of Toll Revenues thereafter. See **“THE TOLLWAY SYSTEM – Toll Collection and Internal Control Procedures”** for a discussion of Evaded Tolls.

⁽³⁾ Evasion Recovery for 2009 includes collection of a portion of the fines and tolls incurred during the period in which violation notices were temporarily suspended as described under **“THE TOLLWAY SYSTEM – Financial Information Discussion – Toll Revenue Collection.”** Evasion Recovery is estimated at 100% of Evaded Tolls in 2011 and thereafter.

⁽⁴⁾ Based upon the report of the Consulting Engineer for the years 2010 through 2021. See **APPENDIX B**.

⁽⁵⁾ See **“ANNUAL DEBT SERVICE REQUIREMENTS”** for certain assumptions relating to debt service on the outstanding Senior Bonds. This table does not take into account, either as a revenue or as a credit against debt service, the estimated 35% Direct Payment Subsidies expected in connection with the 2009A Bonds and 2009B Bonds; nor does it take into account any authorized toll rate increases. Payments due January 1 of each year are deemed payable in the preceding year. See the definition of “Debt Service” in **APPENDIX D**.

⁽⁶⁾ In each year, the projected net cash flow exceeds the projected Renewal and Replacement Deposit for such year set forth in the Consulting Engineer’s Report. Totals may not add due to rounding.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority, threatened in any court, (i) questioning the existence or organization of the Authority, the title of any of the present officers thereof to their respective offices, or the validity of the 2010A Bonds or any other Authority bonds, or seeking to restrain or enjoin the issuance or delivery of the 2010A Bonds or any other Authority bonds, or questioning the power of the Authority to pledge Net Revenues in accordance with the terms of the Indenture or (ii) questioning the power of the Authority to collect tolls, fees, charges and rents or receive other Revenues or questioning the Authority's other powers that in either case would have a material adverse effect on the financial condition of the Authority or the issuance of the 2010A Bonds.

Lawsuits have been filed and are currently pending against the Authority, including claims for breach of contract, wrongful discharge, worker's compensation and personal injury to employees and non-employees. The Authority, after taking into consideration legal counsel's evaluation of such actions, is of the opinion that the outcome of these matters will have no material adverse effect on the financial condition of the Authority. The Authority has insurance coverage for certain risks, including commercial general liability and property damage. Each of these insurance coverages is subject to a self-insured retention and deductibles. These self-insured retentions and deductibles range from \$10,000 to \$500,000, depending on the type of coverage.

APPROVAL OF LEGAL PROCEEDINGS

The approving legal opinion of Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel, will be delivered concurrently with the issuance of the 2010A Bonds. The opinion of Bond Counsel for the 2010A Bonds will be in substantially the forms included herein as **APPENDIX F**.

Certain legal matters in connection with the 2010A Bonds will be passed upon for the Authority by the Authority's General Counsel, and by the Authority's special counsel, Perkins Coie LLP, Chicago, Illinois and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, Chicago, Illinois and Sanchez Daniels & Hoffman LLP, Chicago, Illinois. Certain documents to which the Authority is a party will be approved as to form and constitutionality by the Attorney General of Illinois as *ex officio* attorney for the Authority.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Siebert Brandford Shank & Co., L.L.C., jointly as the representatives on behalf of themselves and the other underwriters listed on the cover of this Official Statement (the "Underwriters"), are expected to enter into a purchase contract with the Authority pursuant to which the Underwriters will jointly and severally agree, subject to certain customary conditions precedent to closing, to purchase the 2010A Bonds from the Authority at a purchase price of \$287,794,673.90 (representing the par amount of the 2010A Bonds less an Underwriters' discount of \$1,153,600.80, less an original issue discount of \$344,564.75 and plus an original issue premium of \$9,992,839.45).

Under the purchase contract, the Underwriters will be obligated to purchase all the 2010A Bonds. The 2010A Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such Bonds into investment trusts) at prices lower than the initial offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

Morgan Stanley, parent company of Morgan Stanley & Co. Incorporated, one of the underwriters of the 2010A Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of this joint venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2010A Bonds.

FINANCIAL ADVISOR

The Authority has engaged First Southwest Company, Orlando, Florida, as Financial Advisor in connection with the Authority's issuance and sale of the 2010A Bonds. Under the terms of its engagement, the Financial Advisor is not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

SWAP ADVISOR

The Authority has engaged PFM Asset Management LLC, Philadelphia, Pennsylvania, as Swap Advisor in connection with the Authority's hedging agreements. Under the terms of its engagement, the Swap Advisor is not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

TRAFFIC AND CONSULTING ENGINEERS

The sections of this Official Statement entitled "**THE TOLLWAY SYSTEM – Routes; Congestion-Relief Plan; Potential Additional Capital Projects; Condition and Maintenance; and Renewal and Replacement Program and Improvement Program**" were prepared, in part, on the basis of information supplied by AECOM USA, Inc., Chicago, Illinois, the Consulting Engineer. **APPENDIX B** of this Official Statement was prepared by AECOM USA, Inc. and contains information on the condition of the existing Tollway System, the history of the major improvement programs, projects in the Congestion-Relief Program, and the projected needs of the Tollway System in terms of renewal and replacement deposits and future maintenance and operating costs for 2010 and through 2021. Such projections are based upon certain assumptions made by AECOM USA, Inc. as set forth in their report. The report in **APPENDIX B** reflects changes since 2007 in the scope, cost and schedule of completion of the sub-projects that make up the Congestion-Relief Plan Project, as developed by the Authority's Program Management Office (the "PMO"), which costs vary in detail based upon the stage of implementation of each sub-project as more fully described therein. The report provides the Consulting Engineer's opinion on the reasonableness of the overall estimate of the cost of construction (\$6.1 billion) as developed by the PMO, but not on individual cost estimates. As stated in the report, market conditions and unforeseen events may affect the implementation and cost of the Congestion-Relief Plan Project and, on an annual basis, the Consulting Engineer's recommendations for Renewal and Replacement Deposits will reflect consideration of any adjustments to the Congestion-Relief Plan Project by the Authority.

The sections of this Official Statement entitled "**THE TOLLWAY SYSTEM – Congestion-Relief Plan; Potential Additional Capital Projects; Toll Rates; Historical Trends in Toll Transactions and Toll Revenues; and Historical Trends in Net Operating Revenues**" were prepared, in part, on the basis of information supplied by Wilbur Smith Associates, Inc., Lisle, Illinois, the Traffic

Engineer. Such information includes historical information regarding traffic and revenues of the Tollway System. **APPENDIX C** of this Official Statement was prepared by Wilbur Smith Associates, Inc. and contains information regarding traffic and revenues and forecasts of future traffic and revenues of the Tollway System. Such forecasts are updates of those prepared November, 2009 in connection with the issuance of the 2009B Bonds. The forecasts in **APPENDIX C** are based on assumptions made by Wilbur Smith Associates, Inc. concerning future events and circumstances it believes are significant to the forecasts.

The achievement of any activity estimates, forecasts or projections of the Consulting Engineer and the Traffic Engineer may be affected by fluctuating economic and other market conditions and other factors, including, without limitation, impact of economic conditions on travel in general, including the cost of fuel, competition for and price increases for labor and materials and other matters contained in the assumptions in such reports, and depends upon the occurrence of other future events that cannot be assured. Therefore, actual results may vary from the forecasts, estimates and projections, and such variations could be material.

RATINGS

The 2010A Bonds have been assigned ratings of “Aa3” by Moody’s Investors Service, “AA-” by Standard & Poor’s, a Division of The McGraw-Hill Companies, and “AA-” by Fitch Ratings. Each such rating reflects only the views of such rating agency. Any explanation of the significance of such ratings may be obtained only from the respective rating agencies. Certain information and materials concerning the 2010A Bonds, the Authority and the Tollway System, some of which have not been included in this Official Statement, were furnished to the rating agencies by the Authority and others. There is no assurance that any such rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely. Any downward revision or withdrawal of any such rating may have an adverse effect on the prices at which the 2010A Bonds may be resold. The Underwriters have undertaken no responsibility either to bring any proposed revision or withdrawal of a rating to the attention of the owners of the 2010A Bonds or to oppose any such revision or withdrawal.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the “Code”), contains a number of requirements and restrictions which apply to the 2010A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed or refinanced therewith and certain other matters. The Authority has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the 2010A Bonds to be excludible from the gross income of the owners thereof. Failure to comply with certain of such covenants could cause interest on the 2010A Bonds to become includible in gross income retroactive to the date of issuance of the 2010A Bonds.

Subject to the condition that the Authority comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel interest on the 2010A Bonds will not be includible in the gross income of the owners thereof for Federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. In addition, interest on the 2010A Bonds will not be taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon a certificate of the Authority with respect to certain material facts solely within the Authority's knowledge relating to the property financed or refinanced with the proceeds of the 2010A Bonds and the application of the proceeds of the 2010A Bonds and the Refunded Bonds. Bond Counsel will further rely upon the report of Robert Thomas CPA, LLC, Certified Public Accountants, as to (a) the adequacy of the initial cash deposit in the Escrow Account to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds, and (b) the yield on the 2010A Bonds and the yield on certain investments made with proceeds of the Refunded Bonds.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations. The AMT is levied in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S corporations, regulated investment companies, real estate investment trusts, REMICs or FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment items and the alternative tax net operating loss deduction). Unless specifically excluded pursuant to a provision of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), "adjusted current earnings" would include all tax-exempt interest. Interest on the 2010A Bonds will not be included in calculating such adjustment.

Under the provisions of Section 884 of the Code, a branch profits tax may be levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the 2010A Bonds.

Ownership of the 2010A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2010A Bonds should consult their tax advisors as to applicability of any such collateral consequences.

Interest on the 2010A Bonds is not exempt from present State of Illinois income taxes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinions of Bond Counsel express the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Discount

An amount equal to the excess of the principal amount payable at maturity of any 2010A Bonds (the "Discount Bonds") over the initial public offering price of such Discount Bonds, assuming that a substantial amount of such maturity is first sold at such price (the "Offering Price"), will be treated as "original issue discount." With respect to a taxpayer who purchases a Discount Bond in the initial public offering at the Offering Price and who holds such Discount Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of

such Discount Bond for Federal income tax purposes to the same extent as current interest and will not be treated as taxable capital gain upon payment of such Discount Bond upon maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of a constant yield computed at the end of each six month period (or shorter period from the date of original issue). The amount of original issue discount accruing during such period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). An owner of a Discount Bond who disposes of it prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Offering Price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the tax consequences of the ownership of such Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Market Discount

If a 2010A Bond is purchased at any time for a price that is less than the 2010A Bond's Offering Price plus accrued original issue discount, if any, the purchaser may be treated as having purchased the 2010A Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2010A Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2010A Bond. Purchasers should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the 2010A Bonds.

Bond Premium

An amount equal to the excess of the purchase price of a 2010A Bond over the principal amount payable at maturity of such 2010A Bond constitutes amortizable bond premium that may not be deducted for Federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of such 2010A Bond, the tax basis of each 2010A Bond is decreased by the amount of the bond premium that has been amortized. Bond premium is amortized by offsetting the interest on the 2010A Bond allocable to an accrual period with the bond premium allocable to the accrual period. The bond premium allocable to an accrual period is the excess of the interest on the 2010A Bond allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the 2010A Bond). If the bond premium allocable to an accrual period exceeds the interest on the 2010A Bond allocable to the accrual period, the excess is a nondeductible loss for Federal income tax purposes that reduces the owner's basis in such 2010A Bond.

Purchasers of any 2010A Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the Federal, state and local consequences of owning such 2010A Bonds.

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Undertaking (the “Agreement”) for the benefit of the Owners of the 2010A Bonds to provide notice of certain events to certain information repositories pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The events which will be subject to notices on an occurrence basis and a summary of other terms of the Agreement, including termination, amendment and remedies, are set forth below.

A failure by the Authority to comply with the Agreement will not constitute a default under the Indenture and Owners of the 2010A Bonds are limited to the remedies described in the Agreement. See “**CONTINUING DISCLOSURE – Consequences of Failure of the Authority to Provide Information**” below. A failure by the Authority to comply with the Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2010A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2010A Bonds and their market price.

The following is a brief summary of certain provisions of the Agreement and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Agreement, a copy of which is available upon request from the Underwriters.

Annual Report

The Authority will, not later than ten months after the end of each Fiscal Year, provide to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system for municipal securities disclosure (accessible at <http://emma.msrb.org/default.aspx>) (“EMMA”) or through any other electronic format or system prescribed by the MSRB for purposes of Section (b)(5) of the Rule an Annual Report. Notwithstanding the foregoing, the audited Financial Statements of the Authority prepared in accordance with generally accepted accounting principles (“GAAP Statements”) may be submitted separately from the balance of the Annual Report when such GAAP Statements are available. In the event that the GAAP Statements are not included with the Annual Report and will be submitted at a later date, the Authority will include unaudited financial information in the Annual Report and will indicate in the Annual Report the date on which the GAAP Statements are expected to be submitted. If the Annual Report (or GAAP Statements which were to be separately submitted) is not available by the date required above, the Authority will send a notice to EMMA or through any other electronic format or system prescribed by the MSRB that the Annual Report (or GAAP Statements) has not been filed.

The Authority’s Annual Report will contain or incorporate by reference the following:

- (a) Operating data and other information regarding the Authority for the prior Fiscal Year of the same type as included in Tables One through Six under the caption “**THE TOLLWAY SYSTEM**” in this Official Statement; and
- (b) GAAP Statements for the prior Fiscal Year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements for debt issues with respect to which the Authority is an “obligated person” (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference.

Events Notification

The Authority covenants that it will disseminate to EMMA or through any other electronic format or system prescribed by the MSRB in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended: The “Events,” certain of which may not be applicable to the 2010A Bonds, are as follows:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions or events affecting the 2010A Bonds;
7. modifications to rights of owners of the 2010A Bonds;
8. Bond calls;
9. defeasances;
10. release, substitution or sale of property securing payment of the 2010A Bonds; and
11. rating changes.

Consequences of Failure of the Authority to Provide Information

In the event of a failure of the Authority to comply with any provision of the Agreement, the Owner of any Bond may seek mandamus or specific performance by court order to cause the Authority to comply with its obligations under the Agreement. A failure to comply under the Agreement shall not be deemed a default under the Indenture, and the sole remedy under the Agreement in the event of any failure of the Authority to comply with the Agreement shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Agreement, the Authority may amend the Agreement, and any provision of the Agreement may be waived if:

(1) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted;

(2) The Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not materially impair the interests of the Owners of the 2010A Bonds, as determined by parties unaffiliated with the Authority (such as the Trustee or Bond Counsel) at the time of the amendment.

Termination of Agreement

The Agreement shall be terminated if the Authority shall no longer have any legal liability for any obligation on or relating to repayment of the 2010A Bonds under the Indenture. The Authority shall give notice to EMMA or through any other electronic format or system prescribed by the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any notice of occurrence of a material Event, in addition to that which is required by the Agreement. If the Authority chooses to include any information in any notice of occurrence of a material Event in addition to that which is specifically required by the Agreement, the Authority shall have no obligation under the Agreement to update such information or include it in any future notice of occurrence of a material Event.

Dissemination Agent

The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

LEGALITY FOR INVESTMENT

Under the Act, the 2010A Bonds are eligible in the State of Illinois for investment of sinking funds, moneys or other funds belonging to or within the control of banks, bankers, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries, municipal corporations, political subdivisions, public bodies, and public officers thereof.

FINANCIAL STATEMENTS

The financial statements of the Authority at December 31, 2008 and 2007 and for the years then ended, included in **APPENDIX A** of this Official Statement, have been audited by McGladrey & Pullen, LLP, independent auditors as set forth in their report thereon relating to such respective years appearing in **APPENDIX A** to this Official Statement.

The Authority has not requested nor did the Authority obtain any consent from the auditors to include the audited financial statements as an appendix to this Official Statement. In addition, the auditors have not performed any post-audit review of the financial condition or operations of the Authority. The auditors have not reviewed this Official Statement.

ACCOUNTING AND INVESTMENT PRACTICES

Audited financial statements of the Authority conforming to generally accepted accounting principles at December 31, 2008 and 2007 and for the years then ended are included herein in **APPENDIX A**.

The Authority's permitted investments are governed by the provisions of the Indenture. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions – Investment Securities."** See also Note 2 to Notes to Financial Statements included in **APPENDIX A** to this Official Statement for a description of the Authority's investments at December 31, 2008.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Authority's records, audited financial statements and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized.

The summaries or descriptions of provisions of the Act, the Indenture, the 2010A Bonds and all references to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof, are qualified in their entirety by reference to the complete documents relating to such matters and are subject to the full texts thereof.

The authorization, agreements and covenants of the Authority are set forth in the Indenture, and neither this Official Statement nor any advertisement of the 2010A Bonds is to be construed as a contract with the owners of the 2010A Bonds.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact.

AUTHORIZATION

The Authority has duly authorized the use and distribution of this Official Statement and the execution and delivery of this Official Statement by its Chair.

**THE ILLINOIS STATE TOLL HIGHWAY
AUTHORITY**

By: /s/ Paula Wolff
Chair

APPENDIX A
FINANCIAL STATEMENTS

Audited Financial Statements for 2008 and 2007

[THIS PAGE INTENTIONALLY LEFT BLANK]

McGladrey & Pullen

Certified Public Accountants

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying basic financial statements of the Illinois State Toll Highway Authority, a component unit of the State of Illinois, as of and for the year ended December 31, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Illinois State Toll Highway Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the Illinois State Toll Highway Authority's December 31, 2007 financial statements and, in our report dated August 7, 2008, we expressed an unqualified opinion on the respective statements. However, as discussed in paragraph 4 below, the December 31, 2007 net assets have been restated. The prior year partial comparative information reflects the correction of errors in those previously issued financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois State Toll Highway Authority, as of December 31, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the financial statements, the December 31, 2007 net assets have been restated (increased by \$73,878,895) to correct errors in reporting capitalized interest. Because the December 31, 2007 net assets have been restated, the previously issued auditors' report dated August 7, 2008 is not to be relied upon without consideration of this report on the restatement of the December 31, 2007 net assets.

The Management's Discussion and Analysis on pages 2-10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying introductory and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Schaumburg, Illinois
August 28, 2009

**Illinois State Toll Highway Authority
Management's Discussion and Analysis
December 31, 2008**

This section offers readers a discussion and analysis of the financial performance of the Illinois State Toll Highway Authority (the Tollway), provides an overview of its financial activities, and identifies changes in the Tollway's financial position for the year ended December 31, 2008. Readers should use this section of this report in conjunction with the Tollway's basic financial statements.

2008 FINANCIAL HIGHLIGHTS

- Design and construction work on the Tollway's \$6.3 billion Congestion-Relief Program, initiated in 2004, continued throughout 2008. In November, 2008, in conjunction with the 2008 Series B Bonds issued, the estimated cost of the Congestion-Relief Program was revised downward to \$6.2 billion. For the year the program had the following outlays:

<u>In billions</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>Total</u>
Contract \$ awarded	\$1.000	\$1.084	\$1.038	\$1.107	\$4.229
Contract \$ paid out	\$1.114	\$1.100	\$1.030	\$0.566	\$3.810

- The sixth, seventh, and eighth series of toll revenue bonds (2008 Series A-1, A-2, and B) in support of the Congestion-Relief Program were issued. These issues had a total par amount of \$1.116 billion. The Series 2008 A-1 and A-2 Bonds carry an average interest rate of 3.77% based on variable-to-fixed interest rate exchange agreements associated with the bonds. The Series 2008 B Bonds carry an interest rate of 5.50%. Principal retirements are scheduled to begin in 2018 and continue through 2033. Proceeds of these issues were used to fund the projects in the Congestion-Relief Program as well as to defease \$708,340,000 of bonds issued in 2006.
- Concomitant with the issuance of the 2008 bonds, the Tollway's senior lien underlying credit rating was reported as follows: by Fitch Ratings – AA-; by Moody's Investor Services – Aa3; and by Standard & Poor's – AA-.
- The Tollway resumed issuance of evasion recovery notices in late 2007 and issued notices throughout the entirety of 2008. In 2008 the Tollway booked \$224 million of evasion recovery revenue but the related allowance for doubtful accounts increased \$146 million.
- Amounts on deposit on behalf of I-PASS account holders increased by 14% in 2008 to \$124 million; the percentage of Tollway users paying by I-PASS was 81% in 2008 (versus 79.7% in 2007).

BASIC FINANCIAL STATEMENTS

The Tollway accounts for its operations and financial transactions in a manner similar to that used by private business enterprises: the accrual basis of accounting. In these statements revenue is recognized in the period in which it is earned, and an expense is recognized in the period in which it is incurred, regardless of the timing of its related cash flow.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Tollway's basic financial statements. For each fiscal year the Tollway's basic financial statements are comprised of the following:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows
- Notes to the financial statements.

The Statement of Net Assets presents information on all of the Tollway's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets, over time, may serve as a useful indicator of whether the financial position of the Tollway is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets present revenue and expense information and how the Tollway's net assets changed during the measurement period as a result of these transactions.

The Statement of Cash Flows presents sources and uses of cash for the fiscal year, displayed in the following categories: cash flows from operating activities, cash flows from non-capital financing activities, cash flows from capital financing activities and cash flows from investing activities.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the basic financial statements.

FINANCIAL ANALYSIS

OPERATING REVENUE:

2008 RESULTS COMPARED TO 2007

Operating revenues increased 34% during 2008, from \$608 million to \$813 million. Most of the increase is attributed to an increase in evasion recovery. The Tollway's major revenue source, from tolls, increased 2% in 2008 over 2007, up \$12 million at \$584 million for 2008. This improvement is attributed to the opening of the South extension of I-355 for the entire year and to drivers' increased awareness of the Tollway's efforts to recover evaded tolls.

More dramatically, revenue from the Tollway's evasion recovery efforts increased substantially over 2007. Previous to 2008, violation notice issuances were suspended from June, 2006, through August, 2007, during a systems conversion. In 2008 most pending notices had been issued for total evasion recovery income of \$224 million (versus nearly \$30 million in 2007, an increase of \$194 million). Of this revenue recorded, \$59 million was collected in cash during 2008. A great deal of the evasion recovery revenue recorded under generally accepted accounting principles consists of fines levied against toll violators, over and above the tolls. During the process of collecting the evaded tolls, many of these fines are dismissed in return for collection of all tolls due. See the "Operating Expenses:" section below for commentary on the related bad debt expense corresponding to these fines. Concession revenue declined by about half versus last year, to \$1.8 million from \$3.8 million, because of adjustments in the agreements for the use of the Tollway's fiber optic network.

OPERATING EXPENSES:

2008 RESULTS COMPARED TO 2007

Operating expenses in total increased by 45% during 2008, rising to \$685 million from \$472 million the previous year. The Tollway's single largest expense category, depreciation, showed a \$60 million, 27%, increase over 2007, as the result of the completion of Congestion-Relief Program projects which were placed in service for accounting purposes during 2008. Depreciation represents 41% of the Tollway's \$685 million of operating expense (down from 46% in 2007), equaling \$279 million in 2008, up from \$219 million in 2007.

Another major category of expense is the bad debt expense associated with evasion recovery efforts. As referred to earlier in this discussion and analysis, as evasion recovery notices are issued the Tollway records the tolls evaded and the fines levied. Not all of these fines will ultimately be collected and the Tollway accrues a bad debt expense for these estimated uncollectible amounts. In 2008 this expense totaled \$147 million, an increase of \$124 million over the previous year. This increase in 2008 was not unexpected in light of the 14-month hiatus in the issuance of notices during 2006 and 2007, most of which were issued and handled in 2008.

Other notable changes in expense categories include a 27% increase in expenses for Services and Toll Collection; a 10% decrease in charges for Procurement, IT, Finance, and Administration; and a 14% increase for Insurance and Employee Benefits. The outlays for Toll Collection funded increased expenses for the Tollway's customer call center relating to the Tollway's evasion recovery effort; the decrease in Procurement, etc., resulted from a lesser allocation of state overhead. Insurance and Employee Benefit expenses were impacted by an 11% increase in group insurance premiums and a 34% increase in retirement provisions.

The net effect of the 2008 operating revenue and expense increases was a 6% decline in operating income to \$128 million from \$136 million the previous year.

NON-OPERATING REVENUE AND EXPENSE:

2008 RESULTS COMPARED TO 2007

Net non-operating expense for the year increased by 61% to \$106 million (from \$66 million in 2007) because of both 1) lower investment income at \$23 million (down 47% from \$43 million in 2007) and 2) increased interest and financing costs (up 41% to \$131 million from \$93 million in 2007) relating to the issuance of additional bonds to fund the Congestion-Relief Program. Investment income was impacted by lower interest rates earned during the year and less invested throughout the year as compared to 2007. Revenues and expenses under intergovernmental agreements of \$81 million each, reflect work performed by the Tollway on behalf of the Illinois Department of Transportation and other governmental entities under various intergovernmental agreements.

The fiscal year also posted a small gain, \$377,000, on the disposal of property (primarily items of capital equipment), a small amount, \$543,000, of miscellaneous non-operating revenue, and a small, \$221,000, loss on the fair value of investments. The final result of all operating and nonoperating activities was an increase in net assets of \$22 million in 2008 versus a \$71 million increase for 2007. The smaller result was mostly caused by increased interest and financing costs paid in 2008 (the result of more debt taken on to finance the Congestion-Relief Program) being offset by lesser investment income (due to lower market interest rates).

**Illinois State Toll Highway Authority
Management's Discussion and Analysis
December 31, 2008**

**Illinois State Toll Highway Authority
Changes in Net Assets
For the Years Ended December 31, 2008 and 2007**

	2008	(Restated) 2007
Revenues		
Operating Revenues:		
Toll Revenue	\$ 583,646,592	\$ 572,092,902
Toll Evasion Recovery	224,047,528	29,738,604
Concessions	1,754,403	3,788,756
Miscellaneous	3,429,783	2,819,131
Nonoperating Revenues:		
Investment income	22,979,654	43,367,461
Intergovernmental contributions	1,071,429	-
Revenues under intergovernmental agreements	81,091,003	-
Net increase (decrease) in fair value of investments	(221,181)	3,297,367
Net gain (loss) on disposal of property	377,214	(8,491,090)
Miscellaneous	542,517	-
Total Revenues	918,718,942	646,613,131
Expenses		
Operating Expenses:		
Engineering and Maintenance of Roadway and Structures	45,304,051	44,833,917
Services and Toll Collection	110,093,269	86,550,454
Traffic Control, Safety Patrol, and Radio Communications	22,344,274	21,246,925
Procurement, IT, Finance, and Administration	21,942,396	24,261,781
Insurance and Employee Benefits	59,634,767	52,414,462
Bad Debt Expense	146,850,695	23,221,646
Depreciation and Amortization	278,626,714	219,434,538
Nonoperating Expenses:		
Expenses under intergovernmental agreements	81,091,003	-
Interest expense and amortization of financing costs	130,889,438	92,553,608
Miscellaneous	-	11,461,519
Total Expenses	896,776,607	575,978,850
Change in Net Assets	21,942,335	70,634,281
Net Assets, beginning of year as restated	2,083,603,824	2,012,969,543
Net Assets, end of year	\$ 2,105,546,159	\$ 2,083,603,824

**Illinois State Toll Highway Authority
Management's Discussion and Analysis
December 31, 2008**

NET ASSETS:

2008 RESULTS COMPARED TO 2007

The Tollway's total assets increased by a slight 6%, \$345 million, for 2008, reaching \$6 billion at year end, up from \$5.7 billion from the previous year. Current unrestricted assets showed virtually no change at \$503 million (up from \$499 million the previous year end) but the distribution changed notably. Intergovernmental receivables, which represent amounts due from the State and other local and municipal governmental entities, increased substantially (seven-fold) to \$87 million from \$12 million at year-end 2007. These local entities agreed to bear portions of the cost of some Congestion-Relief Program and other construction projects, and at the completion of the related projects they were invoiced for their shares. Accounts receivable increased at a lesser rate, up 19% from \$26 million to \$31 million, the result of the year's activity in the Tollway's evasion recovery efforts. Unrestricted cash and equivalents declined, as they were used to fund the Congestion-Relief Program projects, from \$438 million to \$358 million.

Current restricted assets were significantly reduced at \$635 million, down from \$1.1 billion (down 43%), primarily because of the use of invested assets in the construction fund for the Congestion-Relief Program. Construction fund assets declined 75% from \$660 million in 2007 to \$167 million at the end of this fiscal year. Cash and cash equivalents restricted for debt service increased by \$60 million; these amounts were deposited in respect of additional revenue bonds issued during the year. Restricted cash held in respect of I-PASS account holders balances did grow to \$124 million, up from \$109 million as the result of 1) normal growth in the adoption of I-PASS and 2) a change that moved commercial accounts to a pre-paid balance program from a post pay arrangement under which accounts were invoiced in arrears for tolls incurred.

The combination of these changes in restricted and unrestricted current assets netted to an overall decline in current assets of \$482 million (30%), down to \$1.1 billion from \$1.6 billion the previous year-end. Net assets were augmented this year by a \$1.1 million intergovernmental contribution, the result of agreements by various local governments and municipalities to contribute toward the construction of various components of the I-355 South extension.

**Illinois State Toll Highway Authority
Statement of Net Assets
December 31, 2008 and 2007**

	<u>2008</u>	<u>(Restated) 2007</u>
Current and other assets	\$ 1,178,964,531	\$ 1,656,079,800
Capital assets - net	4,853,139,669	4,031,102,382
Total assets	<u>6,032,104,200</u>	<u>5,687,182,182</u>
Current debt outstanding	97,150,000	50,030,000
Long-term debt outstanding	3,300,394,225	3,064,495,455
Other liabilities	529,013,816	489,052,903
Total liabilities	<u>3,926,558,041</u>	<u>3,603,578,358</u>
Net Assets:		
Invested in capital assets, net of related debt	1,622,755,006	1,577,006,044
Restricted under Trust Indenture Agreements	282,076,511	287,975,152
Restricted for pension benefit obligations	389,834	384,052
Unrestricted	200,324,808	218,238,576
Total net assets	<u>\$ 2,105,546,159</u>	<u>\$ 2,083,603,824</u>

**Illinois State Toll Highway Authority
Management's Discussion and Analysis
December 31, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS:

2008 COMPARED TO 2007

Capital assets represent the largest category of Tollway assets at \$4.9 billion at this fiscal year end, up \$822 million (20%) from the previous year as the result of capitalizing Congestion-Relief Program projects. Capital assets comprise 80% of total assets this year versus 71% at the end of 2007.

**Illinois State Toll Highway Authority
Capital Assets
For the Year Ended December 31, 2008 and 2007**

	(Restated)			
	January 1, 2008	2008	2008	December 31, 2008
	Net Balance	Net Activity	Depreciation	Net Balance
Land	\$ 282,676,939	\$ 17,031,586	\$ -	\$ 299,708,525
Construction in Progress	660,331,366	(166,784,721)	-	493,546,645
Buildings	10,933,019	1,875,478	(2,040,898)	10,767,599
Infrastructure	3,015,497,730	1,228,763,360	(269,034,343)	3,975,226,747
Machinery and Equipment	61,663,328	19,778,298	(7,551,473)	73,890,153
Total	<u>\$ 4,031,102,382</u>	<u>\$ 1,100,664,001</u>	<u>\$ (278,626,714)</u>	<u>\$ 4,853,139,669</u>
	(Restated)			
	January 1, 2007	2007	2007	December 31, 2007
	Net Balance	Net Activity	Depreciation	Net Balance
Land	\$ 272,467,772	\$ 10,209,167	\$ -	\$ 282,676,939
Construction in Progress	549,346,788	110,984,578	-	660,331,366
Buildings	12,704,575	214,594	(1,986,150)	10,933,019
Infrastructure	2,294,105,839	931,454,114	(210,062,223)	3,015,497,730
Machinery and Equipment	47,562,263	21,487,230	(7,386,165)	61,663,328
Total	<u>\$ 3,176,187,237</u>	<u>\$ 1,074,349,683</u>	<u>\$ (219,434,538)</u>	<u>\$ 4,031,102,382</u>

Additional information concerning capital assets can be found in Note 5. Information concerning the restatement can be found in Note 18.

LONG -TERM DEBT:

2008 COMPARED TO 2007

The Tollway issued three series of revenue bonds, each backed by pledged revenue and restricted funds, in order to finance projects under the Congestion-Relief Program. Issues in 2008 totaled \$1.1 billion and, after the defeasement of almost \$708 million of bonds issued in 2006, brought total bonds payable at year-end to almost \$3.4 billion, up from \$3.0 billion the previous year-end. See Note 6 for detailed information about these debt issues.

OTHER DEBT RELATED INFORMATION

The 1993 Series B, 1998 Series B, 2007 Series A-1 and A-2, and 2008 Series A-1 and A-2 bonds were issued as variable rate bonds. In connection with the issuance of these variable rate series, the Tollway entered into eleven separate variable-to-fixed interest rate exchange (swap) agreements in total notional amounts and with amortizations equal to the total principal amounts and amortizations of the Tollway's four variable rate bond issues. One swap agreement is associated with the 1993 Series B bonds, in an original amount of \$178.2 million, \$80.5 million of which is outstanding as of December 31, 2008. Two swap agreements are associated with the 1998 Series B bonds, in original amounts totaling \$123.1 million, all of which is outstanding as of December 31, 2008. Four swap agreements are associated with the 2007 Series A-1 and A-2 bonds, in original amounts totaling \$700 million, all of which is outstanding as of December 31, 2008. Four swap agreements are associated with the 2008 Series A-1 and A-2 bonds, in original amounts totaling \$766.2 million, all of which is outstanding as of December 31, 2008. The Tollway utilized these eleven swap agreements in order to hedge against rising interest rates and to reduce its borrowing rate (as compared to the borrowing rate obtainable by issuing fixed rate bonds). The risks associated with these types of arrangements and the strategies employed by the Tollway to mitigate those risks are discussed in Note 6 of the financial statements.

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) has issued critical accounting guidance that requires more comprehensive reporting for state and local governments. This Technical Bulletin (No. 2003-1) became effective for periods ending after June 15, 2003, and requires the Tollway to determine the fair market value of the swap contracts as of the year ended December 31, 2003, and into the future, and to disclose these amounts.

The Tollway's financial advisor has performed this calculation based upon forward rates and discounted cash flows. As of December 31, 2008, fair market value analysis of the swap agreements determined that if the Tollway had terminated the swap contracts on that date, the Tollway would have been required to make a payment of: \$1.7 million for the 1993 Series B swap agreement; a total of \$17.2 million for the two 1998 Series B swap agreements; a total of \$120.6 million for the four 2007 Series A-1 and A-2 swap agreements; and a total of \$108.9 million for the four 2008 Series A-1 and A-2 swap agreements.

The amount of additional bonds that the Tollway may issue at any time is limited by the requirement that the projected net revenues are sufficient to meet the Net Revenue Requirement, after giving effect to the debt service attributable to such additional bonds. The Net Revenue Requirement is comprised of the amount necessary to cure deficiencies, if any, in all debt service accounts and debt reserve accounts established under the Trust Indenture, plus the greater of (i) the sum of Aggregate Debt Service on Senior Bonds, the Junior Bond Revenue Requirement, and the Renewal and Replacement Deposit for such period, and (ii) 1.3 times the Aggregate Debt Service on Senior Bonds for such period (all capitalized terms as defined in the Trust Indenture). Under the terms of the Trust Indenture, the revenue bond coverage ratio for 2008 was 2.25x.

**Illinois State Toll Highway Authority
Management's Discussion and Analysis
December 31, 2008**

**Illinois State Toll Highway Authority
Long-Term Debt Analysis
December 31, 2008 and 2007**

	2008		
	Noncurrent	Current	Total
Revenue Bonds Payable			
Issue of 1992 Series A	\$ 100,665,000	\$ -	\$ 100,665,000
Issue of 1993 Series B	-	80,500,000	80,500,000
Issue of 1996 Series A	-	15,625,000	15,625,000
Issue of 1998 Series A	194,115,000	1,025,000	195,140,000
Issue of 1998 Series B	123,100,000	-	123,100,000
Issue of 2005 Series A	770,000,000	-	770,000,000
Issue of 2006 Series A-1	291,660,000	-	291,660,000
Issue of 2007 Series A-1	350,000,000	-	350,000,000
Issue of 2007 Series A-2	350,000,000	-	350,000,000
Issue of 2008 Series A-1	383,100,000	-	383,100,000
Issue of 2008 Series A-2	383,100,000	-	383,100,000
Issue of 2008 Series B	350,000,000	-	350,000,000
Total Rev. Bonds Payable	\$ 3,295,740,000	\$ 97,150,000	\$ 3,392,890,000

	2007		
	Noncurrent	Current	Total
Revenue Bonds Payable			
Issue of 1992 Series A	\$ 100,665,000	\$ -	\$ 100,665,000
Issue of 1993 Series B	80,500,000	34,300,000	114,800,000
Issue of 1996 Series A	15,625,000	14,745,000	30,370,000
Issue of 1998 Series A	195,140,000	985,000	196,125,000
Issue of 1998 Series B	123,100,000	-	123,100,000
Issue of 2005 Series A	770,000,000	-	770,000,000
Issue of 2006 Series A-1	500,000,000	-	500,000,000
Issue of 2006 Series A-2	500,000,000	-	500,000,000
Issue of 2007 Series A-1	350,000,000	-	350,000,000
Issue of 2007 Series A-2	350,000,000	-	350,000,000
Total Rev. Bonds Payable	\$ 2,985,030,000	\$ 50,030,000	\$ 3,035,060,000

Note: Amounts presented in this table exclude unamortized bond premiums and deferred amount on refunding.

Additional information concerning long-term debt can be found in Note 6.

FACTORS IMPACTING FUTURE OPERATIONS

During 2009 the Tollway will continue implementing the work of the Congestion-Relief Program. As a result of these activities the Tollway's future financial position is likely to be impacted by:

- Additional revenue bonds issued as part of its long-term financial plan to fund the Program's projects (also see Note 20),
- Additional interest costs incurred related to this additional debt, all as anticipated in the Tollway's long-term financial plan,
- Continued net increases in capital assets and in related depreciation expense as completed infrastructure projects are placed in service.

CONTACTING THE TOLLWAY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, bondholders, employees, and other stakeholders with an overview of the Tollway's finances and to demonstrate the Tollway's accountability for the funds it receives and deploys. Questions concerning this report or requests for additional financial information should be directed to the Controller, Illinois State Toll Highway Authority, 2700 Ogden Avenue, Downers Grove, Illinois 60515.

Illinois State Toll Highway Authority
Statement of Net Assets
December 31, 2008
(With Comparative Totals as of December 31, 2007)

	2008	(Restated) 2007
ASSETS		
CURRENT ASSETS		
CURRENT UNRESTRICTED ASSETS		
Cash and Cash Equivalents	\$ 357,722,016	\$ 438,306,545
Accounts Receivable, less allowance for doubtful accounts of \$195,674,372 and \$50,110,754 in 2008 and 2007, respectively	30,567,798	25,779,142
Intergovernmental Receivables	86,814,775	11,752,789
Accrued Interest Receivable	317,275	587,992
Current Portion of Leases Receivable, less allowance for doubtful accounts of \$783,746 and \$681,805 in 2008 and 2007, respectively	1,643,250	1,601,223
Risk Management Reserved Cash	11,293,764	10,993,436
Other Prepaid Expenses	14,631,288	9,799,766
Total Current Unrestricted Assets	502,990,166	498,820,893
CURRENT RESTRICTED ASSETS		
Cash and Cash Equivalents Restricted for Debt Service	267,827,509	207,329,644
Cash and Cash Equivalents - Construction	167,159,562	660,429,117
Cash and Investments - I-PASS Accounts	124,296,311	108,865,464
Investments Restricted for Debt Service, at fair value	74,038,196	140,089,282
Accrued Interest Receivable	811,212	3,930,744
Pension Benefit Assets	396,570	424,772
Total Current Restricted Assets	634,529,360	1,121,069,023
Total Current Assets	1,137,519,526	1,619,889,916
NONCURRENT ASSETS		
CAPITAL ASSETS		
Land, Improvements and Construction in Progress	793,255,170	943,008,305
Other Capital Assets, net of Accumulated Depreciation	4,059,884,499	3,088,094,077
Total Capital Assets, net	4,853,139,669	4,031,102,382
OTHER NONCURRENT ASSETS		
Leases Receivable, less current portion	30,088,000	25,572,754
Deferred Bond Issuance Costs, net of accumulated amortization of \$8,993,114 and \$16,774,032 in 2008 and 2007, respectively	11,357,005	10,617,130
Total Other Noncurrent Assets	41,445,005	36,189,884
Total Noncurrent Assets	4,894,584,674	4,067,292,266
TOTAL ASSETS	\$ 6,032,104,200	\$ 5,687,182,182

See accompanying notes to the financial statements.

(Continued)

Illinois State Toll Highway Authority
Statement of Net Assets (Continued)
December 31, 2008
(With Comparative Totals as of December 31, 2007)

LIABILITIES AND NET ASSETS	2008	(Restated) 2007
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Current Assets:		
Accounts Payable	\$ 27,597,153	\$ 25,404,871
Accrued Liabilities	187,178,171	165,228,441
Accrued Compensated Absences	4,188,960	3,625,756
Risk Management Claims Payable	10,878,028	10,688,930
Deposits and Retainage	63,244,503	65,925,871
Total Current Liabilities Payable from Unrestricted Current Assets	<u>293,086,815</u>	<u>270,873,869</u>
Payable from Current Restricted Assets:		
Pension Benefit Obligation	6,736	40,720
Current Portion of Revenue Bonds Payable	97,150,000	50,030,000
Accrued Interest Payable	60,600,406	63,374,518
Deposits and Deferred Revenue - I-PASS Accounts	124,296,311	108,865,464
Total Current Liabilities Payable from Current Restricted Assets	<u>282,053,453</u>	<u>222,310,702</u>
Total Current Liabilities	<u>575,140,268</u>	<u>493,184,571</u>
NONCURRENT LIABILITIES		
Revenue Bonds Payable, less current portion	3,295,740,000	2,985,030,000
Bond Premiums and Discounts, less deferred amounts on refunding	4,654,225	79,465,455
Accrued Compensated Absences	3,033,384	2,625,547
Deferred Revenue, less accumulated amortization of \$20,829,800 and \$17,628,753 in 2008 and 2007, respectively	47,990,164	43,272,785
Total Noncurrent Liabilities	<u>3,351,417,773</u>	<u>3,110,393,787</u>
Total Liabilities	<u>3,926,558,041</u>	<u>3,603,578,358</u>
NET ASSETS		
Invested in Capital Assets, net of Related Debt	1,622,755,006	1,577,006,044
Restricted under Trust Indenture Agreements	282,076,511	287,975,152
Restricted for Pension Benefit Obligations	389,834	384,052
Unrestricted	200,324,808	218,238,576
Total Net Assets	<u>2,105,546,159</u>	<u>2,083,603,824</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,032,104,200</u>	<u>\$ 5,687,182,182</u>

See accompanying notes to the financial statements.

Illinois State Toll Highway Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008	(Restated) 2007
OPERATING REVENUES		
Toll Revenue	\$ 583,646,592	\$ 572,092,902
Toll Evasion Recovery	224,047,528	29,738,604
Concessions	1,754,403	3,788,756
Miscellaneous	3,429,783	2,819,131
Total Operating Revenues	<u>812,878,306</u>	<u>608,439,393</u>
OPERATING EXPENSES		
Engineering and Maintenance of Roadway and Structures	45,304,051	44,833,917
Services and Toll Collection	110,093,269	86,550,454
Traffic Control, Safety Patrol, and Radio Communications	22,344,274	21,246,925
Procurement, IT, Finance, and Administration	21,942,396	24,261,781
Insurance and Employee Benefits	59,634,767	52,414,462
Bad Debt Expense	146,850,695	23,221,646
Depreciation and Amortization	278,626,714	219,434,538
Total Operating Expenses	<u>684,796,166</u>	<u>471,963,723</u>
Operating Income	<u>128,082,140</u>	<u>136,475,670</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	22,979,654	43,367,461
Intergovernmental Contributions	1,071,429	-
Revenues under Intergovernmental Agreements	81,091,003	-
Expenses under Intergovernmental Agreements	(81,091,003)	-
Net Increase (Decrease) in Fair Value of Investments	(221,181)	3,297,367
Net Gain (Loss) on Disposal of Property	377,214	(8,491,090)
Interest Expense and Amortization of Financing Costs	(130,889,438)	(92,553,608)
Miscellaneous Revenue (Expense)	542,517	(11,461,519)
Total Nonoperating Revenues (Expenses)	<u>(106,139,805)</u>	<u>(65,841,389)</u>
CHANGE IN NET ASSETS	21,942,335	70,634,281
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	<u>2,083,603,824</u>	<u>2,012,969,543</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,105,546,159</u>	<u>\$ 2,083,603,824</u>

See accompanying notes to the financial statements.

Illinois State Toll Highway Authority
Statement of Cash Flows
For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008	(Restated) 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Sales and Services	\$ 675,219,969	\$ 565,569,266
Cash Received from Other Governments for Services	6,029,017	-
Cash Payments to Suppliers	(178,387,553)	(80,827,677)
Cash Payments to Employees	(118,419,630)	(125,665,438)
Net Cash Provided by Operating Activities	<u>384,441,803</u>	<u>359,076,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(1,086,200,179)	(1,089,112,549)
Cash Paid to Other Governments for Capital Assets	(22,595,213)	-
Capital Related Debt - Capital Lease Obligations	-	(4,015,550)
Proceeds from Sale of Property	480,910	6,271,776
Proceeds from Sale of Bonds	1,116,200,000	700,000,000
Discount for Sale of Bonds	(9,142,000)	-
Defeased Bonds - Paid to Escrow Agent	(708,340,000)	-
Principal paid on Revenue Bonds	(50,030,000)	(47,350,000)
Interest Expense and Issuance Costs paid on Revenue Bonds	(220,795,363)	(125,335,718)
Net Cash (Used in) Capital and Related Financing Activities	<u>(980,421,845)</u>	<u>(559,542,041)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities	(797,681,159)	(109,990,950)
Proceeds from Sales and Maturities of Investments	863,511,064	115,345,902
Interest on Investments	32,525,093	88,749,091
Net Cash Provided by Investing Activities	<u>98,354,998</u>	<u>94,104,043</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(497,625,044)	(106,361,847)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,425,924,206	1,532,286,053
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 928,299,162	\$ 1,425,924,206
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	\$ 357,722,016	\$ 438,306,545
Risk Management Reserved Cash	11,293,764	10,993,436
Cash and Cash Equivalents Restricted for Debt Service	267,827,509	207,329,644
Cash and Cash Equivalents Restricted for Construction	167,159,562	660,429,117
Cash and Cash Equivalents - I-PASS Accounts	124,296,311	108,865,464
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 928,299,162	\$ 1,425,924,206

See accompanying notes to the financial statements.

(Continued)

Illinois State Toll Highway Authority
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	2008	(Restated) 2007
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating Income	\$ 128,082,140	\$ 136,475,670
Adjustments to Reconcile Operating Income to Net		
Cash Provided by Operating Activities:		
Depreciation and Amortization	278,626,714	219,434,538
Provision for Bad Debt	146,850,695	23,863,446
Amortization of Deferred Revenue	4,717,379	(3,155,677)
Intergovernmental Contributions and Revenues	82,162,432	-
Miscellaneous Revenue (Expense)	542,517	(11,461,519)
Effects of Changes in Operating Assets and Liabilities:		
(Increase) in Accounts Receivable	(151,537,410)	(25,320,091)
(Increase) in Intergovernmental Receivables	(75,061,986)	(10,313,358)
(Increase) Decrease in Leases Receivable	(4,659,214)	1,646,172
(Increase) Decrease in Prepaid Expenses	(4,831,522)	3,510,912
Decrease in Net Assets Available for Pension Benefits	28,202	15,383
Increase in Accounts Payable	2,192,282	10,736,460
Increase (Decrease) in Accrued Liabilities	(36,546,060)	16,784,843
Increase in Accrued Compensated Absences	971,041	551,303
(Decrease) in Pension Obligation	(33,984)	(35,315)
(Decrease) in Deposits and Retainage	(2,681,368)	(3,158,249)
Increase (Decrease) in Deposits and Deferred Revenue - I-PASS	15,430,847	(2,568,924)
Increase in Risk Management Claims Payable	189,098	2,070,557
Net Cash Provided by Operating Activities	<u>\$ 384,441,803</u>	<u>\$ 359,076,151</u>

The fair value of investments decreased by \$3,518,548 in 2008 and increased by \$1,634,270 in 2007, respectively.
The interest paid on revenue bonds was \$148,412,572 and \$121,071,159 in 2008 and 2007, respectively.

See accompanying notes to the financial statements.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial reporting practices of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, conform to generally accepted accounting principles (GAAP), as promulgated in pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) issued before December 1, 1989, which are not in conflict with GASB pronouncements. As permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Tollway has elected to not apply FASB pronouncements issued after November 30, 1989.

Financial Reporting Entity

The Illinois State Toll Highway Authority, a component unit of the State of Illinois, was created by an Act of the General Assembly of the State of Illinois – the Toll Highway Act – for the purpose of constructing, operating, regulating, and maintaining a toll highway or a system of toll highways and, in connection with the financing of such projects, is authorized to issue revenue bonds which shall be retired from revenues derived from the operation of the Tollway. Under the provisions of the Act, no bond issue of the Tollway, or any interest thereon, is an obligation of the State of Illinois. In addition, the Tollway is empowered to issue refunding bonds for the purpose of refunding any revenue bonds issued under the provisions of the Act, which are then outstanding.

The enabling legislation empowers the Tollway's Board of Directors with duties and responsibilities which include, but are not limited to, the ability to approve and modify the Tollway's budget, the ability to approve and modify toll rates and fees charged for use of the system, the ability to employ and discharge employees as is necessary in the judgment of the Tollway, and the ability to acquire, own, use, hire, lease, operate, and dispose of personal property, real property, and any interest therein.

Component units are separate legal entities for which the primary government is legally accountable. The Tollway is a component unit of the State of Illinois for financial reporting purposes because exclusion would cause the State's financial statements to be incomplete. The governing body of the Tollway is an 11 member Board of Directors of which nine members are appointed by the Governor with the advice and consent of the Illinois Senate. The Governor and the Secretary of the Illinois Department of Transportation are also members of the Tollway's Board of Directors. These financial statements are included in the State's comprehensive annual financial report and the State's separately issued basic financial statements. The Tollway itself does not have any component units.

Basis of Accounting

The Tollway is accounted for as a proprietary fund (enterprise fund) using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the Tollway's operations are included on the Statement of Net Assets. Revenue is recognized in the period in which it is earned and expenses are recognized in the period in which incurred.

The Tollway accounts for its operations and financings in a manner similar to private business enterprises; the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

With the exception of approximately \$32 million in locally held funds, all cash and investments are held for the Tollway either by the Illinois State Treasurer (the Treasurer) as custodian or by the bond trustee under the Tollway's Trust Indenture.

For purposes of the Statement of Cash Flows, the Tollway considers all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, and all investments held on its behalf by the Treasurer, to be cash equivalents, as these investments are available upon demand.

Investments

The Tollway reports investments at fair value in its Statement of Net Assets with the corresponding changes in fair value being recognized as an increase or decrease to non-operating revenue in the Statement of Revenues, Expenses and Changes in Net Assets. Fair value is defined as the amount at which an investment could be exchanged in a current transaction between willing parties, rather than in a forced sale or liquidation. All investments are held for the Tollway either by the Treasurer as custodian or the bond trustee under the Tollway's Trust Indenture.

The primary objective in the investment of Tollway funds is to ensure the safety of principal, while managing liquidity to meet the financial obligations of the Tollway, and to provide the highest investment return using authorized instruments.

All investments in U.S. Treasury and agency issues owned by the Tollway are reported at fair value. Fair value for the investments in Illinois Funds (a state-operated money market fund, sponsored by the Treasurer in accordance with Illinois state law that is rated AAA by Standard & Poor's rating agency) is equal to the value of the pool shares. State statute requires that Illinois Funds comply with the Illinois Public Funds Investment Act. Other funds held for the Tollway by the Treasurer and the bond trustee are invested in money market accounts, U.S. Treasury and agency issues at the direction of the Tollway.

The Trust Indenture, as amended, under which the Tollway's revenue bonds were issued, authorizes the Tollway to invest in U.S. Treasury and agency issues, money market funds comprised of U.S. Treasury and agency issues, repurchase agreements thereon, time deposits, and certificates of deposit. All funds held by the Tollway's bond trustee were held in compliance with these restrictions for the year ended December 31, 2008.

Accounts Receivable

The Tollway's accounts receivable consist of various toll charges and amounts due from individuals and, commercial, governmental, and other entities. A provision for doubtful accounts has been recorded for the estimated amount of uncollectible accounts.

Prepaid Expenses and Inventory

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The Tollway's inventory items consist mostly of consumable supplies that are quickly turned over and therefore the payments for such are directly expensed.

Illinois State Toll Highway Authority

**Notes to the Financial Statements
December 31, 2008**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include the historical cost of land and improvements, roadway and transportation structures (infrastructure), buildings and related improvements, and equipment. Expenses for the maintenance and repairs to the roadway and transportation structures, buildings, and related improvements are charged to operations when incurred. All expenses for land, buildings, infrastructure, and construction in progress that increase the value or productive capacities of assets are capitalized. Machinery and equipment expenses of \$5,000 or more are capitalized. In 2008 the Tollway began capitalizing interest related to construction in progress. A restatement reflecting capitalization from 2000 until 2007 is reflected in the restated 2007 ending Net Asset balance. Depreciation and interest amortization are computed using the straight-line method based on estimated useful lives, as follows:

Building	20 Years
Infrastructure	5 to 40 Years
Machinery and equipment	5 to 30 Years

During 2006 the Tollway implemented new software to track individual capital asset acquisitions and deletions and to calculate accumulated depreciation for these assets. Prior to fiscal year 2006, the Tollway recorded and depreciated capital assets using a pooling method, that is, assets acquired for each year in each category were combined into one total and depreciated as a group. Deletions decreased the group as a whole but were not attributed to one specific asset.

Accounting for Leases

The Tollway makes a distinction between 1) capital leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets and 2) operating leases under which the lessor effectively retains all such risks and benefits.

When the Tollway is lessee: Assets acquired under capital leases are included as capital assets in the Statement of Net Assets. Assets acquired under capital leases are recorded at the lesser of the present value of the future minimum lease payments or the fair value of the asset at the beginning of the lease term and depreciated on a straight-line basis to the Statement of Revenues, Expenses and Changes in Net Assets, over the useful life of the asset. A corresponding liability is established and minimum lease payments are allocated between the liability and interest expense. Capital lease liabilities are classified as current and noncurrent, depending on when the principal component of the lease payment is due. The Tollway is currently not a lessee under any capital leases.

When the Tollway is lessor: A lease receivable (current and noncurrent) is established on the Statement of Net Assets which represents the future minimum rental payments guaranteed under the terms of the capital lease. Lease receipts are credited to the Statement of Revenues, Expenses and Changes in Net Assets in the periods in which they are earned over the term of the lease, as this represents the pattern of benefits derived from the leased assets. A bad debt reserve is recorded for any amounts whose collectability is uncertain.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Bond Issuance Costs

Costs incurred in connection with the issuance of the 1992 Series A, 1993 Series B, 1998 Series A and B, 2005 Series A bonds, 2006 Series A-1 and Series A-2 and 2007 Series A-1 and A-2 bonds, 2008 Series A-1 and A-2 and 2008 Series B are amortized over the lives of the bonds, using the straight line method.

Debt Refunding

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, when the Tollway refunds any of its bonds the difference between the carrying amount and the reacquisition price of the old bonds is deferred and amortized over the lesser of the life of the old debt or the life of the new debt.

Deferred Revenue

The Tollway recognizes revenue when earned. Amounts received in advance of the periods in which related services are rendered are recorded as a liability under "Deferred Revenue."

Net Assets

The Statement of Net Assets presents the Tollway's assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for revenue bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

When both restricted and unrestricted resources are available for a specific use, it is the Tollway's policy to use restricted resources first, then unrestricted resources as they are needed.

Toll Revenue

Toll Revenue is recognized in the month in which the transaction occurs. Revenue from Toll Evasion Recovery is recognized in the month the notice is issued. Both tolls and fines recovered under the evasion recovery enforcement system are recorded as Toll Evasion Recovery revenue.

Operating Revenues and Expenses

The Tollway's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its tollway system. All other revenues and expenses, including services performed for other governments, are reported as nonoperating revenues and expenses or as special items.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The Tollway has self-insured risk retention programs with stop-loss limits for current employee group health and workers' compensation claims and has provided accruals for estimated losses arising from such claims.

Reclassification of Certain Amounts

Certain amounts on the statement of net assets and the statement of revenues, expenses and changes in net assets for the year ended December 31, 2007, have been reclassified, with no effect on total net assets, to be consistent with the classifications adopted for the year ended December 31, 2008.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Comparative Information

The basic financial statements include certain prior year partial comparative information in total but not at a level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Illinois State Toll Highway Authority's financial statements for the year ended December 31, 2007, from which the partial information was derived. However, as more fully discussed in Note 18, the prior year partial comparative information reflects the correction of errors in those financial statements.

NOTE 2 – CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that an institution holding Tollway deposits may fail and expose the Tollway to a loss if the Tollway's deposits were not returned upon maturity or demand. State law (30 ILCS 230/2C) requires that all deposits of public funds be covered by FDIC insurance or eligible collateral. The Tollway has no policy that would further limit the requirements under state law. As of December 31, 2008, the Tollway's deposits were not exposed to custodial credit risk.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Schedule of Investments

As of December 31, 2008, the Tollway had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
Certificates of Deposit	\$ 9,310,000	\$ 9,310,000	\$ -
Money market funds*	434,987,072	434,987,072	-
Illinois Funds*	492,904,663	492,904,663	-
US Agency - Federal National Mortgage Association	16,708,470	9,625,485	7,082,985
- Federal Home Loan Bank	19,303,970	16,798,495	2,505,475
- Federal Home Loan Mortgage Corp	2,603,125	-	2,603,125
US Treasury Note	57,677,491	57,677,491	-
	<u>\$ 1,033,494,791</u>	<u>\$ 1,021,303,206</u>	<u>\$ 12,191,585</u>

* Weighted average maturity is less than one year.

Interest Rate Risk

As a means of limiting its exposure to fair value losses from rising interest rates, and as a means of managing liquidity, the Tollway's investment policy requires that the majority of Tollway funds be invested in instruments with maturities of less than one year. No investment is to exceed a ten-year maturity. Investment maturities as of December 31, 2008 are as follows:

<u>Maturity</u>	<u>Percentage</u>
Less than one year	99%
One to five years	1%

Credit and Concentration Risks

The Tollway's investment policy limits investment of Tollway funds to securities guaranteed by the United States government; obligations of agencies and instrumentalities of the United States; municipal bonds with credit ratings not lower than the credit rating of the Tollway's senior bonds outstanding; interest-bearing savings accounts, certificates of deposit, or bank time deposits with institutions which meet specified capitalization requirements; money market mutual funds registered under the Investment Company Act of 1940; the Illinois Funds; and repurchase agreements of government securities as defined in the Government Securities Act of 1986.

The investment policy further requires that the investment portfolio be diversified in terms of specific maturity, specific issuer, or specific class of securities. Final maturities are limited to ten years; the majority of Tollway funds should be invested in maturities of less than one year. The Tollway was in compliance with these policies during 2008.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The Tollway's investments in debt securities (excluding securities explicitly guaranteed by the U.S. government) were rated by Standard & Poor's / Moody's as follows for the year ended December 31, 2008:

Investment Type	2008	
	Fair Value	Rating
Money market funds	\$ 434,987,072	AAAm/Aaa
Illinois Funds	492,904,663	AAA/NR
US Agency:		
Federal National Mortgage Association	16,708,470	AAA/Aaa
Federal Home Loan Bank	19,303,970	AAA/Aaa
Federal Home Loan Mortgage Corp	2,603,125	AAA/Aaa

NR = Not Rated

NOTE 3 – ACCOUNTS RECEIVABLE

The Tollway's accounts receivable consist of various toll charges and other amounts due from individuals and commercial and other entities. A provision for doubtful accounts has been recorded for estimated uncollectible amounts.

	December 31, 2008	
	Net Receivables	
Tolls	\$	1,106,097
Toll Evasion Recovery		28,605,750
Oases Receivable		164,424
Damage Claims/Emergency Services		10
Insufficient I-Pass		143,664
Overdimension Vehicle Permits		27,330
Fiber Optic Agreements		30,678
Workers' Compensation		23,342
Other		466,503
Total Non-Governmental Receivables		<u>30,567,798</u>
Various Local and Municipal Governments		14,174,490
IAG Agencies		5,221,950
Other Agencies of the State of Illinois		<u>67,418,335</u>
Total Intergovernmental Receivables		<u>86,814,775</u>
Total Receivables	\$	<u>117,382,573</u>

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 4 – LEASE RECEIVABLES

During 2002, the Tollway, as lessor, entered into two 25-year lease agreements, each a capital lease, for the oasis system (a retail lease and a fuel lease). Under the terms of each lease, the lessee is financially responsible for rebuilding and renovating the oasis structures. At the end of each lease, ownership of the improvements reverts to the Tollway. In the retail lease, the lessee is responsible for the payment of all expenses associated with administration and operation of the facilities including the securing of tenants. In the fuel lease, the lessee is responsible for the operation of the service station and car wash facilities. For 2008 the minimum lease schedule has been revised to reflect amendments to the fuel and retail leases.

The fuel lease agreement requires the parties to complete a remediation program to ensure that the oasis system is in compliance with current environmental laws and that compliance continues for the term of the lease. The Tollway is solely responsible for the remediation program until it has received "No Further Remediation" (NFR) letters from the Illinois Environmental Protection Agency (IEPA), except for the DeKalb oasis, which is the responsibility of Exxon-Mobil. A new release in 2008 at Belvidere North will also be handled by Exxon-Mobil.

The IEPA issues the letters along with approval for reimbursement of approved expenses from the LUST (Leaking Underground Storage Tank) Fund established by Congress. Remediation work has been completed at all oasis sites. NFR letters have been received for seven remediation sites controlled by the Tollway and by Exxon-Mobil for the DeKalb Oasis. The remaining sites are being contested over reimbursement and other technical issues. The Tollway believes that the remaining NFR letters, relating to five additional sites, will be issued without further material remediation costs being incurred.

The future minimum lease payments receivable under these agreements as of December 31, 2008 are as follows:

Year Ended December 31,	Retail Lease	Fuel Lease	Total Leases
2009*	\$ 743,000	\$ 900,250	\$ 1,643,250
2010	743,000	900,250	1,643,250
2011	743,000	900,250	1,643,250
2012	814,333	900,250	1,714,583
2012	850,000	900,250	1,750,250
Thereafter	11,333,334	12,003,333	23,336,667
	<u>\$ 15,226,667</u>	<u>\$ 16,504,583</u>	<u>\$ 31,731,250</u>

The future minimum leases receivable do not include contingent rents that may be owing under these leases because of the lessee generating revenues over specific target amounts.

*As of December 31, 2008 the Tollway established a bad debt reserve of \$783,746 to offset uncollected retail rent payments. At the end of 2008 the retail lessee was in default of its obligations under the lease. Amounts above are reflected net of the established reserve. In management's opinion, no further reserve is required and all other payments are expected to be made on a timely basis.

Illinois State Toll Highway Authority

Notes to the Financial Statements
December 31, 2008

NOTE 5 – CAPITAL ASSETS

Capital assets as of December 31, 2008, are as follows:

	(Restated) Balance January 1	Additions and Transfers in	Deletions and Transfers Out	Balance December 31
Nondepreciable Capital Assets:				
Land and Improvements	\$ 282,676,939	\$ 17,033,800	\$ (2,214)	\$ 299,708,525
Construction in Progress	660,331,366	1,049,128,420	(1,215,913,141)	493,546,645
Total Nondepreciable Capital Assets	943,008,305	1,066,162,220	(1,215,915,355)	793,255,170
Depreciable Capital Assets				
Buildings	39,034,345	1,875,478	-	40,909,823
Less: Accumulated Depreciation	(28,101,326)	(2,040,898)	-	(30,142,224)
Net Buildings	10,933,019	(165,420)	-	10,767,599
Infrastructure	5,707,517,675	1,228,763,360	-	6,936,281,035
Less: Accumulated Depreciation	(2,692,019,945)	(269,034,343)	-	(2,961,054,288)
Net Infrastructure	3,015,497,730	959,729,017	-	3,975,226,747
Machinery and Equipment	168,862,466	19,879,780	(7,016,043)	181,726,203
Less: Accumulated Depreciation	(107,199,138)	(7,551,473)	6,914,561	(107,836,050)
Net Machinery and Equipment	61,663,328	12,328,307	(101,482)	73,890,153
Total Capital Assets	6,858,422,791	2,316,680,838	(1,222,931,398)	7,952,172,231
Less: Accumulated Depreciation	(2,827,320,409)	(278,626,714)	6,914,561	(3,099,032,562)
Total Capital Assets, Net	\$ 4,031,102,382	\$ 2,038,054,124	\$ (1,216,016,837)	\$ 4,853,139,669

In 2008 the Tollway began capitalizing interest related to construction in progress. A restatement reflecting capitalization from 2000 until 2007 (\$73,878,895) is reflected at January 1, 2008 in the table above.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 6 – REVENUE BONDS PAYABLE

Series 2008B Bonds

On November 18, 2008, the Tollway issued \$350,000,000 of Toll Highway Senior Priority Revenue Bonds (2008 Series B). This issuance was the fourth bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed capitalized interest through June 30, 2009 and costs of issuance. The bonds were sold as a term bond maturing on January 1, 2033 bearing a 5.50% interest rate and priced to yield 5.70%, which produced an Original Issue Discount of \$9,142,000. The bonds are subject to optional redemption on or after January 1, 2018 at a redemption price of 100% of the principal amount plus accrued interest. The bonds are not insured. In connection with the bond issue, a Surety Policy in the face amount of \$100,000,000 was purchased from Berkshire Hathaway Assurance Corporation for deposit in the Debt Reserve Account. The Surety Policy expires on January 1, 2033.

Series 2008A Bonds

On February 7, 2008, the Tollway issued \$766,200,000 of Variable Rate Senior Refunding Revenue Bonds (2008 Series A-1 and Series A-2). This issuance advance refunded all of the Tollway's \$500,000,000 then-outstanding 2006 Series A-2 Bonds and a \$208,340,000 portion of the \$500,000,000 then-outstanding 2006 Series A-1 Bonds. The bonds also financed costs of issuance. The bonds were sold at par and initially issued in a weekly mode and remained in a weekly mode through fiscal year end. Interest rates on the bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the bonds are subject to demand for purchase from bondholders. Any such bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Bonds tendered for purchase that are not remarketed to new bondholder(s) are funded, subject to certain conditions, under a Standby Bond Purchase Agreement among the Tollway, the Trustee, and Dexia Credit Local, New York Branch. Any such funded bonds that either (a) remain unremarketed for 180 days or (b) remain unremarketed on the expiration date of the Standby Bond Purchase Agreement and such Standby Bond Purchase Agreement is not replaced, are required to be repaid by the Authority on the earlier of: (i) their originally scheduled payment date; and (ii) in twenty equal semi-annual principal installments, commencing 6 months following such 180 day period. The cost of the Standby Bond Purchase Agreement is a per annum fee of 23 basis points times the commitment amount of \$774,764,647, which consists of \$766,200,000 for payment of principal and \$8,564,647 for payment of interest. The expiration date of the Standby Bond Purchase Agreement is February 7, 2011. While in the weekly mode, the bonds are subject to optional redemption by the Tollway. Scheduled payments of principal and interest of the bonds are insured by Financial Security Assurance Inc.

Series 2007A Bonds

On November 1, 2007, the Tollway issued \$700,000,000 of Variable Rate Senior Priority Revenue Bonds (2007 Series A-1 and Series A-2). This issuance was the third bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. The bonds were sold at par and initially issued in a weekly mode and remained in a weekly mode through fiscal year end. Interest rates on the bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the bonds are subject to demand for purchase from bondholders. Any such bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Bonds tendered for purchase that are not remarketed to new bondholder(s) are funded, subject to certain conditions, under a Standby Bond Purchase Agreement among the Tollway, the Trustee, and Dexia Credit Local, New York Branch.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

Series 2007A Bonds (Continued)

Any such funded bonds that either (a) remain unremarketed for 180 days or (b) remain unremarketed on the expiration date of the Standby Bond Purchase Agreement and such Standby Bond Purchase Agreement is not replaced, are required to be repaid by the Authority on the earlier of: (i) their originally scheduled payment date; and (ii) in twenty equal semi-annual principal installments, commencing 6 months following such 180 day period. The cost of the Standby Bond Purchase Agreement is a per annum fee of 31 basis points (at December 31, 2008) times the commitment amount of \$709,780,822, which consists of \$700,000,000 for payment of principal and \$9,780,822 for payment of interest. The expiration date of the Standby Bond Purchase Agreement is March 20, 2011. While in the weekly mode, the bonds are subject to optional redemption by the Tollway. Scheduled payments of principal and interest of the bonds were initially insured by a municipal bond insurance policy (the Insurance Policy) from XL Capital Assurance (the Bond Insurer). The financial strength of the Bond Insurer was downgraded from: "AAA" to "A" by Fitch Ratings on January 24, 2008; "Aaa" to "A3" by Moody's Investors Service on February 7, 2008; and "AAA" to "A-" by Standard & Poor's Corporation on February 25, 2008. These rating downgrades to the Bond Insurer adversely impacted the variable interest rates on the bonds. As a result, the Tollway directed a cancellation of the Insurance Policy on March 20, 2008.

Series 2006A Bonds

On June 7, 2006, the Tollway issued \$1,000,000,000 of Senior Priority Revenue Bonds (2006 Series A-1 and Series A-2). This issuance was the second bond sale utilized to fund capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. All maturities of the bonds were sold bearing 5.0% interest rates at yields which produced an Original Issue Premium of \$40,019,000. The bonds are subject to optional redemption on or after July 1, 2016 at a redemption price of 100% of the principal amount plus accrued interest. The scheduled payments of principal and interest of the bonds are insured by Financial Security Assurance, Inc. On February 7, 2008, \$708,340,000 of the 2006 Series A bonds was advance refunded by the Tollway's \$766,200,000 Variable Rate Senior Refunding Revenue Bonds (2008 Series A-1 and Series A-2).

Series 2005A Bonds

On June 22, 2005, the Tollway issued \$770,000,000 of Senior Priority Revenue Bonds (2005 Series A). This issuance was the first bond sale utilized to fund capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. All maturities of the bonds were sold bearing 5.0% interest rates except for the \$101,935,000 par amount maturing on January 1, 2020 which was sold bearing an interest rate of 4.125%. The bonds were sold at yields which produced a net Original Issue Premium of \$60,405,414. The bonds are subject to optional redemption on or after July 1, 2015 at a redemption price of 100% of the principal amount plus accrued interest. The scheduled payments of principal and interest of this bond series are insured by Financial Security Assurance, Inc., except for the principal and interest of the \$101,935,000 maturing January 1, 2020 maturity, which is not insured.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

Series 1998A and 1998B Bonds

On December 30, 1998, the Tollway issued \$325,135,000 of Refunding Revenue Bonds, consisting of \$202,035,000 of Fixed Rate Bonds (1998 Series A) and \$123,100,000 of Variable Rate Bonds (1998 Series B). The bonds financed a refunding of a portion (\$313,105,000) of the Tollway's Series 1992A Bonds and also financed costs of issuance and accrued interest on the Series 1998 Series A Bonds. The Series 1998A Bonds were sold with fixed interest rates ranging from 4.0% to 5.5% at yields which produced a net Original Issue Premium of \$17,414,484. The Series 1998A Bonds, of which \$195,140,000 were outstanding as of December 31, 2008, are not subject to redemption prior to maturity. The Series 1998B Bonds were initially issued in a weekly mode and were in a weekly mode during all of 2008. Interest rates on the Series 1998B Bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the Series 1998B Bonds are subject to demand for purchase from bondholders. Any such Series 1998B Bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Series 1998B Bonds tendered for purchase that are not remarketed to new bondholder(s) are funded, subject to certain conditions, under a Standby Bond Purchase Agreement among the Tollway, the Trustee, and Helaba Landesbank. Any such funded bonds that remain unremarketed on the expiration date of the Standby Bond Purchase Agreement and such Standby Bond Purchase Agreement is not replaced are required to be repaid by the Authority on the earlier of: (i) their originally scheduled payment date; or (ii) over a five year period in five equal annual installments, commencing on the expiration date of the Standby Bond Purchase Agreement. The cost of the Standby Bond Purchase Agreement is a per annum fee of 50 basis points (at December 31, 2008) times the commitment amount of \$129,339,315, which consists of \$123,100,000 for payment of principal and \$6,239,315 for payment of interest.

The expiration date of the Standby Bond Purchase Agreement is December 29, 2010. While in the weekly mode, the Series 1998B Bonds are subject to optional redemption by the Tollway. The final maturity of the bonds is January 1, 2017. The scheduled payments of principal and interest of the Series 1998A Bonds and the Series 1998B Bonds are insured by Financial Security Assurance, Inc.

Series 1996A Bonds

On October 10, 1996, the Tollway issued \$148,285,000 of Refunding Revenue Bonds (1996 Series A), \$15,625,000 of which were outstanding on December 31, 2008. The bonds financed a refunding of certain of the Tollway's then-outstanding Series 1986 and Series 1987 Bonds. The bonds also financed costs of issuance and accrued interest. The Series 1996A Bonds were sold with fixed interest rates ranging from 4.7% to 6.0% at yields which produced a net Original Issue Premium of \$2,387,535. The final maturity of the bonds is January 1, 2009. The bonds are not subject to redemption prior to maturity. The scheduled payments of principal and interest of the bonds are insured by Financial Guaranty Insurance Company.

Series 1993B Bonds

On March 24, 1993, the Tollway issued \$178,200,000 of Refunding Revenue Bonds (1993 Series B), \$80,500,000 of which were outstanding on December 31, 2008. The bonds were used to advance refund portions of then-outstanding Series 1985, 1986 and 1992 bonds and pay certain costs of issuance and to finance the cost of a \$22,974,900 surety bond from Municipal Bond Investors Assurance Corporation to satisfy a portion of the Debt Reserve Requirement. The bonds were sold at par and the final maturity of the bonds is January 1, 2010. The bonds were initially issued in a weekly mode and were in a weekly mode during all of 2008. Interest rates on the bonds are set pursuant to the terms of a remarketing agreement.

Illinois State Toll Highway Authority

**Notes to the Financial Statements
December 31, 2008**

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

Series 1993B Bonds (Continued)

While in the weekly mode, the bonds are subject to demand for purchase from bondholders. Any such bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Bonds tendered for purchase that are not remarketed to new bondholder(s) are funded, subject to certain conditions, under a Letter of Credit from Societe Generale, issued pursuant to a Reimbursement Agreement among the Tollway, the Trustee, and Societe Generale. The cost of the Letter of Credit is a per annum fee of 20 basis points times the commitment amount of \$89,427,781 which consists of \$80,500,000 for payment of principal and \$8,927,781 for payment of interest. The expiration date of the Letter of Credit is December 31, 2009. While in the weekly mode, the bonds are subject to optional redemption by the Tollway. The scheduled payments of principal and interest of the bonds are insured by Municipal Bond Investors Assurance Corporation. The 1993 Series B Bonds were redeemed in full on January 28, 2009. See Subsequent Events – Note 20.

Series 1992A Bonds

On October 14, 1992, the Tollway issued \$459,650,000 of Priority Revenue Bonds (1992 Series A). The bonds financed certain capital projects, a deposit to the Debt Reserve Account and costs of issuance. A portion of the bonds were advance refunded. The bonds that remain outstanding were sold bearing an interest rate of 6.30% at a price of 99.75% and mature on January 1, 2011 and January 1, 2012. The outstanding bonds in the amount of \$100,665,000 are not subject to redemption prior to maturity and are not insured.

Illinois State Toll Highway Authority

Notes to the Financial Statements
December 31, 2008

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

All Series

Details of outstanding revenue bonds as of December 31, 2008, are as follows:

Issue of 1992 Series A, 6.30% , due on various dates through January 1, 2012	\$	100,665,000
Issue of 1993 Series B, variable rates, due on various dates through January 1, 2010		80,500,000
Issue of 1996 Series A, 4.70 to 6.00%, due on various dates through January 1, 2009		15,625,000
Issue of 1998 Series A, 4.0 to 5.50%, due on various dates through January 1, 2016		195,140,000
Issue of 1998 Series B, variable rates, due on various dates through January 1, 2017		123,100,000
Issue of 2005 Series A, 4.125% to 5.00%, due on various dates through January 1, 2023		770,000,000
Issue of 2006 Series A-1, 5.00%, due on various dates through January 1, 2025		291,660,000
Issue of 2007 Series A-1, variable rates, due on various dates through July 1, 2030		350,000,000
Issue of 2007 Series A-2, variable rates, due on various dates through July 1, 2030		350,000,000
Issue of 2008 Series A-1, variable rates, due on various dates through January 1, 2031		383,100,000
Issue of 2008 Series A-2, variable rates, due on various dates through January 1, 2031		383,100,000
Issue of 2008 Series B, 5.50%, due on various dates through January 1, 2033		350,000,000
Totals		<u>3,392,890,000</u>
Less current maturities		(97,150,000)
Less deferred amount on refunding		(53,462,612)
Plus bond premium		58,116,837
Total long-term portion	\$	<u><u>3,300,394,225</u></u>

Accrued interest payable for the year ended December 31, 2008 was \$60,600,406.

Illinois State Toll Highway Authority

Notes to the Financial Statements
December 31, 2008

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

A summary of changes in revenue bonds payable is as follows for December 31, 2008:

	Balance January 1	Additions	Deletions	Balance December 31	Amounts Due Within One Year
1992 Series A	\$ 100,665,000	\$ -	\$ -	\$ 100,665,000	\$ -
1993 Series B	114,800,000	-	(34,300,000)	80,500,000	80,500,000
1996 Series A	30,370,000	-	(14,745,000)	15,625,000	15,625,000
1998 Series A	196,125,000	-	(985,000)	195,140,000	1,025,000
1998 Series B	123,100,000	-	-	123,100,000	-
2005 Series A	770,000,000	-	-	770,000,000	-
2006 Series A-1 & A-2	1,000,000,000	-	(708,340,000)	291,660,000	-
2007 Series A-1 & A-2	700,000,000	-	-	700,000,000	-
2008 Series A-1 & A-2	-	766,200,000	-	766,200,000	-
2008 Series B	-	350,000,000	-	350,000,000	-
Totals	3,035,060,000	1,116,200,000	(758,370,000)	3,392,890,000	\$ 97,150,000
Less:					
Unamortized deferred amount on refunding	(17,954,418)	(39,720,537)	4,212,343	(53,462,612)	
Unamortized bond (discount) premiums	97,419,873	-	(39,303,036)	58,116,837	
Current portion of Revenue bonds payable	(50,030,000)	(97,150,000)	50,030,000	(97,150,000)	
Revenue bonds payable, Net of current portion	<u>\$ 3,064,495,455</u>	<u>\$ 979,329,463</u>	<u>\$ (743,430,693)</u>	<u>\$ 3,300,394,225</u>	

Illinois State Toll Highway Authority

Notes to the Financial Statements
December 31, 2008

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

The annual requirements to retire the principal and interest amount for all bonds outstanding at December 31, 2008, are as follows:

Year Ended December 31,	Principal	Interest	Total Debt Service
2009	\$ 97,150,000	\$ 146,671,939	\$ 243,821,939
2010	1,065,000	151,582,330	152,647,330
2011	49,910,000	148,902,275	198,812,275
2012	53,040,000	145,752,371	198,792,371
2013	56,365,000	142,382,840	198,747,840
2014	92,855,000	138,440,935	231,295,935
2015	97,795,000	133,369,185	231,164,185
2016	102,910,000	128,424,304	231,334,304
2017	107,850,000	123,383,929	231,233,929
2018	111,260,000	118,241,876	229,501,876
2019	116,085,000	112,606,291	228,691,291
2020	126,135,000	107,124,804	233,259,804
2021	135,540,000	100,926,765	236,466,765
2022	140,950,000	94,146,857	235,096,857
2023	151,720,000	86,886,763	238,606,763
2024	209,900,000	79,231,968	289,131,968
2025	201,760,000	70,711,131	272,471,131
2026	179,400,000	63,398,654	242,798,654
2027	248,700,000	56,116,411	304,816,411
2028	207,800,000	47,277,158	255,077,158
2029	217,300,000	38,935,141	256,235,141
2030	226,600,000	30,334,254	256,934,254
2031	110,800,000	21,355,188	132,155,188
2032	170,315,000	14,566,337	184,881,337
2033	179,685,000	4,941,336	184,626,336
Total	\$ 3,392,890,000	\$ 2,305,711,042	\$ 5,698,601,042

Defeased Bonds

On February 7, 2008, the Tollway issued \$766.2 million of Variable Rate Senior Refunding Bonds (2008 Series A-1 and A-2) to advance refund \$708.3 million of the 2006A (\$208.3 million of A-1 and \$500 million of A-2) Senior Priority Revenue Bonds with an interest rate of 5.0%. The net proceeds of \$758.6 million (after payment of \$7.6 million in underwriting fees, insurance and other issuance costs) plus an additional \$8.8 million of 2006A sinking fund monies were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006A Senior Priority Revenue Bonds. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. As a result of the refunding, the Tollway reduced its total debt service payments over the next 23 years by approximately \$47.1 million. The economic gain (difference between the present values of the debt service payments on the old and new debt) is approximately \$29.6 million. The principal amount of defeased bonds outstanding as of December 31, 2008 is \$708.3 million.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

Capitalized Interest

In 2008 the Tollway's total interest incurred for revenue bonds equaled \$145 million of which \$15 million was capitalized in respect of construction in progress.

Trust Indenture Agreement

On March 31, 1999, the Tollway executed an Amended and Restated Trust Indenture with the Trustee acting as fiduciary for bondholders. The Indenture establishes the conditions under which the Tollway may issue bonds and the security to be pledged to bondholders. The Indenture establishes two funds: (i) a Construction Fund to manage the spending of Tollway bond proceeds; and (ii) a Revenue Fund to manage the deposit of Tollway revenues. The Construction Fund is divided into different Project Accounts – one for each bond issue that finances new project(s). The Revenue Fund is divided into six different Accounts (some of which are further divided into Sub-Accounts) which establish an order of funding priority through which Tollway revenues flow. Revenues first fund the Operation and Maintenance Account, which is the only Account in the Revenue Fund in which bondholders do not have a security interest. Remaining revenues fund the other Accounts of the Revenue Fund in the following order of priority: the Debt Service Account, the Debt Reserve Account, the Renewal and Replacement Account, the Improvement Account, and the System Reserve Account. (The Indenture also allows for the creation of Junior Lien Bond Accounts; to date the Tollway has never issued Junior Lien Bonds.)

All Accounts of the Construction Fund and the Debt Service Account and Debt Reserve Account of the Revenue Fund are held by the Trustee. The classification of Trustee-held funds in these financial statements is detailed in Note 8.

Interest Rate Exchange Agreements

As a means of lowering its borrowing costs, the Tollway has entered into eleven separate variable-to-fixed interest rate exchange agreements (swaps) in connection with its four outstanding variable rate bond issues. Per the terms of the swaps, the Tollway pays a fixed rate of interest to the swap provider in exchange for a variable rate of interest expected to match or closely approximate the variable rate of interest owed by the Tollway to bondholders. At the time each of the swaps was entered into by the Tollway, the Tollway's fixed rate obligation in the swap was less than the fixed rate of interest obtainable by the Tollway from issuing fixed rate bonds. Four of the swaps became effective February 7, 2008, two of which are associated with the 2008 Series A-1 bonds and two of which are associated with the 2008 Series A-2 bonds. Four of the swaps became effective November 1, 2007, two of which are associated with the 2007 Series A-1 bonds and two of which are associated with the 2007 Series A-2 bonds. Two of the swaps became effective December 30, 1998 and are associated with the 1998 Series B bonds. One swap became effective March 24, 1993 and is associated with the 1993 Series B bonds. The swap counterparty ratings included in the following chart are from Moody's Investors Service and Standard & Poor's Corporation, respectively.

Illinois State Toll Highway Authority

**Notes to the Financial Statements
December 31, 2008**

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

Interest Rate Exchange Agreements (continued)

Significant terms of the agreements are as follows:

	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	Mark to Market	Counterparty Credit Ratings
Series 1993B	\$ 80,500,000	03/24/1993	4.9200%	SIFMA 7-day Muni Index	12/31/09	\$ (1,661,526)	Aa2/AA-
Series 1998B	67,705,000	12/30/1998	4.3250%	Cost of Funds	01/01/17	(9,479,522)	Aaa/AAA
Series 1998B	55,395,000	12/30/1998	4.3250%	Cost of Funds	01/01/17	(7,755,973)	Aaa/AAA
Series 2007A-1	175,000,000	11/01/2007	3.9720%	SIFMA 7-day Muni Index	07/01/30	(29,893,046)	Aa3/A+
Series 2007A-1	175,000,000	11/01/2007	3.9720%	SIFMA 7-day Muni Index	07/01/30	(29,893,046)	Aa3/A
Series 2007A-2	262,500,000	11/01/2007	3.9925%	SIFMA 7-day Muni Index	07/01/30	(45,642,249)	Aaa/AA-
Series 2007A-2	87,500,000	11/01/2007	3.9925%	SIFMA 7-day Muni Index	07/01/30	(15,214,083)	Aa2/A+
Series 2008A-1	191,550,000	02/07/2008	3.7740%	SIFMA 7-day Muni Index	01/01/31	(27,377,436)	Aaa/AA-
Series 2008A-1	191,550,000	02/07/2008	3.7740%	SIFMA 7-day Muni Index	01/01/31	(27,377,436)	Aa1/A+
Series 2008A-2	287,325,000	02/07/2008	3.7640%	SIFMA 7-day Muni Index	01/01/31	(40,642,323)	A3/BBB
Series 2008A-2	95,775,000	02/07/2008	3.7640%	SIFMA 7-day Muni Index	01/01/31	(13,547,441)	A2/A

The notional amounts of the swaps match the outstanding principal amounts of the associated bonds. The Tollway's swaps contain scheduled reductions to notional amounts that match the scheduled reductions in the associated "revenue bonds payable" category. For the 1993 Series B bonds, the Tollway pays the counterparty a fixed rate of 4.920% and receives a variable payment which was based on: the actual amount of interest paid to bondholders (cost of funds) for the period January 1 through August 20, 2008; and the SIFMA 7-day Municipal Swap Index for the period August 21 through December 31, 2008. The change from a cost of funds swap to a SIFMA-based swap was triggered by a reduction in the rating of the Bond Insurer for the 1993 Series B Bonds. For the 1998 Series B bonds, the Tollway pays the counterparties a fixed rate of 4.325% and receives a variable payment based on the actual amount of interest paid to bondholders (cost of funds). For the 2007 Series A-1 and Series A-2 bonds, the Tollway pays the counterparties fixed rates of 3.972% and 3.9925%, respectively, and receives a variable payment based on the SIFMA 7-day Municipal Swap Index. For the 2008 Series A-1 and Series A-2 bonds, the Tollway pays the counterparties fixed rates of 3.774% and 3.764%, respectively, and receives a variable payment based on the SIFMA 7-day Municipal Swap Index.

Market Valuation

A decline in interest rates of SIFMA based swaps with durations matching the Tollway's swap durations and to a lesser extent a one year decrease in duration of the Tollway swaps, contributed to the negative December 31, 2008 market valuations included in the preceding chart for the Tollway's swaps. At the time of the swaps, the synthetic fixed rates achieved by the swaps were less than the fixed rates that could have been achieved by issuing fixed rate bonds.

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

Market Valuation (Continued)

The swaps' fair market values were estimated using a bond-pricing model similar to the zero-coupon model, which calculates the future net payments required by the swap assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. These valuations may vary from those reported by the respective counterparties due to differences in valuation methods and the varying size of the bid-ask spread.

Counterparty Credit Risk

Counterparty credit risk is the risk that a swap is terminated and the counterparty fails to make a required termination payment. The termination payment is a market-based payment approximating the value of the swap at the time of termination. The Tollway was not exposed to counterparty credit risk as of December 31, 2008 because the negative market values of each swap would render no payments owing by the counterparties in the event of a termination. If changes in interest rates were to create positive market values for the swaps in the future, the Tollway would be exposed to counterparty credit risk in the amount of those positive market values. The swaps require full collateralization of any positive market value of the swaps in the event the counterparty's credit rating falls below a Standard & Poor's rating of A- or a Moody's Investor Services' rating of A3. The swaps require such collateral to be held by a third party custodian in the form of cash, debt obligations issued by the U.S. Treasury or debt issued by federally sponsored agencies. The eleven swaps outstanding as of December 31, 2008 are with eleven different counterparties from nine different corporations. The counterparty with the largest notional amount holds 17% of the total notional amount of the outstanding swaps. The corporation with the largest notional amount holds 21% of the total notional amount of the outstanding swaps.

Basis Risk

Basis risk is the extent to which the Tollway's variable rate interest payments to bondholders differs from the variable rate payments received from the swap counterparties. The Tollway's variable rate interest payments are determined by rates established by remarketing agents on a weekly basis. In the case of the 1993 Series B swap, for the period January 1, 2008 through August 20, 2008, the variable rate interest payments received from the swap counterparty were equal to the variable rate interest payments owed to bondholders, rendering this swap to be without basis risk for that period. Due to a rating downgrade of the bond insurer on the 1993 Series B bonds, the 1993 Series B swap changed effective August 21, 2008 to a SIFMA-based swap, in which variable rate payments received from the swap counterparty is equal to the SIFMA 7-day Municipal Swap Index, so basis risk is incurred to the extent the rates set by remarketing agents on the 1993 Series B bonds exceeds the SIFMA 7-day Municipal Swap Index. For the period August 21, 2008 through December 31, 2008, the average interest rate paid to bondholders was 3.56%, compared to a SIFMA 7-day Municipal Swap Index of 2.46%. In the case of the 1998 Series B swaps, the variable rate interest payments received from the swap counterparties are equal to the variable rate interest payments owed to bondholders, which renders this swap to be without basis risk. In the case of the 2007 Series A-1 and Series A-2 swaps, the variable rate payments received from the swap counterparties is equal to the SIFMA 7-day Municipal Swap Index, so basis risk is incurred to the extent the rates set by remarketing agents on the Tollway's 2007 Series A-1 and A-2 bonds exceed the SIFMA 7-day Municipal Swap Index. During 2008, the average interest rate paid to bondholders was 2.87%, compared to a SIFMA 7-day Municipal Swap Index of 2.26%.

Illinois State Toll Highway Authority

**Notes to the Financial Statements
December 31, 2008**

NOTE 6 – REVENUE BONDS PAYABLE (CONTINUED)

Basis Risk (continued)

In the case of the 2008 Series A-1 and Series A-2 swaps, the variable rate payments received from the swap counterparties are equal to the SIFMA 7-day Municipal Swap Index, so basis risk is incurred to the extent the rates set by remarketing agents on the Tollway's 2008 Series A-1 and A-2 bonds exceed the SIFMA 7-day Municipal Swap Index. For the portion of 2008 during which the 2008 Series A-1 and A-2 bonds were outstanding (February 7, 2008 through December 31, 2008), the average interest rate paid to bondholders was 3.23%, compared to a SIFMA 7-day Municipal Swap Index of 2.18%.

Termination Risk

The Tollway or the counterparties may terminate any of the swaps if the other party fails to perform under terms of the swaps. If a swap were terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates. In addition, if the swap has a negative market value at the time of termination, the Tollway would be liable to the counterparty for a payment equal to the swap's market value.

NOTE 7 – DEFERRED REVENUE

During 2002, the Tollway, as lessor, entered into two 25-year capital lease agreements for the refurbishing and operation of the oasis system. Rental payments earned have been recorded as concession revenue. The future minimum rental payments for the remainder of the terms of the leases, as of December 31, 2008 and 2007, of \$31,731,250 and \$27,176,899 (net of allowance of \$783,746 and \$681,805), respectively, have been recorded as lease receivables and as deferred revenue which will be amortized over the remaining lease terms. For 2008 the minimum lease schedule has been revised to reflect amendments to the fuel and retail leases.

In the year 2000, the Tollway upgraded its communications network with the addition of a fiber optic system. Excess capacity on the fiber optic lines was leased to other organizations in order to offset the cost of the system. In 1999 and 2000, the Tollway entered into eight twenty-year fiber optic system lease agreements and at those times collected \$26,086,389 in total payments; the related revenue was deferred and has been and is being amortized over the lease terms. In 2008 the Tollway entered into additional fiber optic leases in the total amount of \$1,720,825. These leases are being accounted for in the same manner.

The total deferred revenue balance for the oasis system and fiber optic system was \$68,819,964 at December 31, 2008 and \$60,901,538 at December 31, 2007 respectively; accumulated amortization of deferred revenue was \$20,829,800 and \$17,628,753 as of December 31, 2008 and 2007, respectively.

Illinois State Toll Highway Authority

Notes to the Financial Statements
December 31, 2008

NOTE 7 – DEFERRED REVENUE (CONTINUED)

A summary of changes in deferred revenue for the year ended December 31, 2008, is as follows:

	Balance at January 1	Current Year Activity	Balance at December 31
Deferred Revenue			
Fiber Optics	\$ 26,086,389	\$ 1,720,825	\$ 27,807,214
Accumulated Amortization	(9,990,503)	(1,557,797)	(11,548,300)
	<u>16,095,886</u>	<u>163,028</u>	<u>16,258,914</u>
Lease Receivable	34,815,149	6,197,601	41,012,750
Accumulated Amortization	(7,638,250)	(1,643,250)	(9,281,500)
	<u>27,176,899</u>	<u>4,554,351</u>	<u>31,731,250</u>
Totals			
Deferred Revenue	60,901,538	7,918,426	68,819,964
Accumulated Amortization	(17,628,753)	(3,201,047)	(20,829,800)
Net Deferred Revenue	<u>\$ 43,272,785</u>	<u>\$ 4,717,379</u>	<u>\$ 47,990,164</u>

NOTE 8 – RESTRICTED NET ASSETS

As of December 31, 2008, the Tollway reported the following restricted net assets:

Description	December 31, 2008
Revenue bond trust indenture agreement restrictions	\$ 352,086,073
Portion classified as Invested in Capital Assets net of Related Debt	<u>(70,009,562)</u>
Net assets restricted under Trust Indenture agreement restrictions	282,076,511
Assets restricted to paying pension benefit obligations	<u>389,834</u>
Total Restricted Net Assets	<u>\$ 282,466,345</u>

NOTE 9 – CONTRIBUTIONS TO STATE EMPLOYEES' RETIREMENT SYSTEM

Plan Description: Substantially all of the Tollway's full-time employees, as well as the State Police assigned to the Tollway who are not eligible for any other state-sponsored retirement plan, participate in the State Employees' Retirement System (SERS), which is a component unit of the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system (PERS) in which state employees participate, except those covered by the State Universities, Teachers, General Assembly and Judges' Retirement Systems. SERS provides retirement, disability and death benefits to plan members and beneficiaries. Automatic annual post-retirement increases are provided. SERS is governed by Article 14 of the Illinois Pension Code, 5 ILCS 40/14-101 as well as the Illinois Administrative Code, Title 80, Subtitle D, Chapter 1. SERS issues a separate comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information. The financial position and results of operations for SERS for fiscal year 2008 are also included in the State's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2008.

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS CAFR. Also included therein is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

To obtain a copy of SERS' CAFR, write, call, or email:

State Employees Retirement System
2101 S. Veterans Parkway
Springfield, IL. 62794-9255
(217) 785-2340
sers@mail.state.il.us

Funding Policy: The contribution requirements of SERS members and the State are established by State statute and may be amended by action of the General Assembly and the Governor. Tollway employees covered by SERS contribute between 4.0% and 8.5% of their annual covered payroll. The State contribution rates for the State's fiscal years ended June 30, 2009 and 2008 were actuarially determined according to a statutory schedule. The contribution rates for the State's fiscal year ended June 30, 2007 were based on dollar amounts specified by statute and were not actuarially determined.

Tollway contribution rates to SERS for its SERS covered employees for the State fiscal years ended June 30, 2009, 2008 and 2007 were 21.049 percent, 16.561 percent and 11.525 percent, respectively. Tollway contributions for the calendar years ended December 31, 2008, 2007 and 2006 were \$20,215,178, \$14,383,885 and \$9,280,541 respectively.

In addition to contributions to this retirement plan, effective July 1, 1990, the Tollway adopted, under the provisions of the Tollway Act (605 ILCS 10/1 et. seq.), a non-contributory defined-benefit pension plan which covered employees who were members of SERS and who were not members of any collective bargaining unit. The plan was intended to meet the requirements of a tax-qualified plan under Section 401(a) of the Internal Revenue Code. The plan provided benefits based upon years of service and employee compensation levels. The Tollway's policy was to make contributions consistent with sound actuarial practice. Annual cost was determined using the projected unit credit actuarial method. The Tollway suspended the plan's benefits as of September 15, 1994, and terminated the plan effective December 31, 1994. As of December 31, 2008 the net assets available for these benefits were \$396,570, (valued at the lesser of market value or actuarial value) and the pension benefit obligation was recorded as \$6,736.

Illinois State Toll Highway Authority

**Notes to the Financial Statements
December 31, 2008**

NOTE 9 – CONTRIBUTIONS TO STATE EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)

Other Post Employment Benefits: Under provisions of SERS, the State of Illinois provides certain health, dental, and life insurance benefits to annuitants who are former Tollway employees. Substantially all Tollway employees may become eligible for post-employment benefits if they eventually become annuitants. Currently, 804 retirees meet the eligibility requirements. Life insurance benefits are limited to \$5,000 per annuitant age 60 or older. For the year ended December 31, 2008 the Tollway contributed \$3,946,055 towards the state’s cost of these benefits.

The actuarially determined annual OPEB cost for providing these benefits and the related OPEB obligations are recorded in the financial statements of the state agencies responsible for paying these benefits. The Department of Healthcare and Family Services (HFS) administers the Health Insurance Reserve Fund (for payment of health benefits), and the Department of Central Management Services (CMS) administers the Group Life Insurance Funds (for payment of life insurance benefits).

A summary of OPEB benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the state’s CAFR. Also included therein is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

NOTE 10 – RISK MANAGEMENT

The Tollway has self-insured risk retention programs for workers’ compensation claims. The Tollway’s exposure under this program is limited to self-insured retentions per workers’ compensation incident. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimated liabilities for asserted workers’ compensation claims of \$10,540,112 and both asserted and unasserted employee health claims of \$337,916 are included in the accompanying financial statements.

Year	Estimated Claims Payable January 1	Current Claims	Claims Payments	Estimated Claims Payable December 31	Amounts Due within One Year
2008	\$ 10,688,930	\$ 5,438,898	\$ 5,249,800	\$ 10,878,028	\$ 10,878,028
2007	8,618,373	6,765,374	4,694,817	10,688,930	10,688,930

Additionally, the Tollway purchases commercial insurance policies for general liability insurance and vehicle liability damage to capital assets other than vehicles which have a level of retention of \$250,000 per occurrence. Property coverage includes retention of \$500,000 per occurrence. The Tollway has not had significant reductions in insurance coverage during the current or prior year nor did settlements exceed insurance coverage in any of the last three years.

Illinois State Toll Highway Authority

**Notes to the Financial Statements
December 31, 2008**

NOTE 11 – OPERATING LEASES

Through the normal course of operations the Tollway has entered into a lease for office space. The lease was commenced on January 1, 2003 and terminates on December 31, 2012. The lease is cancellable by the Tollway anytime after December 31, 2009 with 180 days advance written notice. Total rent paid under the lease in 2008 was \$232,650. The minimum lease payments are summarized below.

<u>Year Ended December 31,</u>	<u>Minimum Lease Commitment</u>
2009	\$ 237,660

NOTE 12 – COMPENSATED ABSENCES

The liability reported in the Statement of Net Assets represents the vacation and 50% of unused sick time for the period beginning January 1, 1984, and ending December 31, 1997, accrued by the employees, and is payable upon termination or death of an employee. The payment provided shall not be allowed if the purpose of the separation from employment and any subsequent re-employment is for the purpose of obtaining such payment. The Tollway's liability for unused annual vacation leave and sick leave as defined above is recorded in the accompanying financial statements at the employee's salary.

Amounts accrued as compensated absences payable at December 31, 2008 are as follows:

	<u>Balance at January 1</u>	<u>Accrued</u>	<u>Used</u>	<u>Balance at December 31</u>	<u>Due Within One Year</u>
2008	\$ 6,251,303	\$ 6,149,319	\$ 5,178,278	\$ 7,222,344	\$ 4,188,960

NOTE 13 – COMMITMENTS

In addition to amounts already recorded, contracts of approximately \$999.6 million have been let and are outstanding as of December 31, 2008, for projects to be included under the Tollway's construction accounts. During 2008, approximately \$1.1 billion in invoices were paid on approximately \$4.7 billion of total contracts. The Tollway plans to fund remaining payments under these contracts through revenues and future revenue bond proceeds.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 14 – PLEDGES OF FUTURE REVENUES:

All revenue bonds issued under the Tollway's Trust Indenture are secured by a pledge of and lien on Tollway revenues and certain other funds (excluding amounts reserved for the payment of maintenance and operating expenses) as provided in the Trust Indenture.

Bond Issue	Purpose	Future Pledged Revenues	Term of Commitment
1992 Series A Priority Revenue Bonds	Fund Construction for Tri-State Tollway Widening Project	\$ 119,787,548	2012
1993 Series B Refunding Revenue Bonds	Refund Certain Outstanding Bonds	84,664,780	2010
1996 Series A Refunding Revenue Bonds	Refund Outstanding Bonds	16,093,750	2009
1998 Series A Priority Refunding Revenue Bonds (Fixed Rate)	Refund Outstanding Bonds	254,973,105	2016
1998 Series B Priority Refunding Revenue Bonds (Variable Rate)	Refund Outstanding Bonds	166,023,463	2017
2005 Series A Senior Priority Revenue Bonds	Fund Congestion Relief Program	1,190,456,048	2023
2006 Series A-1 & A-2 Senior Priority Revenue Bonds	Fund Congestion Relief Program	498,029,500	2025
2007 Series A-1 & A-2 Variable Rate Senior Priority Revenue Bonds	Fund Congestion Relief Program	1,244,543,891	2030
2008 Series A-1 & A-2 Variable Rate Senior Refunding Revenue Bonds	Refund Outstanding Bonds	1,319,096,976	2031
2008 Series B Senior Priority Revenue Bonds	Fund Congestion Relief Program	804,931,981	2033
		\$ 5,698,601,042	

Proceeds from the bonds identified above provided financing for the construction and/or improvement of the various toll highway systems in Illinois. Annual principal and interest payments on the bonds are expected to require approximately 60 percent of the pledged net revenues. The total principal and interest remaining to be paid on the bonds is \$5.7 billion. Principal and interest paid for the current year and total pledged net revenues were \$198 million and \$448 million, respectively.

NOTE 15 – PENDING LITIGATION

There are lawsuits pending against the Tollway claiming, among other things, damages for wrongful discharge, personal injuries and from the operation of the Tollway's evasion recovery system. Workers' compensation lawsuits are also pending. The Tollway's exposure is limited to the self-insured retention of \$250,000 per general liability incident.

Management, after taking into consideration legal counsel's evaluation of such actions, is of the opinion that the outcome of these matters will have no material adverse effect on the financial position of the Tollway.

NOTE 16 – CONTINGENT LIABILITIES

A contingent liability is defined as a liability that is not sufficiently predictable to permit recording in the accounts but in which there is a reasonable possibility of an outcome which might affect financial position or results of operations. The Tollway has two categories of contingent liabilities.

Contingent Liability for Arbitrage Rebate

In the 1980's, Congress determined that arbitrage rebate rules were needed to curb issuance of investment motivated tax-exempt bonds. These rules were designed to create additional safeguards against issuers obtaining an arbitrage benefit by issuing bonds either prematurely or in excess of actual need in order to benefit from an expected spread between tax-exempt borrowing cost and return on investment of bond proceeds. As a result, under certain conditions any gain from arbitrage that is realized must be rebated to the United States Government.

The Tollway retained a third-party expert to perform arbitrage calculations and determine any arbitrage rebate liability. In the opinion of this third party, as of December 31, 2008, the Tollway need not accrue any arbitrage rebate liability relating to its Series 1992A, 1993B, 1996A, 1998A, 1998B, 2006A, and 2008A Bonds.

Also in their opinion, the Tollway under certain circumstances may have an arbitrage rebate liability of \$125,877 on its Series 2005A Bonds. Per current arbitrage rebate regulations, this amount, if owed, would be due on June 22, 2010, unless subsequent calculations reduced or obviated this contingent liability.

Also in their opinion, the Tollway under certain circumstances may have an arbitrage rebate liability of \$349,853 on its Series 2007A Bonds. Per current arbitrage rebate regulations, this amount, if owed, would be due on November 1, 2012, unless subsequent calculations reduced or obviated this contingent liability.

The contingent arbitrage rebate liability relating to the Tollway's Series 2008-B Bonds, which were issued on November 18, 2008, has been calculated internally by the Tollway. The Tollway calculates no contingent arbitrage rebate liability on its Series 2008-B Bonds for the period ended December 31, 2008.

Illinois State Toll Highway Authority

**Notes to the Financial Statements
December 31, 2008**

NOTE 17 – NEW GOVERNMENTAL ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. All existing authoritative guidance for capital assets should be applied to these intangible assets, as applicable. The Tollway is required to implement this Statement for the year ending December 31, 2010.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The Tollway is required to implement this Statement for the year ending December 31, 2010.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Tollway is required to implement this Statement for the year ending December 31, 2011.

Management has not yet determined what impact, if any, these Statements will have on the financial position and results of operations of the Tollway.

NOTE 18 – RESTATEMENT OF NET ASSETS

The December 31, 2007 net assets have been restated to correct errors in accounting for capital assets. The effect of the restatements is as follows:

	Net Assets	Capital Assets, Net of Accumulated Depreciation	Change in Net Assets
December 31, 2007 balance, as previously reported	\$ 2,009,724,929	\$ 3,957,223,487	\$ 76,088,587
Restatement for construction period interest adjustments	73,878,895	73,878,895	(5,454,306)
December 31, 2007 balance, as restated	\$ 2,083,603,824	\$ 4,031,102,382	\$ 70,634,281

As a result of this restatement, 2007 comparative data included in the Management's Discussion and Analysis and Basic Financial Statements for "investment income" and "interest expense and amortization of financing costs" has been reduced by \$28,577,417 compared to amounts previously reported.

NOTE 19 – RELATED PARTY TRANSACTIONS

The Tollway has entered into various intergovernmental agreements with the State of Illinois, through the Illinois Department of Transportation (IDOT). Intergovernmental receivables and non-operating revenues of \$63 million are recorded at December 31, representing amounts for construction projects performed by the Tollway that pertain to infrastructure owned by IDOT. Accrued liabilities totaling \$58 million are recorded for amounts owed to IDOT for construction projects IDOT is performing for infrastructure assets owned by the Tollway.

Illinois State Toll Highway Authority

Notes to the Financial Statements December 31, 2008

NOTE 20 – SUBSEQUENT EVENTS

On January 1, 2009, the Tollway made its regularly scheduled principal payment of \$36,100,000 for the 1993 Toll Highway Refunding Revenue Bonds, 1993 Series B (the 1993-B Bonds). On January 28, 2009, the Tollway redeemed in full its remaining outstanding \$44,400,000, 1993-B Bonds in advance of their originally scheduled final maturity of January 1, 2010. In connection with this redemption, an interest rate hedge agreement in the outstanding notional amount of \$44,400,000 entered into in connection with the issuance of the 1993-B Bonds (the "Agreement") was terminated. A termination amount, including accrued interest, of \$1,750,000 was paid by the Authority in connection with the termination of the Agreement. The Authority used existing funds on hand to redeem the 1993-B Bonds and terminate the Agreement.

On January 29, 2009 the Tollway's Board of Directors authorized the issuance of: (i) up to \$800 million of bonds for the purpose of paying costs of the Congestion-Relief Program; and (ii) up to \$1 billion of bonds for the purpose of refunding all or a portion of the Tollway's outstanding variable rate bonds, consisting of the 1998 Series B Bonds, 2007 Series A-1 and 2007 Series A-2 Bonds, and 2008 Series A-1 and 2008 Series A-2 Bonds.

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 2009-A Bonds). The 2009-A Bonds were issued to finance costs of the Congestion-Relief Program, a deposit to the Debt Reserve Account and costs of issuance. The bonds were issued as Build America Bonds - Direct Payment as authorized by "The American Recovery and Reinvestment Act of 2009" (the Act). Pursuant to the American Recovery and Reinvestment Act of 2009, the Tollway has made an irrevocable election to designate the Series 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 Series 2009A Bonds. The receipt of the subsidy payments is subject to certain requirements, including the filing of a form with the Internal Revenue Service prior to each interest payment date.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

CONSULTING ENGINEER'S REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]

June 2, 2010

Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, IL 60515

Attention: Ms. Kristi Lafleur
Executive Director

Subject: Consulting Engineer's Report

Dear Ms. Lafleur,

AECOM USA, Inc. is pleased to submit this report as the Consulting Engineer in anticipation of the proposed 2010 bond refunding, which will finance a portion of the costs associated with the Tollway's Congestion-Relief Program – "Open Roads for a Faster Future" (Congestion-Relief Program). This report provides a summary of the condition of the existing Tollway system and identifies the projects to be undertaken to rebuild and modernize the 50-year old, 286 mile system.

The Amended and Restated Trust Indenture Effective March 31, 1999, requires that prior to the issuance of additional Senior Bonds, the Consulting Engineer is to provide estimates of the Operating Expenses and Renewal and Replacement Deposits, the Construction Costs of the Project and the completion date of the Project that the bonds will be used to finance.

The construction costs and project schedules presented in the report were provided by the Tollway's Program Management Office (PMO), HNTB Corporation. The costs include final amounts for completed projects or forecasts of final costs by the PMO. The PMO has developed the forecasts based upon current construction contracts, construction cost estimates by consultant Design Section Engineers or concept cost estimates prepared by PMO staff. In addition, the Consulting Engineer has provided costs to the PMO for major maintenance projects associated with maintaining routes until the appropriate Congestion-Relief Program project is scheduled. The Consulting Engineer has reviewed the forecasts provided by the PMO and believes that forecasted costs are appropriate for the types of projects described and that the overall cost of the program at \$6.129 billion appears reasonable.

Utilizing information provided by Tollway Finance Department staff and project scopes and schedules from the PMO, we have developed estimates of Operating Expenses. Renewal and Replacement Deposit recommendations were developed based upon the types of projects included in the Congestion-Relief Program and other needs of the Tollway.

We wish to acknowledge the cooperation and assistance provided to us by the Tollway staff in the preparation of this report. We appreciate the opportunity to be of service to the Tollway.

Sincerely,



Mark M. Lucas, P.E.
Vice President

[THIS PAGE INTENTIONALLY LEFT BLANK]



Consulting Engineer's Report

Prepared by:

AECOM

June 2, 2010

CONSULTING ENGINEER’S REPORT

Table of Contents

- 1.0 History and Status..... 1
- 2.0 Condition of the Existing Tollway System 3
 - 2.1 Pavement..... 3
 - 2.2 Roadway Appurtenances..... 8
 - 2.3 Structures 9
 - 2.4 Buildings and Facilities 11
- 3.0 Congestion-Relief Program – “Open Roads for a Faster Future”..... 13
- 4.0 The Project 15
 - 4.1 Tri-State Tollway (I-94/I-294) 16
 - 4.2 Jane Addams Memorial Tollway (I-90)..... 18
 - 4.3 Ronald Reagan Memorial Tollway (I-88) 20
 - 4.4 Veterans Memorial Tollway (I-355) (Formerly North-South Tollway) 22
 - 4.5 Open Road Tolling (ORT)..... 23
 - 4.6 Systemwide Improvements..... 23
 - 4.7 Program Reserve Fund 24
- 5.0 Estimated Renewal and Replacement Deposits 25
- 6.0 Estimated Operating Expenses 26
- 7.0 Conclusion..... 32

List of Tables

- Table 1: CRS Rating System 4
- Table 2: Summary of Pavement Surface CRS Ratings from 2008 Annual Inspection, Lane Miles 4
- Table 3: Summary of Pavement RSL Values from 2008 Annual Inspection, Lane Miles 5
- Table 4: Bridge Deck Age 10
- Table 5: Congestion-Relief Program - Estimated Program Draws 14
- Table 6: Estimated Annual Renewal and Replacement Deposits 25
- Table 7: 2009 Unaudited Operating Expenses by Tollway Primary Function..... 26
- Table 8: Growth of the Tollway System as Measured by Lane Miles 28
- Table 9: Distribution of 200 Annual Expenditures from Maintenance Management System (unaudited)..... 29
- Table 10: Estimated Operating Expenses 30

1.0 History and Status

The Illinois State Toll Highway Authority is a user-financed administrative agency of the State of Illinois whose purpose is to operate, maintain and service a system of toll roads located in northern Illinois. The Illinois State Toll Highway Authority began in 1953 as the Illinois State Toll Highway Commission, created by an act of the Illinois State legislature. The Illinois State Toll Highway Commission was directed by the legislature to construct the original 187 miles of the Tollway system that included the Tri-State, Northwest (now the Jane Addams Memorial) and East-West (now the Ronald Reagan Memorial) Tollways. These routes opened to traffic in 1958. On April 1, 1968 the Illinois State Toll Highway Commission became the Illinois State Toll Highway Authority, (hereafter referred to as the Tollway).

The Tollway has been an important component of the transportation network in northern Illinois. When it opened in 1958, it was envisioned as a high-speed bypass around the urban core of Chicago. However, over the last four decades, the Tollway system has evolved to not only continue this function, but to also serve both commercial and commuter-oriented traffic within the Chicago metropolitan region. Expansion of the system through the construction of extensions and new routes was initiated to keep pace with overall traffic growth in the region. Improvements have been made in coordination with and in response to transportation planning efforts at both the regional and state levels.

The Tollway has grown over the last four decades as a result of Legislative directives:

- In 1970, the Governor approved the construction of the Ronald Reagan Memorial Extension (originally called the East-West Extension), between IL Route 56 west of Aurora and US Route 30 near Sterling – Rock Falls, which added an additional 69.5 miles to the system. This extension was included in the original authorization for the Tollway system but was not included in the original construction. This route was opened to traffic in 1974.
- In 1984, the Illinois State legislature directed the Illinois State Toll Highway Authority to construct the Veterans Memorial Tollway (originally called the North-South Tollway), which added an additional 17.5 miles to the system. This route opened to traffic in 1989.
- In July 1993, the Illinois General Assembly authorized the Tollway to construct the South Extension of the Veterans Memorial Tollway from I-55 to I-57 (the portion from I-55 to I-80 opened to traffic in November 2007), the North Extension of the North-South Tollway from Lake-Cook Road to IL-120 in Grayslake and east to I-94, and the Richmond Extension from IL-120 in Grayslake to the Illinois-Wisconsin border near Richmond, Illinois. In 1995, the Tollway was further authorized to construct the Elgin-O'Hare Extension (presently being studied by the Illinois Department of Transportation) and the Western O'Hare Bypass.

Effective March 31, 1999, the “Amended and Restated Trust Indenture” (the “Indenture”) renamed the Capital Improvement Program as the Improvement Program (I) and the Major Improvement Program as the Renewal and Replacement Program (RR). Improvement projects are those that add to or improve the existing Tollway infrastructure while Renewal and Replacement projects are those that maintain, repair or improve the existing infrastructure. Funding for these programs is provided entirely through user fees (i.e., tolls), concession revenues, interest earnings, and revenue bonds.

There are currently 286.5 miles of mainline roadway consisting of 1,663.2 mainline lane miles, 77.8 auxiliary lane miles, 266.8 ramp lane miles, 38.8 plaza cash lane miles, 105 interchanges, and 641 bridges.

In mid-2004, the Tollway unveiled a 10-Year Congestion-Relief Plan that addressed the condition of the existing infrastructure, congestion relief, the need of growing communities, and enhancement of local economies. As part of the long-range planning process, a comprehensive re-evaluation of the entire system and an extensive review of the condition of the Tollway's then 274-miles of roadways and structures were completed. Tollway staff met with various community leader groups to develop concepts and to validate ideas of the proposed 10-year program. The Congestion-Relief Plan was approved by the Tollway Board at the September 2004 Board meeting. Upon board approval, it became known as the Congestion-Relief Program (CRP).

The Tollway reassessed the CRP during the spring of 2007. A number of projects were reevaluated and were modified or enhanced due to the condition of the roadway and overpass bridges or to accommodate input from municipalities. Also, due to increased material and overall construction costs during the 2005 and 2006 construction seasons, the estimates for projects in design were adjusted. Finally, several significant additions were made to the CRP to address portions of the system and to provide access improvements to the Tollway. Based upon these CRP changes, the overall budget for the CRP was increased by approximately \$1.0 Billion and the schedule was lengthened by two years. The revised Congestion-Relief Program was approved by the Tollway Board at the September 7, 2007 Board meeting. Since that time, costs and schedules for projects have been modified based upon market dynamics. Any differences between the current CRP and the CRP described in the November 2009 Consulting Engineer's Report are discussed in section 4.0.

There has been success by the PMO and other staff in completing construction projects within budgeted amounts. Over 77% of anticipated construction expenditures have been invoiced as of the end of March 2010. Based upon information provided by the Tollway and PMO, The Consulting Engineer believes that the overall estimate of the cost of the CRP at \$6.129 billion appears reasonable, including the sizeable amount within the Program Reserve Fund.

In November 2008, the Tollway Board of Directors approved an additional \$1.8 billion capital program entitled Congestion-Relief Program Phase II – Tomorrow's Transportation Today ("TTT"). The program contained two major components: Green Lanes and Interchange Improvements. The goal of Green Lanes was to promote ride-sharing and transit options. Interchange improvements considered were (i) a new interchange at the crossing of the Tri-State (I-294) and I-57, (ii) an upgrade of the Jane Addams Memorial Tollway (I-90) interchange with I-290 and IL-53 and (iii) adding new or expanded arterial interchanges in conformance with the Tollway Cost Share Policy. The \$1.8 billion plan was intended to be financed by bonds backed by toll revenues including a toll increase for commercial vehicles to become effective in 2015 and variable toll rates to be established for single-occupant passenger vehicles using the Green Lanes. As of the date of this report, TTT has not begun. The Consulting Engineer was informed by Tollway Management that TTT is unlikely to continue in its current form. As a result, the Consulting Engineer has not considered any impact of TTT on the Tollway's future capital program and on the Consulting Engineer's estimates of Operating Expenses and Renewal and Replacement deposits presented in this report.

2.0 Condition of the Existing Tollway System

The Tollway continues to function as an essential component of the transportation network in northern Illinois. Although the original system continues to be maintained, design life expectancies of infrastructure elements are reaching the end of predictable usefulness due to the effects of age and increasing traffic. Most of the original mainline has had three or four cycles of pavement rehabilitations and/or overlays. The typical method of pavement rehabilitation has been to repair the concrete base and place or replace the bituminous overlay. This approach has an average life span of six to eight years. The original bridge decks have had asphalt overlays (now removed) and concrete overlays (existing) and have been widened to respond to the increasing traffic demand.

The geometry of the existing roadway system generally meets or exceeds Federal highway design criteria.

At the time of this report, final results of the 2009 Annual Inspection were not yet available. Field data collection for most roadway segments and facilities is complete, with analysis and condition report development currently underway. The condition of the existing system as described is based on the results of the 2008 Annual Inspection, dated December 23, 2009. Early results of the 2009 Annual Inspection indicate that the overall condition of the pavement and bridges has again improved due to recent projects related to portions of the CRP, as well as intermittent pavement projects on each of the four roadways. The condition of retaining walls, noise abatement walls and sign structures appear to remain relatively unchanged, while facilities have improved overall due to plaza upgrades as part of the implementation of Open Road Tolling.

As in previous years, the 2008 Annual Inspection was completed by the Consulting Engineer on the entire 286.5 miles of the Tollway System. Based on this inspection, the following conditions were reported for roadway pavement, roadway appurtenances, structures, and buildings and facilities. Any deficiencies noted will be addressed as part of the CRP. The items below that are identified as needing improvements in the near future or with minimal remaining service life are included within the CRP, and in many cases, have already been addressed.

2.1 Pavement

The original 187 miles of the Tollway system, including the Tri-State, Ronald Reagan Memorial and Jane Addams Memorial Tollways, were constructed using a pavement structure of 10 inches of concrete on a 4 inch granular base. This pavement has been rehabilitated 3-4 times in most locations, typically using bituminous overlays. Each subsequent overlay has experienced a shorter life cycle. The Ronald Reagan Memorial Extension was built in 1974, using a 14" jointed plain concrete section. It was rehabilitated in the early 1990's using a 2 1/4" bituminous overlay. Additional repairs were required during the last five years. The Veterans Memorial Tollway opened in 1989 and was constructed of jointed concrete pavement. The original mainline pavement constructed in 1989 will need rehabilitation and an overlay in the next few years. The Veterans Memorial Tollway south extension opened in 2007 and was constructed of jointed concrete pavement.

The roadway pavement is inspected each year. The inspection includes: a structural, surface and visual evaluation, which details areas to be repaired by contractors or by maintenance forces, and supplements the structural and surface inspections. Visual inspection of the condition of the Tollway's roadway system was performed during the spring and summer of 2008. The detailed structural and surface evaluation of the physical condition was performed during the summer and fall of 2008. Based on the Consulting Engineer's professional opinion, at the time of the inspections, 54% of the Tollway's pavement will require major repair or replacement within the next eight years. The current CRP will replace or repair 95% of the entire system.

Surface Evaluations

In 1994, the Tollway adopted the Illinois Department of Transportation pavement condition rating system or CRS. This system is a subjective measurement of pavement surface condition only and is based on a 1 to 9 scale, with 9 representing a newly constructed or resurfaced pavement and 1 representing a completely failed pavement. The CRS ratings are used for all State roadways. A CRS rating of less than 4.5 may still be tolerable on a route in a rural area; however on the Tollway and other higher type facilities, a CRS of less than 5.5 indicates a riding surface that has become uncomfortable and inconsistent with user operation and expectations and is therefore in need of repairs or rehabilitation.

Based on the Tollway’s maintenance and repair histories and pavement age, the Consulting Engineer considers pavement with a CRS value between 6.0 and 6.5 as “transitional” between “good” and “fair”. This “transitional” pavement will likely require repairs in the next two to seven years because of the diminishing life span of repeated repair cycles. Table 1 provides a summary of the CRS ratings used by the Tollway and the corresponding descriptive pavement conditions.

Table 1: CRS Rating System

CRS Rating	General Pavement Surface Condition
< 4.5	Poor
4.5 – 5.9	Fair
6.0 – 6.5	Transitional
6.6 to 7.4	Good
>7.5	Excellent

CRS values are determined by digitally recording surface conditions and measuring certain types of surface distress and rideability of pavements through the collection of electronic sensor data. A summary of the most recent CRS values is provided in Table 2 below:

Table 2: Summary of Pavement Surface CRS Ratings from 2008 Annual Inspection, Lane Miles

Tollway Route	Excellent >7.5	Good 6.6-7.4	Transitional 6.0-6.5	Fair 4.5-5.9	Poor 0-4.4	Not rated *
Tri-State	88.8	102.3	35.3	9.8	0	281.4
Edens Spur	0.1	4.1	0.9	11.1	0	0.8
Jane Addams Memorial	51.5	203.6	31.2	3.0	0	68.6
Ronald Reagan Memorial	267.9	61.3	4.3	5.5	0	99.3
Veterans Memorial	73.2	37.0	52.1	9.5	0	7.9
Total	481.4	408.3	123.9	38.9	0	457.9
% of Total	32%	27%	8%	3%	0%	30%

* Sections of Tollway not rated during 2008 due to ongoing construction work

Note: This analysis does not include auxiliary or ramp lanes that are required for entering and exiting the Tollway. Due to this, route and system totals, may not match information in other sections of the report.

Ramp lanes are evaluated on a three year basis due to the reduced traffic and anticipated improved condition compared to the mainline, though the Tollway may begin to monitor the ramps more closely since the CRP is not expected to address many of the system’s ramps. Auxiliary lanes are generally in better condition than the adjacent mainline lanes due to reduced traffic and are generally improved in conjunction with the mainline lanes

The CRS ratings are only one indicator of pavement condition. A newly resurfaced roadway will likely be rated “excellent” even though the underlying pavement and concrete base course could be largely deteriorated, such as the Ronald Reagan Memorial Tollway (IL 251 to Orchard Road) and the Jane Addams Memorial Tollway (Kennedy Expressway to Barrington Road). With this in mind, the pavement’s Remaining Service Life (RSL) rating system was developed. Remaining Service Life takes into account current CRS ratings, traffic, and thickness information and projects these out to determine how many years the pavement can reasonably be in service before major work will be required. The RSL has proven to be a useful tool to accurately portray the condition of the system and hence allow for proactive planning of construction projects. The RSL indicates the time remaining before a pavement reaches the point of requiring yearly repair that is well beyond the capabilities of the Tollway’s Maintenance Division. Once the pavement reaches a RSL of 0, intermittent pavement repairs are extensive and the comfort and convenience of the motoring public may be compromised. A summary of the most recent RSL values is provided in Table 3 below:

Table 3: Summary of Pavement RSL Values from 2008 Annual Inspection, Lane Miles

Tollway Route	13+ years	9 - 12 years	5 – 8 years	3 – 4 years	1 – 2 years	0 years	Not rated *
Tri-State	58.5	11.6	76.9	63.4	13.2	12.6	281.4
Edens Spur	0.1	3.3	0.8	0	0.5	11.9	0.5
Jane Addams Memorial	11.4	2.5	31.4	80.4	160.6	3.0	68.6
Ronald Reagan Memorial	35.4	27.8	235.6	33.4	1.2	5.5	99.3
Veterans Memorial	72.2	11.0	27.1	37.3	15.0	9.5	7.7
Total	177.6	56.1	371.7	214.5	190.4	42.5	457.5
% of Total	12%	4%	25%	14%	13%	3%	30%

* Sections of Tollway not rated during 2008 due to ongoing construction work

Note: This analysis does not include auxiliary or ramp lanes that are required for entering and exiting the Tollway. Due to the lack of auxiliary lane analysis, route and system totals, may not match information in other sections of the report. Percentages may not add to 100% due to rounding.

Structural Evaluation

A systemwide structural pavement testing program was developed to evaluate the current underlying structural condition of all of the Tollway pavements and subbases. The structural evaluation consisted of extensive non-destructive Falling Weight Deflectometer (FWD) testing and pavement coring performed throughout the system. The FWD is used to determine pavement layer and subgrade structural parameters, to evaluate load transfer characteristics at pavement joints and to identify subsurface voids. A coring program is also used to verify pavement layer thickness and to inspect material and bonding conditions.

Visual Inspection

The annual visual inspection is performed by the Consulting Engineer. Inspectors physically walk the entire Tollway system to document the pavement for condition and to identify areas requiring patching in the coming year. Findings of these visual inspections are summarized in the Consulting Engineer's Annual Inspection Reports.

Summary of Pavement Condition

References to "excellent," "good," "transitional," etc. refer to the categories under the CRS rating system described in Table 1.

Tri-State Tollway:

The 78.5-mile Tri-State Tollway was constructed in the late 1950's. The roadway has received a series of asphalt overlays, with each subsequent overlay experiencing a shorter pavement life extension.

In 2008, the majority of the pavement surface south of 95th Street is either in "excellent" condition (CRS) with RSL of generally over 13 years or not rated due to construction.

From 1992 to 1994, the central Tri-State Tollway from 95th Street to Balmoral Avenue was widened and partially reconstructed. In 2008, the pavement surface was determined to be in "excellent" to "good" condition with an RSL rating of generally 3 to 8 years.

From the O'Hare Interchange to the Deerfield/Edens Spur improvement limits, the pavement surface was not rated due to reconstruction and widening that was completed in 2009. North of the Edens Spur/Deerfield improvement, approximately four miles of four-lane pavement surface are rated "excellent" to "fair" (CRS) with an RSL rating of 3 to 8 years. From Half-Day Road to the Wisconsin border, the pavement condition was not rated due to reconstruction and widening of this entire section that started in 2007 and was completed in 2009.

Edens Spur:

The 5.0-mile Edens Spur was also constructed as part of the original pavement network in the late 1950's. The Edens Spur was resurfaced in 1995, its west end was reconstructed in 1997, and Plaza 24 (Edens Spur) was constructed in 1998. In 2008, the reconstructed west end pavement surface was in "good" to "fair" condition (CRS) with an RSL rating of 9 to 12 years or 13 or more years and the remaining pavement surface was in "fair" condition with an RSL rating of generally 0 years. The 2008 Annual Inspection revealed deterioration consistent with projected performance. Resurfacing of the Edens Spur was originally programmed for 2011-2012 with annual intermittent pavement repair contracts performed until the resurfacing. Based upon 2008 inspection data and current condition, the resurfacing was accelerated for completion in 2010. This is described in following sections.

Jane Addams Memorial Tollway:

The 76.5-mile Jane Addams Memorial Tollway was constructed as part of the original Tollway System in the late 1950's. Since then, this route has been resurfaced numerous times. The 2008 CRS rating for the pavement surface was generally "excellent" to "transitional". This rating can be attributed to the rehabilitation project from the Kennedy to Barrington Road completed in 2003 and the resurfacing from Elgin to Newburg Road completed in 2004. The resurfacing projects did not address the deteriorating original concrete pavement and base. The pavement surface from Newburg Road to Rockton Road was not rated due to reconstruction and widening in 2008-2009. Intermittent pavement repairs were conducted in the section east of Newburg Road in 2008 and 2009.

During the winter of 2008-2009, the Tollway had to perform emergency repairs along various sections of the Jane Addams Memorial Tollway between the Elgin Plaza and Newburg Road due to

pavement surface failures. The immediate cause for these failures was weather conditions, notably freeze-thaw events. Rehabilitation and resurfacing of this area is scheduled during 2015. As described in Section 4.0, over 35% of the Pavement Improvements portion of Systemwide Improvements is allocated for annual maintenance repairs on this pavement section through 2016. The Consulting Engineer recommends that a portion of the Program Reserve Fund (described in later sections) be preserved for additional pavement repairs.

Ronald Reagan Memorial Tollway:

The 26.8-mile Ronald Reagan Memorial Tollway was constructed as part of the original Tollway System in the late 1950s. A majority of the route has been resurfaced three times while the remaining sections have either been resurfaced twice or reconstructed with jointed plain concrete pavement. The 2008 Annual Inspection revealed deterioration consistent with anticipated decline of pavement of this type and age. The pavement surface between Naperville Road and Illinois Route 59 was rated “excellent”, with a RSL over 13 years due to reconstruction and widening in 2006. Between Illinois Route 59 and the Fox River, the pavement surface is rated “good” with an RSL rating of 3 to 12 years. Concrete repairs were completed in 2008 to help extend the life of the pavement and will continue annually if funds are available. Most of the remainder of the pavement surface (Eisenhower (I-290) to Naperville Road and from Illinois Route 56 to the Fox River) was not rated due to reconstruction and widening in 2008-2009.

Ronald Reagan Memorial Tollway Extension:

The 69.5-mile Ronald Reagan Memorial Extension is a western extension of the Ronald Reagan Memorial Tollway that was constructed in the early 1970’s. In 1991, 54.3 miles of the Extension were overlaid with asphalt while the remaining 15.2 miles were overlaid in 1994. In January 2001, the overlay between Illinois Route 251 and Illinois Route 56 failed, and the Tollway initiated immediate emergency repairs and subsequent full-width, shoulder-to-shoulder resurfacing for an entire 38-mile section in the summer of 2001. The 2008 rating for this pavement surface varies widely from “excellent” to “good” with a RSL rating of generally 3 to 12 years. This section is programmed for resurfacing in 2012. The 2004 Annual Inspection and preliminary development of intermittent quantities in 2005 revealed severe deterioration in the pavement from US Route 30 to Illinois Route 251. It was determined to accelerate and stage the rubblization that was originally slated for 2006-2007. The rubblization was overlaid with a 6-inch asphalt layer with an anticipation of additional resurfacing for a total thickness of 10-inches in 2015. Due to the staged rubblization this portion of the Extension had a rating of “excellent” condition with a RSL of 5 to 8 years.

Veterans Memorial Tollway:

The 17.5-mile North-South Tollway (I-355) was opened to traffic in 1989. In 2007, the entire route was memorialized by changing the name from North-South Tollway to Veterans Memorial Tollway. The pavement on the Veterans Memorial Tollway has performed very well for almost two decades. The 2008 inspection found mid-slab breaks and other concrete deterioration typical of pavement of this age and design. This pavement now requires repairs that will help extend the remaining service life. Significant shoulder deterioration was repaired in 2003. The pavement north of I-55 is rated in “good” to “transitional” condition with a RSL that varies widely. Concrete pavement repairs were completed in 2007 and in 2008. The CRP has widened and resurfaced the south portion in 2008-2009 and will resurface the north portion in 2010.

On November 11, 2007, the south extension of I-355 was opened to traffic. The 12.3 mile, 6-lane extension serves Will County, one of the fastest growing counties in Illinois, and provides a regional connection that improves north-south mobility between Interstate 55 and Interstate 80. The jointed plain concrete pavement south of I-55 is rated in “excellent” condition with a RSL of over 13 years.

2.2 Roadway Appurtenances

Annual roadside inspections include drainage structures, embankments, ditches, guardrail, and median barriers. In addition, mile markers, pavement markers, and right-of-way fence are also inspected.

Drainage systems along the Tollway system are in fair to good condition. Although the Tollway's culverts are generally structurally sound, some have exposed reinforcement bars, misaligned wingwalls, honey-combing of the concrete surface, open joints, deterioration of the metal (corrugated metal pipe culverts) or need to be cleaned. The majority of the culverts are over fifty years old, with the exception of the culverts which have been replaced during reconstruction projects. These deficiencies are documented in the culvert inventories in the Annual Inspection Reports prepared for each of the eleven Maintenance Sections. Corrective repairs either are performed by the Tollway's Maintenance Division or are included in programmed rehabilitation projects.

A major concern regarding drainage structures continues to be the deterioration of Corrugated Metal Pipes (CMPs). These CMPs, the majority of which date from the original construction of the Tollway, have been cited since before 2001 as a concern due to their potential for creating voids under pavements as they rust and deteriorate. Several locations required emergency repairs in 2007. Since 2001, major drainage issues occurred approximately once every other year, whereas 2007 had two non-construction related drainage emergencies, one of which required the unanticipated closing of a lane of traffic for several days. Based on the increased frequency of emergency repairs, the Tollway is working to develop a systemwide contract to address those aging and deteriorating CMPs that will not be replaced in upcoming widening or reconstruction contracts. A contract was issued in late 2007 to address immediate concerns on the Jane Addams Memorial Tollway. Additional systemwide repair contracts were issued in 2008-2009 to line the culverts greater than 3' in diameter.

Limited inspections can be performed on closed drainage systems, therefore it is recommended to have these closed drainage systems, which are typical in the urban areas of the Tri-State and Veterans Memorial Tollways, televised and/or flushed to obtain better inspection information and to determine their condition. The recent rubblization on the Reagan Memorial Tollway Extension in the M-12 section added underdrain to the outside shoulder of the entire section. This underdrain will need to be monitored and periodically cleaned; such work can be performed by the Tollway's Maintenance Division.

The majority of embankment slopes are stable. Slopes that need to be restored or reconstructed have been documented in the Annual Inspection Reports prepared for each of the eleven Maintenance Sections. Drainage structures and ditches should be cleared of vegetation and sediment and repaired to ensure proper drainage. Drainage structures and ditches that need to be cleaned have also been identified and are documented in the Annual Inspection Reports prepared for each of the eleven Maintenance Sections.

Concrete median barriers throughout the system are in good condition, though the concrete median barriers should be updated to current Tollway standards during CRP reconstruction projects. The majority of the guardrail is in good condition, though, a number of guardrail sections are out of date with present Tollway standards or have mechanical deficiencies. The Tollway's Maintenance Division works diligently to repair the deficiencies; many were corrected or are planned for replacement in future CRP projects, although any safety concerns are generally addressed within 24 hours. Median cable barrier was recently installed west of the Fox River on the Jane Addams Memorial Tollway and west of Route 251 on the Ronald Reagan Memorial Tollway. This barrier system consists of 3 tensioned cables extending between bridges and crossovers to help to prevent passenger cars from crossing over into oncoming traffic. Additional cable barrier was installed on the Ronald Reagan Memorial Tollway from Route 251 to Route 31 in 2007. The cable barrier is a relatively new safety device with few controlling Federal standards. However, all installations are inspected to ensure they

meet the current industry practices. The cable barriers are in good condition.

Milepost markers throughout the Tollway are in excellent condition. New standards are being developed for milepost markers across the nation per the Manual on Uniform Traffic Control Devices (MUTCD), therefore, the Tollway's Maintenance Division is experimenting with new markers that meet the new standards and meet the needs of the field staff and patrons. The new markers will be placed at a ¼ mile frequency instead of the current ½ mile frequency beginning in late 2009.

Pavement markings are in good condition.

The right of way fencing throughout the system is replaced and upgraded to chain link fence during reconstruction contracts. Currently, the majority of the fencing on the Tri-State is chain link fence. Approximately half of the Jane Addams Memorial Tollway, a third of the Ronald Reagan Memorial Tollway and all of the Veterans Memorial Tollway now have chain link fence. This type of fencing is more compatible with adjacent development. Chain link fence serves as a better barrier to pedestrians and animals from wandering onto the Tollway property than the original 4-foot high field fence. As major projects are implemented, right-of-way fence should be upgraded to chain link fence. In areas where no major projects are programmed in the next 3 years it is recommended that right-of-way fence improvements be programmed in a separate contract. Such fence upgrade contracts were completed in 2007 and 2008.

2.3 Structures

Structural elements of the Tollway System consist of bridges, large culverts, retaining walls, noisewalls, and sign structures.

Bridges

In accordance with Federal guidelines, bridges on the Tollway System are inspected every two years. For each bridge, condition ratings are assigned to the deck, superstructure, and substructure components. The Federal guidelines do not recognize deck ratings in the determination of the overall condition rating.

To assist in programming work to the bridges on the system, a Health Index has been developed for each bridge, ranging from 100 to 0 with 100 being the best. The Health Index is a weighted representation of the Deck, Superstructure and Substructure ratings assigned during the field inspection and is intended to give an overall indication of the structural integrity of the bridge. The Health Index does not consider individual ratings of components such as joints, diaphragms or bearings. A Health Index less than or equal to 70, indicates a bridge should be considered for repair or rehabilitation. A Health Index less than or equal to 60, indicates a bridge should be considered for rehabilitation or replacement. It should be noted that many bridges may be replaced as part of a roadway widening project as the most cost effective way to widen or lengthen an existing bridge.

In 2007 and 2008, Tollway staff conducted the bridge inspections. Resultant "Structure Inspection Field Reports" were reviewed by the Consulting Engineer.

Of the 637 bridges on the system at the time of inspections;

- 332 were inspected and rated on condition in 2007,
- 300 were inspected and rated on condition in 2008,
- 5 new bridges were constructed and were included in the inventory, but were not inspected in 2008,
- One bridge is a land bridge (i.e., a structural pavement slab constructed on piles) and although included in the Tollway bridge inventory, it is not included in the Federal inventory as a bridge. It is therefore not subject to the biennial bridge inspection. It is,

- however, included in the Annual Pavement Inspection Program,
- 54 culverts are classified as bridges due to width measured in the direction of traffic.

Based on the findings of the 2007 and 2008 inspections, the bridges have been assigned the following Health indices:

- 453 (71%) have a Health Index greater than 90, requiring no action,
- 114 (18%) have a Health Index 80-89, needing minor maintenance,
- 40 (6%) have a Health Index 70-79, needing repairs within five years,
- 25 (4%) have a Health Index 60-69, needing repairs within two years,
- 0 (0%) have a Health Index less than 60, which requires immediate attention,
- 5 (1%) have not been evaluated as they are newly constructed.

Of the 25 bridges with a Health Index 60-69, 22 were being reconstructed or rehabilitated and three are under IDOT jurisdiction and inspected as a courtesy. Though none required immediate attention, the bridges will be monitored as necessary until the work has been completed.

Another important factor in assessing the remaining life of a bridge is the deck age. The typical expected life of a concrete bridge deck is forty years. Over 40% of the bridge decks on the Tollway system are over forty years old. All bridge decks over 40 years old will be addressed before the end of the CRP. Only a portion of these will be replaced. Others will have minor or major repairs made as part of Systemwide Improvements described in a following section. Repairs are programmed based upon the condition assessment. Table 4 below identifies the deck age of the bridges on the Tollway system.

Table 4: Bridge Deck Age

	Age	Number of Decks	Percent of Total
Bridge Decks:	Over 40 Years	231	39.6%
	25 to 40 Years	82	14.1%
	1 to 25 Years	208	35.7%
	Under 1 Year	62	10.6%
Total		583*	100%

* Does not include 54 culverts

Culverts

The Federal Highway Administration (FHWA) defines culverts to be bridges if they are at least 20 feet wide measured in the direction of the traffic. These culverts are therefore subject to inspection every two years. Fifty-three of these wide culverts are on the inventory lists of both the Tollway and the FHWA. The culverts are assigned a Condition Rating, similar to the bridges, and from this a Health Index is determined. The Health Index for culverts is directly related to the Condition Ratings used for the annual Bridge Inspections by the Tollway. This rating is an all encompassing review of the culvert elements and only recorded as a single rating value. For culverts, any rating lower than 3 is given a Health Index of 60 - Culvert needs replacement or major repair. A condition rating of 4 is given a Health Index of 70 - Culvert needs repair or rehabilitation. A condition rating of 5 is given a Health Index of 80. A condition rating of 6 is given a Health Index of 90. A condition rating of 7, 8, or 9 is given a Health Index of 95. Any items with a Health Index greater than 70 are considered adequate and no repair or rehabilitation is required.

The 54 culverts were inspected in 2007 by Tollway personnel, and the Consulting Engineer reviewed the results of these inspections. All 54 culverts had a Health Index above 95.

Retaining and Noise Abatement Walls

In 2008, there were 473 retaining walls and noise abatement walls on the Tollway system. Walls are inspected on a four-year inspection cycle. There have been a number of walls added in the last few years which are not included in the overall inventory as they are phased into the appropriate year of the inspection cycle based on location. The new walls are expected to be in excellent condition for several years. Of the 473 total walls inspected between 2005 and 2008:

- 63 (13%) were rated in excellent condition,
- 335 (71%) were rated in good condition,
- 62 (13%) were rated in fair condition,
- 7 (2%) were rated in poor condition, and
- 6 (1%) were rated in critical condition.

Of the 13 walls rated in poor or critical condition, 11 (including all walls that are in critical condition) have already been addressed or are programmed for repair, rehabilitation or replacement. The walls will be monitored until replacement. None of the 13 walls required immediate attention.

Sign Structures

There were 438 sign structures on the Tollway system in 2008. Sign structures are inspected on a four-year cycle.

Of the 438 sign structures inspected between 2005 and 2008:

- 32 (7%) were rated in excellent condition,
- 262 (60%) were rated in good condition,
- 132 (30%) were rated in fair condition with minor problems, and
- 12 (3%) were rated in poor condition with a major problem.
- 0 (0%) were rated in critical condition.

All twelve sign structures rated in poor condition have already been addressed or are programmed for replacement in the CRP or the annual maintenance plan. None of the twelve sign structures required immediate attention and all will be monitored before replacement.

2.4 Buildings and Facilities

Buildings and facilities on the Tollway system consist of the following:

- Central Administration building at Ogden Avenue in Downers Grove
- Toll Plazas, including control buildings
- Central Warehouse Facility
- Maintenance Facilities
- Salt Storage Sheds/Domes
- Central Support Complex
- Oases

The Consulting Engineer performs a visual inspection of the buildings and facilities on the Tollway system. Due to the number of facilities, the effort is scheduled as a multi-year task. Approximately one quarter of the buildings and facilities are inspected each year.

The majority of the buildings and facilities are more than fifty years old and are candidates for rehabilitation or replacement of their component systems. Renovation work done over the years has enabled the facilities to continue to function. These architectural and site improvements have been made on an “as needed” basis through capital improvement projects. In addition, the Open Road Tolling program has enabled many upgrades, renovations, and replacements at toll plazas to be made. Although the inspected facilities are functioning, the condition of the major systems (mechanical, electrical, HVAC, plumbing, roofing, etc.) continues to deteriorate, resulting in inefficiencies and higher operational costs. All mainline toll facilities have been updated as part of the CRP. Funding is available within the Renewal and Replacement Fund to address the remaining facility needs.

In 2007, a detailed inspection of the eleven maintenance facilities was performed. A significant number of physical issues were identified with many of the buildings. Roofs, wall systems, windows, HVAC systems and other portions of the facilities are in serious disrepair. Additionally, the size and layout of the facilities are functionally obsolete and employees are dissatisfied with the present condition. A program of rehabilitation of critical items was developed for the facilities and implemented beginning in 2009. Annual improvements will continue to be identified. The work will be paid for by funds from the Renewal and Replacement Account.

In 2002, the Tollway entered into a lease agreement with a private company for the operation of the seven Oases on the system. The terms of the agreement require the company to rehabilitate the oases and work began in 2002. All Oases were upgraded with new fuel stations, car washes and convenience stores. Work included the removal of contaminated materials or soil and this work was coordinated with the Illinois Environmental Protection Agency. All of the fuel stations and convenience stores were completed and opened in 2004. The Belvidere Oasis on the Jane Addams Memorial Tollway and the O’Hare Oasis on the Tri-State Tollway were entirely completed and opened to the public in 2004. The remaining Oases were completed and opened in 2005 with the exception of the Lincoln Oasis which opened in February 2006. Inspections became the responsibility of the lessees when the rehabilitation projects were completed, but due to issues with the lease agreement, the General Engineering Consultant began inspecting the oases again in 2009. The results of these inspections have not yet been published, but will be included in the 2009 annual report.

3.0 Congestion-Relief Program – “Open Roads for a Faster Future”

In mid-2004, the Tollway unveiled a 10-Year Congestion-Relief Plan (CRP) that addressed the existing infrastructure, congestion relief, and the needs of growing communities and enhancement of local economies.

In order to provide maximum benefits to Tollway patrons as soon as possible, the CRP included an aggressive program of work in the first five years. The conversion of the entire system to allow Open Road Tolling and reconstruction and widening of a substantial portion of the roadway was planned as part of the first five years of the CRP. The CRP includes a significant increase in capital spending over historical amounts administered by the Tollway. Recognizing that a reorganization of certain functions, and additional manpower would be needed to implement the CRP, the Tollway selected HNTB Corporation to provide services as the Program Management Office (PMO). HNTB is a nationally recognized, multidisciplinary firm that provides transportation, bridge, aviation, architecture, urban design and planning, environmental engineering, water and construction services.

During the first half of 2007, the Department of Engineering and the Project Management Office in cooperation with the Department of Finance undertook a review of the status of the CRP. The review included an assessment of the schedule and scope of current projects, a review of cost estimates of remaining projects, and consideration for additional projects with respect to benefits provided to the Tollway and adjacent communities.

In September 2007, the Tollway Board of Directors approved a modification and extension of the Congestion-Relief Program. The term of the CRP, which was previously scheduled to begin in 2005 and end in 2014, was extended through 2016 to accommodate additional projects planned for 2015 and 2016.

Since the modification and extension of the CRP in 2007, no major changes have occurred. A number of projects have been completed and as projects have begun construction costs have been revised. Current estimated total costs for each segment are included and descriptions of any changes between the November 2009 Consulting Engineers Report and the current CRP for each segment are included in the project descriptions in Section 4.0.

The CRP continues to include three major areas of need that are a direct part of infrastructure improvement. Most projects fall into more than one of the areas and are proposed on all four routes of the Tollway. The major goals include:

- Fix the existing infrastructure by reconstructing (including rubblization) and rehabbing most of the system: 41% of the lane-miles will be reconstructed and 54% will be rehabilitated.
- Reduce travel times by widening 88.3 miles of the existing routes, and converting the entire system to open road tolling that allows I-PASS users to bypass traditional toll plazas entirely.
- Extend I-355 to the south from I-55 to I-80 to accommodate the needs of growing communities (completed).

Table 5 below provides the estimated annual program draw required to fund the current CRP. This table is based upon information provided by the PMO, which may vary slightly from internal Tollway information, with variation for the aggregate draws of 2005 through 2009 being less than 0.2%

Table 5: Congestion-Relief Program - Estimated Program Draws

Year	Congestion-Relief Program Estimated Program Draws (Million)
2005	\$373.1*
2006	\$934.6*
2007	\$1,049.4*
2008	\$1,132.0*
2009	\$898.5*
2010	\$335.2
2011	\$291.7
2012	\$145.7
2013	\$126.1
2014	\$126.1
2015	\$388.2
2016	\$258.1
2017 and Beyond	\$70.2**
Total	\$6,129.0***

* Actual (2009 total is preliminary)

** Final payments and project closeouts will occur in 2017 and 2018, all project work will be complete by the end of 2016.

*** The CRP anticipates state and local reimbursements of approximately \$80.0 million, \$44.8 million of which have been received to date and \$35.2 million of which are anticipated to be received from 2010-2015. Credit for such reimbursements are not included in the above draws. The above draws do include a program reserve balance of \$259.2 million due to savings realized at construction closeout, bidding results on current projects and revised forecasts due to bidding history. Please note that the annual totals may not add to the CRP total due to rounding.

4.0 The Project

Bond proceeds and Tollway revenues will be used to fund the CRP. The following describes the projects that make up the overall CRP project, and so may be funded in whole or in part with bond proceeds. The Tollway's current expectation is to fund the remainder of the CRP from revenues and funds on hand. In order to reflect accurate cash flows, individual project costs and schedules have been updated from the Congestion-Relief Plan approved in September 2004 and as reported in the June 2005, May 2006, October 2007, October 2008, May 2009 and November 2009 Consulting Engineer's Reports.

The CRP described in this report is very similar to the project presented in the November Consulting Engineer's Report. An additional six construction contracts totaling approximately \$67 million have been bid since that report, and are reflected in the costs associated with the estimated total cost. The projects that were bid for construction provided current pricing information that was utilized to develop updated construction cost estimates for projects currently in various phases of design. The combination of having actual construction contract values as well as updated estimates has provided the Tollway with a more up to date overall CRP cost.

Most of the projects that combine to form the Open Road Tolling (ORT) program have been completed. These projects are described in section 4.5 under the title Open Road Tolling. These projects consist of both congestion relief due to the elimination of mainline toll plazas and the reconstruction of the mainline lanes through the plaza area.

The total costs presented in the following sections were provided by the Tollway's PMO and cover projects at various stages of completion. Projects that have been completed are represented by finalized expenditures (portions included in the CRP). For projects that are presently in construction, the PMO utilizes "estimate at completion" values for construction contracts and also incorporates other known costs (design and construction engineering, right of way, utility reimbursements, etc.) to develop an overall estimated cost. Projects at various stages of design utilize estimates developed by Design Section Engineers (design consultants to the Tollway) using standard practices for major highway projects. The estimates utilize an appropriate baseline date for costs for the various components of construction. Both five percent annual escalation to the midpoint of anticipated construction and standard contingency percentages based upon level of design completion are applied to the estimated cost. Other known or estimated costs for right-of-way and utility relocations/reimbursements are also included, along with known design engineering costs and known or estimated construction management costs. Projects that have yet to begin design, as well as projects that had scope changes during the final development of the revised CRP are estimated using "parametric estimating." These estimates consist of the type of estimating that was utilized during the initial development of the CRP. Costs for major portions of work are developed based upon recent bidding of other projects. Other costs are estimated using percentages of the major items. Appropriate contingency factors are included in order to account for unforeseen conditions and lack of even preliminary design.

The PMO has developed a variety of methods for verifying the accuracy of the various types of estimates. The Consulting Engineer believes that the cost tracking and estimating practices presently used by the PMO for the CRP are appropriate.

The Consulting Engineer relied on the PMO to provide the scopes of work and estimates of construction costs. It should be noted that under the Consulting Engineer contract, cost estimating services are provided to the Tollway and are directed by the PMO. The Consulting Engineer provided the PMO with annual costs associated with major maintenance for segments of the system required before reconstruction or rehabilitation projects are implemented. These costs are included in the Systemwide Improvements (described in Section 4.6).

The project construction costs (for projects other than Systemwide Improvements) and durations were developed by the PMO and are predicated on the following basic assumptions:

1. Project construction will be in general conformance with past Tollway practices;
2. Project construction will be as described below with regard to scope and schedule;
3. Construction costs are in year of expenditure dollars;
4. No unforeseen conditions or circumstances or unusual price escalation not currently identified will occur.

Descriptions of specific elements of the CRP discussed in this report are presented in the following sections. Changes in the project scopes and/or scheduled construction from the November 2009 Consulting Engineer's Report are noted where applicable.

4.1 Tri-State Tollway (I-94/I-294)

I-394 to 167th Street - Reconstruct / Add Lane - COMPLETED

Length: 5.4 miles

Description: Reconstruct and widen from six (6) lanes to eight (8) lanes with the addition of merge lanes at select locations.

Benefits: Replacement of 47-year-old pavement with more durable 12" concrete (CRC); lane added in each direction to reduce traffic congestion

Work coordinated with IDOT (Illinois Department of Transportation) work on I-80

Construction period: 2005-2006

Total cost: \$ 277.8M

No scope changes from November 2009 Consulting Engineer's Report. Total cost adjusted from previously estimated \$278.1M due to project closeout.

159th Street to 95th Street - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 11.3 miles

Description: Reconstruct and widen from six (6) lanes to eight (8) lanes with the addition of merge lanes at select locations

Benefits: Replacement of 49-year-old pavement with 12" concrete (CRC); lane added in each direction to reduce traffic congestion; ramps widened at 159th Street, 127th Street & Cicero Avenue and 95th Street interchanges to improve traffic flow

Estimated construction period: 2007-2009

Estimated total cost: \$ 429.8M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$432.8M due to construction reductions and contract close out.

95th Street to Balmoral Avenue - Pavement Resurfacing

Length: 22.3 miles

Description: Remove 2" of existing pavement and place 4" asphalt overlay with bridge repairs

Benefits: Improvement to riding surface to extend pavement life, improve customer service and ease travel; Resurface existing pavement for improved serviceability

Estimated construction period: 2011

Estimated total cost: \$ 133.2M

No scope or cost changes from November 2009 Consulting Engineer's Report.

Balmoral Avenue to Dempster Street - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 4.3 miles

Description: Reconstruct and widen from six (6) lanes to eight (8) lanes with the addition of merge lanes at select locations

Benefits: Replacement of 48-year-old pavement with more durable 13" concrete (JPC); lane added in each direction to reduce traffic congestion
Estimated construction period: 2006-2009
Estimated total cost: \$ 304.4M
No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$306.2M due to construction reductions and contract close out.

Dempster Street to Lake Cook Road - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 8.4 miles
Description: Reconstruct and widen from six (6) lanes to eight (8) lanes with the addition of merge lanes at select locations
Benefits: Replacement of 49-year-old pavement with more durable 12" concrete (JPC); lane added in each direction to reduce traffic congestion
Estimated construction period: 2007-2010
Estimated total cost: \$ 291.2M
No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$303.3M due to construction reductions and contract close out.

Half Day Road to IL 137 (Buckley Road) - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 7.9 miles
Description: Reconstruct and widen from six (6) lanes to eight (8) lanes with the addition of merge lanes at select locations
Benefits: Replacement of 49-year-old pavement with more durable 12" concrete (JPC); lane added in each direction to reduce traffic congestion
Estimated construction period: 2007-2009
Estimated total cost: \$ 230.2M
No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$242.2M due to construction reductions and contract close out.

IL 137 (Buckley Road) to Russell Road - Reconstruct / Add Lane, Reconstruct - CONSTRUCTION COMPLETE

Length: 15.1 miles
Reconstruct and widen from six (6) lanes to eight (8) lanes from IL 137 (Buckley Road) to south of IL 173 (Rosecrans Road) and Reconstruct from south of IL 173 (Rosecrans Road) to Russell Road
Benefits: Replacement of 49-year-old pavement with more durable 12" concrete (JPC); lane added in each direction to reduce traffic congestion;
Estimated construction period: 2007-2009
Estimated total cost: \$ 260.3M
No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$264.5M due to construction reductions and contract close out.

Edens Spur - Pavement Resurfacing and Noise Wall Construction

Length: 5.0 miles
Description: This project includes asphalt and concrete pavement restoration replacing the existing asphalt overlay with a new 4" asphalt overlay and joint replacement as necessary, along with diamond grinding to retexture the concrete pavement surface; Construction of one mile total length of noise wall along roadway; Bridge repairs.
Benefits: Improvement to riding surface to extend pavement life, improve customer service and ease travel; Improvement of quality of life for surrounding homes
Estimated construction period: 2010
Estimated total cost: \$ 22.6M

No scope or cost changes from November 2009 Consulting Engineer's Report.

Edens Spur to Half Day Road - Pavement Resurfacing

Length: 3.5 miles

Description: Diamond grinding to retexture pavement surface and joint replacement as necessary.
Benefits: Improvement to riding surface to extend pavement life, improve customer service and ease travel

Estimated construction period: 2012

Estimated total cost: \$ 8.4M

No scope or cost changes from November 2009 Consulting Engineer's Report

I-294 / I-57 Interchange - Interchange Improvement

Description: Construct a new interchange connecting I-294 to I-57

Benefits: Improves regional mobility by providing a direct access between I-294 and I-57 to reduce travel times for regional travel; Provides an opportunity to coordinate land use and transportation improvements by building a facility that best meets the planning goals adopted by regional, county and municipal government; Addresses local roadway network deficiencies; relieving local roads from traffic transferring between I-294 and I-57, reduces damage on local roads and improves safety within the local roadway network. This component of the CRP has been included since conception. The cost includes the Tollway portion only of a joint project with IDOT.

Estimated construction period: To Be Determined

Estimated total cost: \$ 46.2M (Tollway Portion Only)

No scope or cost changes from November 2009 Consulting Engineer's Report

4.2 Jane Addams Memorial Tollway (I-90)

Kennedy Expressway to IL 53 - Pavement Rehabilitation/Resurfacing

Length: 10.6 miles

Description: Concrete pavement restoration, remove 3" of existing pavement and place 5" asphalt overlay.

Benefits: Resurface existing pavement for improved serviceability; Improvement to riding surface to extend pavement life, improve customer service and ease travel

Estimated construction period: 2011

Estimated total cost: \$ 57.2M

No scope or cost changes from November 2009 Consulting Engineer's Report

IL 53 to Elgin Plaza - Pavement Rehabilitation/Resurfacing

Length: 14.4 miles

Description: Concrete pavement restoration, remove 4" of existing pavement and place 5" asphalt overlay.

Benefits: Resurface existing pavement for improved serviceability; Improvement to riding surface to extend pavement life, improve customer service and ease travel

Estimated construction period: 2011

Estimated total cost: \$ 96.6M

No scope or cost changes from November 2009 Consulting Engineer's Report

Elgin Plaza to Sandwold Road - Pavement Rehabilitation/Resurfacing

Length: 8.9 miles

Description: Concrete pavement restoration, remove 4" of existing pavement and place 5" asphalt overlay.

Benefits: Resurface existing pavement for improved serviceability; Improvement to riding surface to extend pavement life, improve customer service and ease travel

Estimated construction period: 2015

Estimated total cost: \$ 47.7M

No scope or cost changes from November 2009 Consulting Engineer's Report

Sandwald Road to Newburg Road - Pavement Rehabilitation/Resurfacing

Length: 27.9 miles

Description: Concrete pavement restoration, remove 4" of existing pavement and place 5" asphalt overlay.

Benefits: Resurface existing pavement for improved serviceability; Improvement to riding surface to extend pavement life, improve customer service and ease travel

Estimated construction period: 2015

Estimated total cost: \$ 137.7M

No scope or cost changes from November 2009 Consulting Engineer's Report

I-39 at I-90 Interchange - Interchange Improvement - CONSTRUCTION COMPLETE

Description: Reconfigure and reconstruct the Jane Addams Memorial Tollway / IL 39 interchange including the construction of a new flyover ramp and adjacent mainline pavement reconstruction.

Benefits: Replacement of 50-year-old pavement with full depth (15" and 12") HMA bituminous concrete, Construction of the ramp will ease congestion and improve safety; congestion at toll plaza improved through reconfiguration

Estimated construction period: 2008-2009

Estimated total cost: \$ 68.8M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$72.4M due to construction modifications and contract close out

Newburg Road to Rockton Road - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 14.3 miles

Description: Reconstruct and widen from four (4) lanes to six (6) lanes

Benefits: Replacement of existing pavement will provide prolonged roadway life and increase serviceability; Congestion relief through the expansion from four (4) to (6) lanes in each direction. Improves safety and mobility throughout corridor

Estimated construction period: 2008-2009

Estimated total cost: \$ 201.3M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$203.7M due to construction reductions and contract close out.

East Riverside Boulevard Interchange - Interchange Improvement

Description: Provide a full access interchange at East Riverside Boulevard in conjunction with local agencies.

Benefits: Improves regional mobility by relieving local roads from traffic, reduces damage on local roads, improves safety within the local roadway system

Estimated construction period: 2008-2009

Estimated total cost: \$ 10.0M (Tollway Portion Only)

No scope or cost changes from November 2009 Consulting Engineer's Report

Kennedy Expressway to Newburg Road - Design for Reconstruct / Add Lane

Length: 61.8 miles

Description: Design for the reconstruction and widening from the Kennedy Expressway to Newburg Road

Benefits: Provide design plans for future improvements; Provide for improved inter-modal coordination; Provides an opportunity to coordinate land use and transportation improvements by building a facility that best meets the planning goals adopted by regional, county and municipal government; Addresses local roadway network deficiencies; relieving local roads from longer trips, reduces damage on local roads and improves safety within the project corridor

Estimated design period: 2015-2016

Estimated total cost: \$ 151.7M

No scope or cost changes from November 2009 Consulting Engineer's Report.

4.3 Ronald Reagan Memorial Tollway (I-88)

York Road to IL Route 83 - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 2.2 miles

Description: Reconstruct and widen from six (6) to eight (8) lanes from east of York Road to IL 83

Benefits: Replacement of 49-year-old pavement with more durable 13" concrete (JPC); Congestion relief through the expansion of the roadway from six (6) to eight (8) lanes; Improves safety and mobility throughout corridor

Estimated construction period: 2007 – 2009

Estimated total cost: \$ 175.5M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$179.1M due to construction modifications and contract close out.

IL Route 83 to Finley Road - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 5.1 miles

Description: Reconstruct and widen from six (6) to eight (8) lanes from IL Route 83 to east of Finley Road

Benefits: Replacement of 50-year-old pavement with more durable 13" concrete (JPC); Congestion relief through the expansion of the roadway from six (6) to eight (8) lanes; Improves safety and mobility throughout corridor

Estimated construction period: 2008 – 2009

Estimated total cost: \$ 94.6M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$95.8M due to construction modifications and contract close out.

Finley Road to Washington Street - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 5.7 miles

Description: Reconstruct and widen from six (6) to eight (8) lanes from east of Finley Road to Washington Street

Benefits: Replacement of 48-year-old pavement with more durable 13" concrete (JPC); Congestion relief through the expansion of the roadway from six (6) to eight (8) lanes; Improves safety and mobility throughout corridor

Estimated construction period: 2006 – 2009

Estimated total cost: \$ 219.3M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$217.5M due to construction modifications and contract close out.

Washington Street to IL Route 59 - Reconstruct / Add Lane - COMPLETED

Length: 3.6 miles

Description: Reconstruct and widen from six (6) to eight (8) lanes from Washington Street to IL 59 with additional ramp lanes at the IL 59 Interchange

Benefits: Replacement of 48-year-old pavement with more durable 12" concrete (JPC); Congestion relief through the expansion of the roadway from six (6) to eight (8) lanes; Improves safety and mobility throughout corridor

Construction period: July 2004 – December 2005

Total cost: \$ 45.9M

No scope changes from November 2009 Consulting Engineer's Report. Total final cost adjusted slightly.

Aurora Plaza to Deerpath Road including Fox River Bridge - Reconstruct / Add Lane - CONSTRUCTION COMPLETE

Length: 3.2 miles

Description: Reconstruct and widen from four (4) to six (6) lanes from the Aurora Plaza to Deerpath Road including a new Fox River Bridge and the addition of a 3rd ORT lane in each direction at the Aurora Plaza

Benefits: Replacement of old pavement with more durable 13" concrete (JPC); Congestion relief through the widening from four (4) to six (6) lanes; Improves safety and mobility throughout corridor; Congestion relief through additional ORT lanes at the Aurora Plaza

Estimated construction period: 2007 – 2009

Estimated total cost: \$ 135.8M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$137.1M due to construction modifications and contract close out.

Deerpath Road to IL 56 - Reconstruct / Add Lane

Length: 1.0 miles

Description: Reconstruct and widen from four (4) to six (6) lanes from Deerpath Road to IL Route 56

Benefits: Replacement of old pavement with more durable 13" concrete (JPC); Congestion relief through the expansion of the roadway from four (4) to six (6) lanes; Improves safety and mobility throughout corridor

Estimated construction period: 2015

Estimated total cost: \$ 19.9M

No scope or cost changes from November 2009 Consulting Engineer's Report

Deerpath Road to IL Route 251 - Resurface

Length: 38.1 miles

Description: Remove 2" of existing pavement and place 4" asphalt overlay

Benefits: Resurface existing pavement for improved serviceability; Improvement to riding surface to extend pavement life, improve customer service and ease travel

Estimated construction period: 2012

Estimated total cost: \$ 96.9M

No scope or cost changes from November 2009 Consulting Engineer's Report

IL Route 251 to US Route 30 - Reconstruct / Rubblization - COMPLETED

Length: 32.0 miles

Description: Rubblize and resurface with 6" to 7" overlay from IL 251 to US 30.

Benefits: Reconstruct existing pavement for improved serviceability; Improvement to riding surface to extend pavement life, improve customer service and ease travel

Construction period: July 2005 – December 2005

Total cost: \$ 47.6M

No scope or cost changes from November 2009 Consulting Engineer's Report

IL Route 251 to US Route 30 - Resurface

Length: 32.0 miles

Description: Remove 2" of existing pavement and place 6" asphalt overlay; reconstruct pavement at crossroad bridges

Benefits: Resurface existing pavement for improved serviceability; Improvement to riding surface to extend pavement life, improve customer service and ease travel

Estimated Construction period: 2015 – 2016

Estimated Total cost: \$ 152.0M

No scope or cost changes from November 2009 Consulting Engineer's Report.

4.4 Veterans Memorial Tollway (I-355) (Formerly North-South Tollway)

I-55 to Army Trail - Pavement Resurfacing (Not Including 75th Street to I-88)

Length: 13.0 miles

Description: Resurface existing concrete pavement with 4" asphalt overlay from I-55 to 75th Street and from I-88 to Army Trail Road as well as bridge repairs

Benefits: Improvement to riding surface to extend pavement life; improve customer service and ease travel.

Estimated construction period: 2010

Estimated total cost: \$ 58.4M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$59.2M due to construction bidding of the project.

75th Street to Ronald Reagan Memorial Tollway (I-88) - Overlay and Add Lane - CONSTRUCTION COMPLETE

Length: 4.5 miles

Description: Resurface existing concrete pavement with 4" asphalt overlay; widen from six (6) lanes to eight (8) lanes with the addition of merge lanes at select locations

Benefits: Improvement to riding surface to extend pavement life and improve customer service and ease travel; Congestion relief through the expansion of the roadway from six (6) to eight (8) lanes

Estimated construction period: 2008-2009

Estimated total cost: \$ 60.1M

No scope changes from November 2009 Consulting Engineer's Report. Total estimated cost adjusted from \$63.5M due to construction modifications and contract close out.

I-355 South Extension I-55 to I-80 - COMPLETED

Length: 12.5 miles

Description: Construction of a new limited access highway extending I-355 south from I-55 to I-80. The 300-foot right-of-way has six proposed interchange locations at I-55, 127th Street, 143rd Street/IL Rte. 171 (Archer Avenue), IL Rte. 7 (159th Street), US Rte. 6, and I-80. The extension will travel through 13 Municipalities/Townships in 3 counties, including: Bolingbrook, Downers Grove Township, DuPage Township, Homer Glen, Homer Township, Lemont, Lemont Township, Lockport, Lockport Township, New Lenox, New Lenox Township, Romeoville and Woodridge.

Benefits:

- Improves access between residential area and regional job centers by reducing travel times from the project corridor to suburban job centers
- Reduces travel times, improves regional mobility; Improves regional mobility by providing a direct route between I-55 and I-80 to reduce travel times for regional travel
- Provides an opportunity to coordinate land use and transportation improvements by building a facility that best meets the planning goals adopted by regional, county and municipal government
- Addresses local roadway network deficiencies; relieving local roads from longer trips, reduces damage on local roads and improves safety within the project corridor.

Construction period: 2005-2007

Estimated total cost: \$ 715.9M

No scope changes from November 2009 Consulting Engineer's Report. Major project construction is complete. Additional expenditures are anticipated through 2011 for construction close out and wetland and related mitigation activities. Total estimated cost adjusted from \$716.3M due to project closeout.

4.5 Open Road Tolling (ORT)

Open Road Tolling w/ Adjacent Mainline Reconstruction - COMPLETED

Description: Reconstruction or rehabilitation of 20 mainline plazas and adjacent mainline reconstruction to implement barrier-free, Open Road Tolling.

Benefits:

- Improved safety for motorists due to the elimination of traffic backups and separation of higher speed traffic.
- Improved travel times due to reduction of congestion and backups at plazas.
- Reduction of air pollution caused by traffic backups.
- Improved facilities for Tollway personnel.
- Improved safety at plazas due to reduction of traffic volume in the cash lanes.

Construction period: 2005-2007

Estimated total project cost: \$ 702.6M

No scope changes from November 2009 Consulting Engineer's Report. Major project construction is complete. Additional expenditures are anticipated through 2009 for construction close out and equipment needs. Total estimated cost adjusted from \$703.1M due to project closeout.

4.6 Systemwide Improvements

Bridge Improvements

Length: Systemwide

Description: Non-project specific funding provided for general bridge improvements based on historical spending and scheduled reconstruction/widening projects

Benefits: Improvement to system bridges in advance of reconstruction projects

Estimated construction period: 2005-2016

Estimated total cost: \$ 150.6M

Minor scope revisions from November 2009 Consulting Engineer's report. Total estimated cost has been revised from \$157.4M. Of the estimated expenditures for Bridge and Pavement Improvements between 2010 and 2016, over 44% is identified for the Jane Addams Memorial Tollway.

Plaza Improvements

Length: Systemwide

Description: Non-project specific funding provided for general plaza improvements based on historical spending

Benefits: Improvement to system plazas in advance of reconstruction projects

Estimated construction period: 2005-2016

Estimated total cost: \$ 11.7M

The estimated total cost has been revised from \$16.1M in the November 2009 Consulting Engineer's report due to revised estimates and contract closeout.

Interchange Improvements

Length: Systemwide

Description: Non-project specific funding provided for general interchange improvements based on historical spending; Earmarked funds based upon preliminary estimates and reimbursement agreements with lead agencies

Benefits: Improvement to system interchanges in advance of reconstruction projects; Tollway access improvement

Estimated construction period: 2005-2016

Estimated total cost: \$ 100.3M

The estimated total cost has been revised from \$107.6M in the November 2009 Consulting Engineer's report due to updated construction cost estimates.

Environmental / Program Management and Miscellaneous

Length: Systemwide

Description: Funding provided for general program management, other professional services, surveying, aerial mapping, and other small contracts not specifically related to individual projects elsewhere identified.

Benefits: Provides for management services and other contracts supporting the CRP.

Estimated total cost: \$ 133.9M

The estimated total cost has been revised from \$126.3M in the November 2009 Consulting Engineer's report.

Pavement Improvements

Length: Systemwide

Description: Non-project specific funding provided for general pavement improvements based on historical spending and scheduled reconstruction/widening projects

Benefits: Improvement to system pavement in advance of reconstruction projects

Estimated construction period: 2005-2016

Estimated total cost: \$ 174.2M

Minor scope revisions from the November 2009 Consulting Engineer's report. The estimated total cost has been revised from \$173.2M. Of the estimated expenditures for Bridge and Pavement Improvements between 2010 and 2016, over 44% is identified for the Jane Addams Memorial Tollway, with additional non-specific funds available.

4.7 Program Reserve Fund

Program Reserve Fund

Length: Systemwide

Description: Non-project specific balance that is currently unassigned. Balance is due to construction closeout savings already reserved and projected savings from recent bidding history and revised forecasts. The majority of the balance is currently spread over the final four years of CRP.

Estimated construction period: 2010-2016

Estimated total cost: \$ 259.2M

Reserve fund amount has been revised from \$200.3M in the November 2009 Consulting Engineer's report.

5.0 Estimated Renewal and Replacement Deposits

Section 204(1)(4) of the Indenture, provides that the Consulting Engineer shall provide estimates of Renewal and Replacement Deposits. The Renewal and Replacement Deposit is the “amount budgeted for deposit to or projected for deposit to the Renewal and Replacement Account for Renewal and Replacement Expenses, other than such budgeted or projected amounts which the Authority has determined will be available for Renewal and Replacement Expenses from the System Reserve Fund, the Improvement Fund, or from the proceeds of authorized borrowings or from installment purchases or leases.”

Table 6 below, provides estimates of Renewal and Replacement Deposits for each of the fiscal years 2010 through 2021. The Renewal and Replacement Deposits are based upon the following information provided to the Consulting Engineer prior to the issuance of this report:

- *Estimated capital expenditures of \$6.129 billion for the execution of the Congestion-Relief Program described in Section 4, which addresses the condition needs of the System as described in Sections 1 and 2*
- *The finance plan provided to the Consulting Engineer by the Tollway, which anticipates that the Congestion-Relief Program will be funded with approximately \$3.5 billion of bond proceeds and approximately \$2.7 billion of Tollway revenue*

In addition to the \$6.129 billion budgeted for the CRP, the Tollway’s Plan of Finance includes an estimated \$700 million for non-roadway capital needs during 2005 to 2016. Estimated Renewal and Replacement Deposits will fund portions of both the CRP and the non-roadway capital needs. The Trust Indenture requires projections for five years beyond the “in-service” date of the project.

Table 6: Estimated Annual Renewal and Replacement Deposits

Year	Renewal and Replacement Deposits
2010	\$150,000,000
2011	\$200,000,000
2012	\$170,000,000
2013	\$150,000,000
2014	\$150,000,000
2015	\$190,000,000
2016	\$175,000,000
2017	\$135,000,000
2018	\$150,000,000
2019	\$200,000,000
2020	\$200,000,000
2021	\$200,000,000

6.0 Estimated Operating Expenses

Operating Expenses are the expenses that the Tollway will incur in the normal course of business for operation, maintenance and repairs of the Tollway System. In 2009, the Tollway's organizational structure consisted of 13 primary functions including: Board of Directors, Administration, Communications, Engineering, Executive, Finance, Information Technology, Inspector General, Legal, Toll Operations, Procurement, Illinois State Police, and Business Systems (formerly Open Road Tolling / Violations Enforcement). Table 7 below identifies by primary function, the Actual Operating Expenses for the Tollway in 2009.

Table 7: 2009 Unaudited Operating Expenses by Tollway Primary Function

Department	2009 Expenditures	% of Total Expenditures
Administration	\$3,529,718	1.4%
Communications	\$927,267	0.4%
Board of Directors	\$504,842	0.2%
Engineering	\$64,795,113	25.4%
Executive	\$698,975	0.3%
Finance	\$43,620,961	17.1%
Information Technology	\$8,802,651	3.5%
Inspector General	\$1,188,935	0.5%
Legal	\$1,370,158	0.5%
Toll Operations	\$56,228,480	22.1%
Procurement	\$3,893,302	1.5%
State Police	\$25,559,472	10.0%
Business Systems	\$43,878,285	17.2%
Total	\$255,012,350	100.0%

Note: Percentages may not add to 100% due to rounding.

The existing Tollway system to be maintained and operated includes 286 miles of limited access highways featuring a toll collection system incorporating mainline plazas and ramp plazas with the combined use of I-PASS, automatic coin collection and manual lanes. The system has been expanded to include the 12.5 mile extension of the Veterans Memorial Tollway; the widening of existing routes; and the construction of additional interchanges. Measured in terms of lane miles, the System will grow by approximately 15.9% from the initiation of the CRP. Additionally, the toll collection system has been converted to an Open Road Tolling system with cash lanes only for non I-PASS users.

As Table 7 shows, the departments of Engineering, Toll Operations and Business Systems make up over 25%, 22% and 17%, respectively, of the Operating Expenses. Toll Operations and Business

Systems departments are the main elements for revenue collection functions. The Engineering Department is responsible for the design, construction and maintenance of the roadway. These three departments are also the departments that are most affected by the changes to the system resulting from the implementation of the CRP. Additional costs associated with the maintenance and operation of the expanded system are reflected in the increased operating costs of the Engineering Department. With the conversion of the toll collection system to Open Road Tolling, there has already been a reduction in the operating costs of the Toll Operations Department as the number of I-PASS lanes has increased and the number of automatic and manual lanes has decreased. Similarly, there has been an increased cost for Business Systems due to the increased usage of electronic toll collection and violation enforcement.

Toll Operations and Business Systems

The Toll Operations Department is responsible for manual toll collection, which includes the collection and counting of all manually collected toll revenue. The provision of management and customer service for the issuance of I-PASS transponders has been shifted into the Business Systems Department, which was formerly called Electronic Tolling and Open Road Tolling / Violation Enforcement System.

The 2010 budget identifies reducing the Toll Operations Department positions by 8.5% from 2009 levels using vacancies. In addition, Building Maintenance functions were transferred from the Administration department into Toll Operations. The headcount for Toll Operations has decreased substantially since 2005 as the Open Road Tolling projects have opened and the total number of manned toll lanes has been reduced. The need for lane walkers has been eliminated. Collectors, cash handling groups and management are assumed to remain at constant staffing levels.

Engineering

The Engineering Department oversees three areas of operation:

- Design – Project plans and specifications are prepared for various construction and maintenance activities according to the capital improvement program schedule.
- Construction – Implements the construction phase of projects by ensuring quality construction and keeping them on schedule and within budget.
- Maintenance / Traffic – Maintains the roadway system by keeping roads clean, well lit, and safe in all weather conditions; managing incidents; and informing motorists of traffic and travel concerns.

As of December 2009, the Engineering Department had an actual headcount of 575 employees. Over 85% of the employees were within the Maintenance / Traffic unit.

The implementation of the CRP has had two effects on the Engineering Department. In the design and construction departments, additional engineers are required to administer the design and construction phases of the projects. The majority of this work has and will be performed by consulting engineers under contract with the Tollway, including the PMO and other firms serving as Design Section Engineers (DSE's) and Construction Managers (CM's). These costs are included within the CRP Budget.

The second effect of the CRP implementation is the increase in staffing needs within the Maintenance/Traffic unit. The Consulting Engineer reviewed the activities that are performed by the Maintenance/Traffic unit and assessed the general impact on each activity by the implementation of the CRP.

The increases in lane miles, route length and traffic volumes will all impact the requirements of the Maintenance/Traffic unit. Between 2005 and 2016, with the South Extension of the Veterans Memorial Tollway and the widening of existing routes, overall mainline lane miles will increase by approximately 15.9%. Table 8 below shows the anticipated growth of lane miles on the System due to the CRP.

Table 8: Growth of the Tollway System as Measured by Lane Miles

Tollway Route	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 to 2021
Tri-State	545.2	545.2	556.0	556.0	556.0	641.6***	641.6	641.6	641.6	641.6	641.6	641.6
Edens Spur	21.6	21.6	21.6	21.6	21.6	25.6***	25.6	25.6	25.6	25.6	25.6	25.6
Jane Addams Memorial	358.0	358.0	358.0	358.0	358.0	403.3***	403.3	403.3	403.3	403.3	403.3	403.3**
Ronald Reagan Memorial	437.5*	444.7*	444.7	444.7	444.7	474.7***	474.7	474.7	474.7	474.7	474.7	476.1
Veterans Memorial	111.5	111.5	111.5	169.3	169.3	195.8***	195.8	195.8	195.8	195.8	195.8	195.8
Total lane Miles	1473.8	1481.0	1491.8	1549.6	1549.6	1741.0***	1741.0	1741.0	1741.0	1741.0	1741.0	1742.4
% increase per year*		0.5	0.7	3.9	0.0	10.1	0.0	0.0	0.0	0.0	0.0	0.1
% increase over 2005*		0.5	1.2	5.1	5.1	15.8***	15.8***	15.8***	15.8***	15.8***	15.8***	15.9***

* Lane mile additions are listed in the calendar year after the widening has taken place. The 2006 Consulting Engineer's Report included the widening of the Ronald Reagan Memorial Tollway that was completed in 2005 as part of the system in 2005. Table 8 now includes this section as new in 2006.

** The Jane Addams Memorial Tollway is presently planned to be widened in the years after 2016. The design for widening and reconstruction is included within the CRP, but no schedule has been established for construction. Both Table 8 and the changes to staffing levels do not consider any widening of the Jane Addams Memorial Tollway.

*** The lane mile percentage increases for 2010 onward are approximately two percentage points less than the increases that would be calculated using the numbers in the chart. This is due to a more precise measurement of the System undertaken by the Consulting Engineer during the fall and winter of 2009/2010 which produced a System lane mile total of 1741.0, which is 34.2 miles greater than the previously assumed 2010 lane mile total of 1706.8. No determination has been made as to the makeup of the increase between 1) an underestimated measurement of the pre-CRP System and 2) additional increased lane miles added by the CRP. Therefore, the percentage increases in lane miles, both annually and versus 2005, are conservatively presented without regard to the additional lane miles resulting from the more precise measurement of the System in 2009/2010.

The Maintenance / Traffic unit is subdivided into the following groups (staffing levels as of September 2009):

- Roadway Maintenance had 378 staffed positions working from the 11 maintenance facilities. They are responsible for activities such as roadway sweeping; litter collection;

- snow and ice control; minor pavement, guardrail, fence and bridge work; drainage system upkeep; roadside landscaping; traffic channelization; and motorist aid.
- Fleet Maintenance had 69 staffed positions and is responsible for the maintenance of all Tollway vehicles.
- Sign Shop had 18 staffed positions.
- Roadway Electric had 13 staffed positions.
- Traffic Operations had nine staffed positions in the traffic operations center.
- Dispatch had 29 staffed positions and dispatches services in response to calls for motorist aid.
- Oases Management had two staffed positions.

Maintenance / Traffic uses a database called the Maintenance Management System (MMS) to track costs associated with the Roadway Maintenance group and the Roadway Signage and Lighting activities of the Traffic Operations group. From the MMS database, Tollway staff provided the Consulting Engineer with the 2009 annual expenditures broken down into 10 major activities, and further broken down into approximately 175 subactivities. Table 9 below details the distribution of 2009 expenditures from the MMS.

Table 9: Distribution of 2009 Annual Expenditures from Maintenance Management System (unaudited)

Code	Activity	% of Total Cost
000	General Overhead	6.59%
100	General Maintenance	14.63%
200	Roadway & Shoulders	4.91%
300	Bridges	0.57%
400	Roadside Drainage & Appurtenances	5.16%
500	Roadside Litter Control	12.44%
600	Snow & Ice Control	38.30%
700	Roadside Landscaping	5.59%
800	Traffic Services Maintenance	6.34%
900	Mechanical & Electrical	5.48%
Total		100%

According to Tollway personnel, staffing levels at maintenance facilities have been closely tied to the snow and ice control program because of the high level of service goals established by the Tollway. Although snow and ice control are a seasonal activity, staff are hired on a permanent basis rather than as temporary or seasonal help. Snow and ice control staff members are prohibited from using vacation time during winter. Historically, the staffing level needed for snow and ice control has been relatively equal to the needs for maintenance work throughout the year. In addition, other staff, including a portion of the building maintenance employees in the Toll Operations Department, are trained to be available for snow and ice control functions.

During 2007 a significant effort was begun to process a backlog of toll violations that developed due to a change in service providers. With the combination of I-PASS activities from the Operational Services group and Open Road Tolling and Violation Enforcement System (VES) into the new Business Systems Department, expenses increased. These included the following budget items with approximate increased costs over 2006:

- Telegraph & Telephone - \$1.5 million
- Equipment Maintenance - \$2.0 million
- Bank Charges - \$3 million
- Other Outside Services - \$8 million

These increased expenditures helped to create additional evasion recovery revenue of \$10 million, \$78 million and \$50 million in 2007, 2008 and 2009 respectively.

The assumption is that increased expenditures will continue into the future beyond 2009. No cost savings are anticipated with these items, although there is still expected to be more revenue generated than the expenses.

Overall, salary and wage costs are projected to escalate by 3.0% per year to account for inflation and turnover. The staffing level for Engineering is projected to increase as additional lane mileage is added as part of the CRP, although some engineering positions are assumed to be eliminated at the conclusion of the CRP. Operational services staffing levels are projected to decrease slightly annually as cash transactions decline with increased usage of electronic collection. The inflation rate utilized for non-labor expenditures is 3.0%.

Retirement and Pension contributions, as a percentage of Salary and Wages, have risen significantly in recent years. For this estimate, the contributions for calendar year and 2010 is 29.3% of covered payroll. For 2011 and beyond the contribution rate is assumed to be 30.3% of covered payroll. These percentages are based upon the average employee rate contributions set by the State Employee Retirement System during those years. Higher than anticipated contribution amounts resulted in greater year over year increases from 2008 to 2009 and 2009 to 2010.

The Trust Indenture requires projections for five years beyond the “in-service” date of the project. Therefore, the Consulting Engineer has projected Operating Expenses, as defined in the Trust Indenture, for each of the fiscal years 2010 through 2021 as provided in Table 10 below.

Table 10: Estimated Operating Expenses

Year	Operating Expenses	Annual Increase
2010	\$265,300,000	3.0%
2011	\$271,500,000	2.3%
2012	\$277,300,000	2.1%
2013	\$283,200,000	2.1%
2014	\$289,500,000	2.2%
2015	\$298,400,000	3.1%
2016	\$307,800,000	3.2%
2017	\$315,100,000	2.4%
2018	\$324,800,000	3.1%
2019	\$334,900,000	3.1%
2020	\$345,200,000	3.1%
2021	\$355,900,000	3.1%

The estimates for Operating Expenses prepared by the Consulting Engineer and included in this report have an average growth per year of 2.7% between 2010 and 2021. There are many factors that will dictate what the actual Operating Expenses experienced by the Tollway will be, and the Consulting Engineer cannot predict the outcome of these factors. The Consulting Engineer has compared the assumptions and forecasts provided by the Tollway against the proposed system expansion and operational changes and find them to be reasonable. Thus, these forecasts and assumptions have been included in the Consulting Engineer's analysis. However, the Consulting Engineer cannot predict unforeseen circumstances or unusual price escalations that are not currently identified and known; thus, the estimates above may vary from actual expenses.

7.0 Conclusion

This report complies with Section 204.1.(4) of the Amended and Restated Trust Indenture Effective March 31, 1999. It provides the estimates for Operating Expenses and Renewal & Replacement Deposits for five years beyond the in-service date (through 2021). It also provides the estimated cost of construction and the schedule of completion for the projects (as developed by the Tollway's PMO and reviewed for reasonableness by the Consulting Engineer) included in the Tollway's Congestion-Relief Program that may be partly or wholly funded from bond proceeds. Current professional practices and procedures commensurate with the scope of work and schedule of the Consulting Engineer's work were used in the development of this report.

Forecast costs at completion provided by the PMO for all of the listed projects vary in level of detail from final amounts of completed projects through concept cost estimates performed by PMO staff. There has been success in completing construction projects within budgeted amounts. Over 77% of anticipated construction expenditures have been invoiced as of March 2010. All remaining projects in final design have detailed construction costs estimates based upon recent bidding. Additional projects utilize parametric estimating. The forecasted costs have been reviewed. These estimates follow standard industry practices and contain appropriate contingency factors based upon level of completeness of the design. Projects that are scheduled for construction in the later years of the CRP have construction cost estimates that utilize an appropriate system for estimating construction costs based upon recent bidding information. Therefore, the overall estimate of the cost of the CRP at \$6.129 billion appears reasonable, including the sizeable amount within the Program Reserve Fund.

Market conditions and unforeseen events beyond the control of Consulting Engineer, the PMO, or the Tollway may affect the implementation and cost of the CRP and the future Operating Expenses of the Tollway as detailed herein. The Consulting Engineer presumes that the PMO will continually monitor the CRP and will make adjustments to the scopes and schedules of projects in order to control the cost of the CRP. On an annual basis, the Consulting Engineer's recommendation for the Renewal and Replacement deposit will reflect consideration of adjustments to the CRP by the PMO. Any party reviewing this report must take these factors into consideration.

APPENDIX C
TRAFFIC ENGINEER'S REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]



June 2, 2010

Mr. Michael J. Colsch
Chief of Finance
Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, IL 60515

Re: Traffic Engineer's Report

Dear Mr. Colsch:

Wilbur Smith Associates (WSA) is pleased to submit updated traffic and revenue estimates for the Illinois State Toll Highway Authority (Tollway). Estimates for the years 2010 through 2034 have been prepared in anticipation of a proposed bond issue to refinance a portion of bonds originally issued to partially fund the Congestion-Relief Program "Open Roads for a Faster Future" that was originally approved in September, 2004 (CRP-1).

As the Illinois Tollway's Traffic Engineer, WSA monitors traffic and revenue trends, prepares Revenue Certificates and issues an Annual Toll Revenue Report. WSA also conducts various traffic and planning studies and provides technical support for Tollway planning and operations. In the spring of 2005, WSA conducted a comprehensive traffic and revenue study for the Illinois Tollway. WSA subsequently prepared five updates of these estimates, in spring 2006, fall 2007, fall 2008, spring 2009 and fall 2009. The estimates in this report provide an update of the November 2009 estimates.

ILLINOIS TOLLWAY SYSTEM DESCRIPTION

The Tollway operates a system of toll highways in northern Illinois that includes the Chicago suburban area. The Tollway system currently consists of 286.5 miles of limited access highways, all of which are part of the Interstate Highway System.

While traffic volumes have grown steadily for much of the Tollway's history, the toll rate structure remained essentially unchanged from 1983 through 2004. In September 2004, the Illinois Tollway Board adopted a plan for congestion relief (Open Roads for a Faster Future) along with a new toll structure to fund the improvements. The plan, now referred to as CRP-1, was subsequently updated and approved by the Illinois Tollway Board in September 2007. CRP-1 provides for relief of existing congestion and addition of new capacity to accommodate future traffic growth. A key component of the program was the reduction of delays at toll plazas through increased use of electronic toll payment, combined with financial incentives and "Open Road" tolling for electronic toll collection participants. The program also included a new 12.5-mile southern extension to the Veterans Memorial Tollway that opened to traffic on

November 12, 2007, and additional mainline lanes for a significant portion of the system, the majority of which were opened to traffic by December 2009.

SYSTEM OVERVIEW

The Illinois Tollway network includes the Jane Addams Memorial (formerly the Northwest Tollway), Tri-State, Ronald Reagan Memorial, and Veterans Memorial (formerly the North-South Tollway) Tollways. Figure 1 shows a map of Tollway routes.

The Jane Addams Memorial Tollway, designated as Interstate 90, begins just east of Chicago O'Hare International Airport and extends northwest to the Rockford area before turning north to Wisconsin, passing through Cook, Kane, McHenry, Boone, and Winnebago counties. A connection to the Kennedy Expressway at its eastern end provides a direct route to Chicago's northwest side and central business district. The eastern section of the route generally consists of a six-lane cross-section except for a short stretch that provides an eight-lane cross-section between Roselle Road and IL Route 53; the western section is four lanes in cross-section. In the far western section, the route carries the designation of I-39/90 from its junction with Interstate 39 to the Wisconsin state line and consists of a six-lane cross section.

The Tri-State Tollway provides the primary limited access circumferential route around the City of Chicago. Running in a largely north-south orientation through Cook and Lake counties, the Tri-State Tollway carries the designations of Interstate 94, 294, and 80 along its route from southeast Wisconsin to northwest Indiana. As of January 2010, the route is eight lanes wide for all but the northern 1.5 miles and a few short segments with more than eight lanes.

The Ronald Reagan Memorial Tollway, designated as Interstate 88 for its entire length, begins at the junction of the Tri-State Tollway and the Eisenhower Expressway, near the Cook-DuPage county line, and runs west to the boundary of Whiteside and Lee counties. Most of the eastern section of the Ronald Reagan Memorial Tollway was recently reconstructed and widened to an eight-lane cross section as part of CRP-1. The western section (west of the Aurora Toll Plaza) is generally four-lanes, with some sections widened to six lanes as part of CRP-1. From its western terminus, the route continues as a toll free route with the I-88 designation. From the eastern end, a free route continues to downtown Chicago as the Eisenhower Expressway (I-290).

The Veterans Memorial Tollway provides a second circumferential route linking Chicago's northwest, west and southwest suburbs. Designated as Interstate 355, the Veterans Memorial Tollway extends south from its junction with Interstate 290 in DuPage County. The route was extended to Interstate 80 in Will County with the completion of a 12.5 mile southern extension in November 2007. The roadway generally provides a six-lane cross-section, and serves developed suburban areas in DuPage County and fast-developing residential areas in northern Will County. The central section, from 75th Street to Ogden Avenue, was widened to eight lanes in 2008-9.

report to I-PASS payment or electronic toll collection refer to electronic toll payment made with either I-PASS or other E-ZPass compatible transponders.

Toll rates on the Illinois Tollway were originally defined for ten vehicle classes. Table 1 shows vehicle class definitions and historic and current toll rates at typical mainline plazas. The basic passenger car rate at mainline plazas was \$0.30 in the first years of operation, increasing to \$0.35 in 1964. The rate dropped to \$0.30 in 1971; then subsequently increased to \$0.40 in 1983, where it remained through 2004. The Veterans Memorial Tollway opened in late 1989 with a higher basic toll rate of \$0.50 for passenger cars and proportionally higher tolls for other vehicle classes, reflecting its later construction and the higher cost of building in developed areas.

The current toll rate structure went into effect on January 1, 2005. Toll rates are now defined for four rate tiers. A passenger-vehicle rate tier is the same as the previous Class 1, and includes all two-axle vehicles with four or fewer tires. A small-truck rate tier, consisting of two-axle vehicles with six tires, replaces Class 2. The medium-truck rate tier includes the former Classes 3, 4, 7, and 8; and consists of three and four-axle vehicles, including two-axle vehicles towing one and two-axle trailers. A large-truck rate tier replaces former Classes 5, 6, 9, and 10; and consists of vehicles with five or more axles including two-axle vehicles towing three-axle trailers.

**TABLE 1
TOLL RATE HISTORY**

Vehicle Class		Previous Rates				Current Rates**		
		1959-1963	1964-1970	1971-1983	1983-2004	Tier	Discount	Non-Discount
Class	Description							
1	Automobile, motorcycle, single unit truck or tractor, two axles, four or less tires	\$0.30	\$0.35	\$0.30	\$0.40	1	\$0.40	\$0.80
2	Single unit truck or tractor, buses, two axles, six tires	0.40	0.45	0.30	0.50	2	1.00	1.50
3	Three axle trucks and buses	0.50	0.50	0.45	0.75	3	1.75	2.25
4	Trucks with four axles	0.50	0.60	0.60	1.00	3	1.75	2.25
5	Trucks with five axles	0.50	0.75	0.75	1.25	4	3.00	4.00
6	Trucks with six axles	0.50	0.90	0.90	1.50	4	3.00	4.00
7	Class 1 vehicle with one axle trailer	0.50	0.50	0.45	0.60	3	1.75	2.25
8	Class 1 vehicle with two axle trailer	0.50	0.60	0.60	0.80	3	1.75	2.25
9	Miscellaneous passenger car, special or unusual vehicles not classified above	0.50	0.90	1.00	1.40*	4	3.00	4.00
10	Miscellaneous commercial vehicle, special or unusual vehicles not classified above	-	-	-	1.75*	4	3.00	4.00

Typical rates at mainline plazas on Tri-State, Ronald Reagan, and Jane Addams Tollways.

- * Class 9 rate was \$0.20 per axle for automobiles and Class 10 was \$0.25 per axle for trucks.
- ** Passenger cars equipped with I-PASS pay the discount rate, and cash users pay the non-discount rate. Commercial vehicles pay the discount rate from 10:00 PM to 6:00 AM, regardless of payment method.

As Table 1 shows, passenger car toll rates for I-PASS customers did not change under the 2005 toll rate structure, but cash toll rates for passenger cars doubled. At a typical mainline plaza with a 2004 passenger car toll of \$0.40, the cash toll is now \$0.80. The passenger car toll for I-PASS customers remains at \$0.40.

The new toll structure introduced a time-of-day pricing differential for commercial vehicles. Daytime rates (6:00 AM to 10:00 PM on weekdays and weekends) for small, medium and large commercial vehicles at typical mainline plazas are \$1.50, \$2.25, and \$4.00, respectively. Overnight (10:00 PM to 6:00 AM) rates for the three commercial vehicle classes are \$1.00, \$1.75, and \$3.00. From January, 2005 through December, 2008, commercial vehicles using I-PASS paid the overnight toll rate during daytime off-peak hours (9:00 AM to 3:30 PM and 6:30 PM to 10:00 PM on weekdays, 6:00 AM to 10:00 PM on weekends). Since January, 2009, commercial vehicles pay the discounted rate only during the overnight hours from 10:00 PM to 6:00 AM. Commercial vehicle rates at plazas with other rate schedules are roughly proportional to the I-PASS car rate with the exception of the Veterans Memorial Tollway, which has the same commercial vehicle rates as the rest of the system.

The traffic and revenue estimates in Tables 9 and 10 assume that the current toll rates shown in Table 1 will remain unchanged from 2010-2034.

HISTORIC TRAFFIC AND REVENUE TRENDS

Table 2 presents a summary of toll transactions and revenue trends on the Tollway system. For much of its history, Tollway system usage and toll revenue have grown steadily. The number of toll transactions has declined on an annual basis in only six years: 1980, 1999, 2005, 2006, 2008 and, based on preliminary data, 2009. The 1980 decline coincided with what at the time was the most severe economic recession since World War II. The principal reasons for the 2005 decline were the toll rate increase that went into effect at the beginning of 2005 and the extensive construction activity that began in mid 2005 and will continue into 2010.

Almost all of the transaction decrease in 2006 can be attributed to the conversion of two mainline toll plazas (Belvidere and Marengo) on the Jane Addams Memorial Tollway from bi-directional tolling to one-way tolling in February, 2006. Toll rates at these two plazas were doubled after the conversion so toll revenues were not significantly affected. From 2006 to 2007, however, transactions increased by 3.2 percent, primarily as a result of the completion of the conversion of all mainline toll plazas to Open Road Tolling (ORT) as part of CRP-1. Transactions declined slightly in 2008 due to a combination of high motor fuel prices and worsening economic conditions. Preliminary 2009 transactions declined slightly, primarily due to the continued economic recession.

There have only been two years with declines in revenues: 1980 and 2006. The decline in toll revenue in 2006 was primarily due to extensive construction activity. Toll revenues increased by 0.8 percent in 2007, partly as a result of the opening of the Veterans Memorial Tollway extension. Toll revenues increased by 2.0 percent in 2008 in spite of the recession and high fuel prices, due to the full impact of the opening of the Veterans Memorial Tollway Extension. In 2009, preliminary estimates of revenues increased slightly due at least in part to the elimination of the off-peak truck I-PASS discount.

TABLE 2
TRANSACTION AND REVENUE TRENDS 1959-2009

Year	Annual System Transactions (thousands)	Average Daily Transactions	Annual Percent Change System Transactions	Annual System Revenue (thousands)	Annual Percent Change
1959	42,937	117,600	-	\$14,536	-
1964	79,726	217,800	13.2	\$31,172	16.5
1969	160,964	441,000	15.1	\$55,675	12.3
1970	177,103	485,200	10.0	\$56,908	2.2
1971	194,633	533,200	9.9	\$58,579	2.9
1972	205,390	561,200	5.5	\$61,242	4.5
1973	226,995	621,900	10.5	\$67,978	11.0
1974	232,806	637,800	2.6	\$70,310	3.4
1975	243,094	666,000	4.4	\$72,061	2.5
1976	264,655	723,100	8.9	\$79,553	10.4
1977	281,368	770,900	6.3	\$86,794	9.1
1978	300,791	824,100	6.9	\$92,868	7.0
1979	310,657	851,100	3.3	\$97,116	4.6
1980	309,289	845,100	(0.4)	\$95,452	(1.7)
1981	316,199	866,300	2.2	\$98,748	3.5
1982	317,501	869,900	0.4	\$99,152	0.4
1983	330,803	906,300	4.2	\$117,228	18.2
1984	350,994	959,000	6.1	\$157,327	34.2
1985	368,216	1,008,800	4.9	\$164,298	4.4
1986	402,381	1,102,400	9.3	\$179,161	9.0
1987	428,095	1,172,900	6.4	\$190,115	6.1
1988	464,740	1,269,800	8.6	\$208,213	9.5
1989	485,938	1,331,300	4.6	\$212,781	2.2
1990	543,047	1,487,800	11.8	\$241,079	13.3
1991	564,689	1,547,100	4.0	\$248,529	3.1
1992	575,623	1,572,700	1.9	\$254,144	2.3
1993	586,728	1,607,500	1.9	\$260,096	2.3
1994	632,294	1,732,300	7.8	\$282,143	8.5
1995	667,205	1,828,000	5.5	\$297,908	5.6
1996	692,054	1,890,900	3.7	\$308,567	3.6
1997	720,899	1,975,100	4.2	\$317,980	3.1
1998	724,500	1,984,900	0.5	\$323,523	1.7
1999	720,104	1,972,900	(0.6)	\$332,626	2.8
2000	736,310	2,011,800	2.3	\$343,945	3.4
2001	764,285	2,093,900	3.8	\$354,774	3.1
2002	792,836	2,172,200	3.7	\$363,235	2.4
2003	801,603	2,196,200	1.1	\$377,454	3.9
2004	823,145	2,249,000	2.7	\$391,586	3.7
2005	780,446	2,138,200	(5.2)	\$580,442	48.2
2006	764,125	2,093,500	(2.1)	\$567,500	(2.2)
2007	788,292	2,159,700	3.2	\$572,093	0.8
2008 **	777,882	2,125,400	(1.3)	\$583,647	2.0
2009 ***	775,352	2,124,300	(0.3)	\$592,063	1.4

* S. Extension of Veterans Memorial Tollway opened on November 12, 2007.

** First full year of Veterans Memorial Tollway operation.

*** PRELIMINARY DATA Off-peak truck discount eliminated

Source: Illinois State Toll Highway Authority Comprehensive Annual Financial Reports (1959 through 2008).

Table 3 shows revenue trends by individual Tollway facility for the years 2003 to 2009. The new toll structure that went into effect at the beginning of 2005 was the primary reason for the revenue increase shown in 2005. In 2006, the Jane Addams Memorial and Tri-State Tollways declined in revenue compared to 2005 as a result of construction activity related to conversion of mainline plazas to “Open Road” tolling. The Ronald Reagan Memorial Tollway had some construction activity but experienced only a very slight revenue decline in 2006. On the Veterans Memorial Tollway, construction activities primarily occurred in 2005, and the revenues increased in 2006. In 2007, toll revenues increased on all four routes, although the growth was tempered due to construction activities related to roadway widening on the Tri-State and Ronald Reagan Memorial Tollways. The opening of the southern extension of the Veterans Memorial Tollway contributed to increased revenue in 2007, although the extension only contributed to revenues for the last one and a half months of the year. In 2008, revenues declined on the Tri-State Tollway and Reagan Memorial Tollway due to a combination of construction activities and economic conditions. Revenues increased on the Veterans Memorial Tollway due to the opening of the south extension, in spite of construction on the central portion of that route.

TABLE 3
REVENUE BY FACILITY 2003-2009

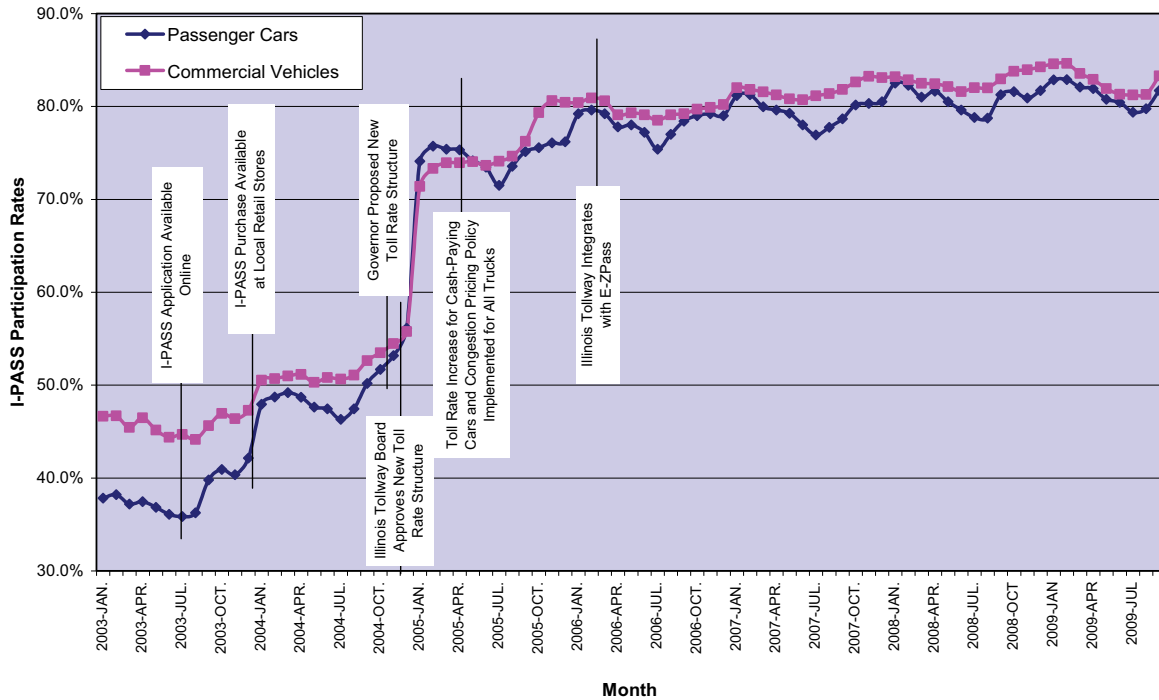
Year	Jane Addams Memorial Tollway		Tri-State Tollway		Ronald Reagan Memorial Tollway		Veterans Memorial Tollway		Over Dimension Vehicle	Tollway Total	
	Revenue (thousands)	% change	Revenue (thousands)	% change	Revenue (thousands)	% change	Revenue (thousands)	% change		Revenue (thousands)	% change
2003	\$82,155	2.9	\$179,442	4.0	\$61,680	6.6	\$53,857	2.2	320	\$377,454	3.9
2004	87,651	6.7	183,469	2.2	63,841	3.5	56,339	4.6	287	391,586	3.7
2005	136,060	55.2	285,115	55.4	91,533	43.4	65,484	16.2	249	580,442	48.2
2006	127,256	(6.5)	274,737	(3.6)	91,502	0.0	73,710	12.6	296	567,500	(2.2)
2007	130,297	2.4	274,853	0.0	92,058	0.6	74,611	1.2	274	572,093	0.8
2008	130,330	0.0	257,016	(6.5)	87,650	(4.8)	108,373	45.3	277	583,646	2.0
2009 *	129,473	(0.7)	258,811	0.7	89,886	2.6	113,892	5.1	358	592,420	1.5

* PRELIMINARY DATA

Source: 2008 Comprehensive Annual Financial Report (except as noted)

Tolls on the Tollway can generally be paid using either cash or I-PASS, the Tollway’s electronic toll collection system. Figure 2 shows the percentage of toll transactions that used I-PASS since January 2003 for passenger cars and commercial vehicles. Participation rates increased dramatically in the fall of 2004 coinciding with announcement and implementation of the new toll rate structure that provided certain discounts for electronic toll payment (I-PASS) versus cash toll payment. Participation rates have continued to increase slowly since 2004. The integration with E-ZPass in the fall of 2005, the electronic toll system used in many eastern states, boosted participation rates for commercial vehicles approximately five percentage points.

**FIGURE 2
HISTORIC I-PASS USAGE RATES**



REGIONAL DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Socio-economic factors in a toll facility’s service area are key determinants of future usage. Tollway routes extend into a service area consisting of 14 counties. These counties include the nine Illinois counties of the Chicago-Naperville-Joliet Metropolitan Statistical Area (Cook, DuPage, DeKalb, Grundy, Kane, Kendall, Lake, McHenry and Will) and five adjoining counties (Boone, Lee, Ogle, Whiteside and Winnebago).

The current national economic recession continues to have an impact on the Tollway’s service area and the State as a whole. Consequently, the demographic and economic forecasts for the 14-County service area have been reviewed to estimate – to the extent possible – the impacts of this economic decline. These impacts are more evident on the region’s employment and economy – both current and long-term – than on its population.

Service Area Characteristics

The 14-county service area has a combined 2008 (last year for which U.S. Census estimates, by county, are available) population of approximately 9.207 million. This represents an increase of 0.466 million persons (5.3 percent, or an annual rate of 0.65 percent) over that of the 2000 Census population. The largest and most-populous county within the service area is Cook County, with a 2008 Census population estimate of 5.295 million, representing a slight decrease (1.5 percent) from its 2000 level. This was a slight increase, however, from the 2007 level. Cook County, which includes the City of Chicago, is a mature, fully-developed county. The decline in population is due, primarily, to reductions in average household size. The second most-populous county is DuPage County, with a 2008 population estimate of approximately 930,500. DuPage County is approaching full development. Accordingly, its rates of growth are starting to decrease; its 2000-2008 growth was 2.92 percent, lower than the service area as a whole.

Two of the counties within the service area were among the fastest-growing U.S. Counties with 10,000-or-more population, for the period 2000-2008¹. These counties are: Kendall, with a 2000-2008 growth of 89.6 percent (ranked as the #1 fastest-growing county in the U.S.); and Will, ranked #68, with a growth of 35.6 percent. Will County experienced the largest numeric growth in population (178,831) during the period 2000-2008 among the service area's 14 counties. The other counties, within the service area, with significant (more than 20,000) numeric population growth are: Kane County – 103,460, Lake County – 68,097, McHenry County – 58,564, Kendall County – 48,916, DuPage County – 26,367, and Winnebago County – 21,834. As Cook and DuPage Counties have approached full development, the region's population growth has pushed outward.

Land use and transportation planning for the six-most populous counties (Cook, DuPage, Lake, Will, Kane and McHenry) of the 14-County service area, are undertaken by the Chicago Metropolitan Agency for Planning (CMAP). CMAP's jurisdictional responsibility has recently been expanded to include Kendall County. The Rockford Metropolitan Agency for Planning (RMAP) is responsible for transportation planning for Winnebago and Boone Counties, the core counties of the Rockford Metropolitan Statistical Area (MSA). The planning responsibilities for the other counties are with their counties and/or their planning commissions, if available. The Illinois Department of Commerce and Economic Opportunity (DCEO) generates county population forecasts which are used by counties which do not generate their own local forecasts.

Population Forecasts

Population forecasts for the 14-County service area were obtained from two sources: the public planning agencies referenced in the preceding paragraph and Woods & Poole Economics, Inc. (W&P).

The CMAP population and employment forecasts for Cook, DuPage, Kane, Lake, McHenry and Will Counties were completed and officially approved on September 27, 2006, by the Northeastern Illinois

¹ Table 8: Population Estimates for the 100 Fastest Growing U.S. Counties with 10,000 or More Population in 2008: April 1, 2000 to July 1, 2008 (CO-EST2008-08), Population Division, U.S. Census Bureau, March 19, 2009.

Planning Commission (a CMAP predecessor agency). These forecasts were used as the input into the preparation of the “2030 Regional Transportation Plan for Northeastern Illinois”, whose latest update was approved October 9, 2008. Currently, CMAP is in the process of preparing the 2040 Comprehensive Regional Plan and its component plans, including the 2040 Regional Transportation Plan. However, the 2040 plans and their underlying forecasts are not scheduled for completion until late 2010. A comparison of the CMAP 2030 and W&P forecasts is presented later in this section.

The latest population forecasts, undertaken by the Rockford Metropolitan Agency for Planning (RMAP), for Boone & Winnebago Counties, were those prepared for its “Year 2035 Long-Range Transportation Plan for the Rockford Metropolitan Planning Area”. This Plan was approved and published in August 2005. RMAP has no plans for updating these forecasts until after the release of the 2010 Census results.

Population forecasts for DeKalb, Grundy and Kendall counties were obtained from analysis conducted by the Illinois Department of Transportation and adopted by the Northeastern Illinois Planning Commission (NIPC) in 2005 for use in regional planning studies. The Lee, Ogle and Whiteside county population forecasts were obtained from Illinois Department of Commerce and Economic Opportunity. These publicly developed population forecasts do not reflect the conditions experienced in 2008, with the base year data for most of these forecasts being 2005 or earlier.

In 2009, Woods & Poole Economics (W&P) released their latest forecasts in the Complete Economic and Demographic Data Source (CEDDS), used herein. The demographic base year for the 2009 W&P forecasts is the July 1, 2008 population estimates, by county, as published by the U.S. Bureau of the Census, on March 19, 2009.

For 2030, the 2009 W&P population forecast is essentially unchanged from the 2008 forecast, which in turn was 3.6 percent lower than the 2007 forecast series. The combined public agency forecast (CMAP, RMAP, IDOT and DCEO) for the Tollway service area is approximately 2.2 percent higher than the 2009 W&P series.

The W&P demographic forecast is generated through a traditional cohort-survival-migration model based on calculated fertility and mortality in each county or economic region. The migration component of the population model is estimated by balancing the demand for labor (generated through the employment model) with the supply derived from the population forecasts. The employment forecast model is described in the next section.

The 2008 and 2009 W&P forecasts are the lowest among those reviewed and which have been prepared after the 2000 Census. Prior to the release of these latest W&P forecasts, the U.S. Bureau of the Census released (on December 22, 2008) the July 1, 2008 population estimates, by state. Analysis of the Illinois components of change (birth, deaths, international migration, and domestic migration) reveal that, as the economic conditions worsened, international migration into Illinois slowed down. However, this decline in international in-migration was more than balanced by a slow-down in domestic out-migration from Illinois to the other states (most-notably to the southwestern and southeastern states). The net result is that the population of Illinois grew by more persons during the period July 1, 2007 to July 1, 2008 than that of the average of the period 2000-2008. Accordingly, given past trends, and provided that the current

economic downturn does not last more than the predicted 1-3 years, there should be no significant lowering of the population forecasts for the 14-County Tollway Region or its component sub-regions.

Table 4 shows the population trends and forecasts, by county, within the 14-County Tollway service area, as developed by the public agencies and W&P. The W&P forecasts are derived through demographic and econometric models and are not constrained by land availability. Accordingly, the W&P forecasts are reasonable at the level of an economic region (e.g. Metropolitan Area CMAP Region), but less so at the county level within a metropolitan area. Also shown in Table 4, are population forecasts, by county, for 2030 and 2034 that have been used by WSA to develop the traffic and revenue estimates in this report. These forecasts are constrained by the W&P regional totals, but reflect the planning principles implied in the CMAP, RMAP and other locally-generated forecasts, and are unchanged from the November 2009 update.

**TABLE 4
FORECAST POPULATION CHANGE BY COUNTY**

County	2000 Census (04-01-00)	2007 Census Estimate (07-01-07)	2030 CMAP, RMAP & Other Local Forecasts	2030 W&P Forecast (2009 Series) (a)	WSA 2030 Forecast	WSA 2034 Forecast
Cook	5,376,741	5,285,107	5,952,794 (1)	5,377,407	5,678,000	5,715,000
DeKalb	88,969	103,729	131,077 (3)	138,252	134,000	140,000
DuPage	904,161	929,192	1,003,702 (1)	1,202,640	1,005,000	1,015,000
Grundy	37,535	47,144	66,266 (3)	70,296	66,000	70,000
Kane	404,119	501,021	718,464 (1)	715,986	720,000	755,000
Kendall	54,544	96,818	190,150 (3)	181,181	190,000	205,000
Lake	644,356	710,241	841,860 (1)	943,062	850,000	862,000
McHenry	260,077	315,943	457,594 (1)	470,923	460,000	485,000
Will	502,266	673,586	1,076,446 (1)	1,102,810	1,100,000	1,162,000
Boone	41,786	53,531	63,440 (2)	72,621	67,000	70,000
Lee	36,062	35,450	38,923 (4)	36,535	37,000	37,500
Ogle	51,032	55,011	63,765 (4)	63,951	64,000	66,000
Whiteside	60,653	59,198	68,134 (4)	59,867	61,000	61,300
Winnebago	278,418	298,759	348,000 (2)	348,661	348,000	356,200
6-County CMAP Region	8,091,720	8,415,090	10,050,860 (1)	9,812,828	9,813,000	9,994,000
2-County RMAP Region	320,204	352,290	411,440 (2)	421,282	415,000	426,200
14-County Tollway Region	8,740,719	9,164,730	11,020,615	10,784,192	10,780,000	11,000,000

Sources:

- (1) Chicago Metropolitan Agency for Planning (CMAP), "2030 Forecasts of Population, Household and Employment", September 27, 2006. Retrieved from CMAP's Web Site, February 2, 2009.
- (2) "Year 2035 Long-Range Transportation Plan for the Rockford Metropolitan Planning Area", Rockford Area Transportation Study (predecessor agency of the Rockford Metropolitan Agency for Planning), August 2005, Table 2-5, p 13. The published forecast is for the combined Boone and Winnebago Counties; the county-specific forecasts are from the working papers for the 2035 Plan.
- (3) Illinois Department of Transportation study adopted by the Northeastern Illinois Planning Commission in 2005.
- (4) Illinois Department of Commerce and Economic Opportunity, "Population Projections", downloaded from Department's Web Site February 2, 2009.

Notes:

- (a) W&P forecasts do not take into consideration land constraints. These counties are not accommodating indicated high levels of population forecasts. Population not accommodated here will spill over to adjacent counties, where developable land is available. CMAP assumes that some of this spillover will go to Cook County, which is fully developed, but which does offer redevelopment opportunities.

Employment Forecasts

There is one significant factor that must be considered when comparing employment estimates and forecasts. Unlike population, there are varying definitions of employment. Employment estimates, in particular, are released on a frequent basis by various sources; many of which use different employment definitions. This makes comparisons difficult. The first step in any comparison, therefore, is to conform the data to a common base. The employment forecasts use three sources and, therefore, three definitions of employment. These sources are:

- **Bureau of Economic Analysis (BEA)** of the U.S. Department of Commerce - Used by W&P. This source provides the most-complete measure of the number of jobs; it includes all full-time and part-time jobs by place of work. This employment data covers wage and salary workers, proprietors, private household employees, and miscellaneous workers. The BEA data and the W&P forecasts are available only at the county level.
- **Bureau of Labor Statistics (BLS)** of the U.S. Department of Labor - The BLS employment data are generally much lower than the BEA data. The BLS data do not include farm workers, military, proprietors (self employed), household and miscellaneous employment. For June 2006, the employment as reported by BLS was 77 percent of that reported by W&P; furthermore, the gap is increasing. The BLS data is available by state, Metropolitan Statistical Area, and County; and is more current than BEA data.
- **Chicago Metropolitan Agency for Planning (CMAP)** - The regional control total for the CMAP is the BLS data, expanded to include farm and partial proprietor (self) employment. Small area estimates are generated using Illinois Department of Employment Security data, supplemented by other sources. At the county level, the CMAP data and forecasts are lower than W&P, but higher than BLS. CMAP data are available at five-year intervals, dating back to 1970 at the sub-county level.

The specific W&P economic forecasting methodology follows the standard “export-base” approach. Certain industrial sectors, at the regional level, are considered “basic”, producing output that is not consumed locally, but is exported to national and international markets. This methodology links the basic industries to the national economy. Growth in regional basic sectors is linked to the growth in the corresponding national sectors.

W&P, in generating its 2008 and 2009 series of forecasts, was cognizant of the economic slowdown, which had started in late 2007. W&P, in its 2008 forecast, lowered the 2030 employment forecasts for the 14-County service area by 8.8 percent from its 2007 forecast. However, economic conditions continued to deteriorate in late 2008 and early 2009 and in its 2009 forecast, W&P lowered its 2030 employment estimate for the service area by a further 6.7%. The 2009 W&P employment forecasts for 2030 are lower for every county in the service area, and are now 6.0% lower than the WSA recommended 2030 employment forecast published in the November update. The 2009 W&P forecasts for the three largest job centers, however, are now much closer to the November 2009 WSA recommendations, as shown in Table 5.

**TABLE 5
COMPARISON OF 2008 AND 2009 W&P EMPLOYMENT ESTIMATES
KEY EMPLOYMENT CENTERS**

County	W&P 2008	W&P 2009	WSA 11/09 Recommendation	% Difference (2008/Rec.)	% Difference (2009/Rec.)
Cook	3,908,482	3,686,446	3,870,000	6.0%	-4.7%
DuPage	1,045,657	952,693	930,000	12.4%	2.4%
Lake	639,001	579,320	560,000	14.1%	3.5%
TOTAL	5,593,140	5,218,459	5,360,000	4.3%	-2.6%

Therefore, the Woods & Poole employment estimate for the key employment destinations in Northeastern Illinois, which are the principal destinations for commuters using the Illinois Tollway system, remains very close to the WSA November 2009 recommendation. A major difference remains in the forecast for Will County. The al Chalabi Group and CMAP maintain that there is a minimum number of jobs required to serve the population that is forecast for this region. W&P’s forecasts do not reach that minimum.

Table 6 presents 2000 actual and 2008 estimated employment, the W&P forecasts (2009 series), the CMAP forecasts (September 2006), and other locally-generated county forecasts (for counties outside the CMAP Region). These forecasts are presented, as published, and in BEA-equivalent jobs, if different. The existing data are presented in the three definitional formats. The 2030 and 2034 employment forecasts used to develop the traffic and revenue estimates are shown in the last two columns.

**TABLE 6
EMPLOYMENT DATA AND FORECASTS – VARIOUS AVAILABLE SOURCES**

County	2000 Actual Employment			2008 Estimated Employment			2030 Employment Forecasts					WSA Forecasts	
	W&P/BEA (a)	BLS (b)	CMAP (c)	W&P/BEA (d)	BLS (b)	CMAP	W&P 2009 Series (BEA Def) (a)	BLS (b)	CMAP (c)	CMAP in BEA Equivalent Jobs (e)	Other Local Generated in BEA Equivalent Jobs (f)	2030 in BEA Equivalent Jobs	2034 in BEA Equivalent Jobs
Cook	3,351,990	2,716,109	2,818,334	3,320,347	2,533,427	n/a	3,686,446	n/a	3,305,003	4,099,821	n/a	3,870,000	3,965,000
DeKalb	47,454	33,109	n/a	55,838	38,326	n/a	70,956	n/a	n/a	n/a	75,788	75,000	79,000
DuPage	702,575	595,749	649,989	735,838	601,437	n/a	952,693	n/a	830,394	1,025,581	n/a	930,000	965,000
Grundy	20,025	14,578	n/a	24,471	16,575	n/a	32,123	n/a	n/a	n/a	36,269	34,000	36,000
Kane	241,766	198,180	206,107	269,832	212,255	n/a	362,708	n/a	352,208	423,442	n/a	405,000	435,000
Kendall	21,667	16,094	n/a	33,938	25,125	n/a	44,917	n/a	n/a	n/a	91,248	78,000	90,000
Lake	418,842	321,667	352,582	454,863	343,756	n/a	579,320	n/a	463,509	569,931	n/a	560,000	580,000
McHenry	111,702	89,441	105,118	133,067	106,157	n/a	176,347	n/a	168,573	207,438	n/a	200,000	215,000
Will	186,145	145,513	165,556	259,823	199,867	n/a	364,528	n/a	415,549	547,946	n/a	520,000	585,000
Boone	18,905	14,339	n/a	22,027	15,626	n/a	30,051	n/a	n/a	n/a	27,310	29,000	30,000
Lee	18,108	13,257	n/a	17,316	12,907	n/a	18,540	n/a	n/a	n/a	n/a	18,000	18,250
Ogle	25,465	18,427	n/a	25,745	17,348	n/a	28,842	n/a	n/a	n/a	n/a	30,000	31,000
Whiteside	31,115	23,697	n/a	29,307	21,129	n/a	32,382	n/a	n/a	n/a	n/a	30,000	30,250
Winnebago	176,590	146,047	n/a	171,670	137,928	n/a	200,310	n/a	n/a	n/a	235,040	221,000	230,500
6-County CMAP Region	5,013,020	4,066,659	4,297,686	5,173,770	3,996,899	n/a	6,122,042	n/a	5,535,236	6,874,159	n/a	6,485,000	6,745,000
2-County RMAP Region	195,495	160,386	n/a	n/a	153,554	n/a	228,934	n/a	n/a	n/a	262,350	250,000	260,500
Other 6 Counties	163,834	119,162	n/a	340,969	131,410	n/a	227,760	n/a	n/a	n/a	n/a	265,000	284,500
14-County Tollway Region	5,372,349	4,346,207	n/a	5,554,082	4,281,863	n/a	6,578,736	n/a	n/a	n/a	n/a	7,000,000	7,290,000

Sources:

- Woods & Poole Economics, Inc. (W&P), "2009 Complete Economic and Demographic Data Source (CEDDS)."
- Bureau of Labor Statistics Website, Quarterly Census of Employment and Wages, Illinois Counties.
- Chicago Metropolitan Agency for Planning (CMAP), "2030 Forecasts of Population, Households, and Employment", September 27, 2006.
- The last W&P "actual", statistics are for 2006. The W&P 2008 estimate is derived through comparative analysis with BLS employment data.
- This conversion was undertaken as part of an IDOT study.
- The forecasts for Boone and Winnebago Counties are from "Year 2035 Long Range Transportation Plan for the Rockford Metropolitan Planning Area", Rockford Area Transportation Study (predecessor agency of the Rockford Metropolitan Agency for Planning), August 2005, Table 9-4 p.98. Forecasts for other counties are from forecasts adopted by the Northeastern Illinois Planning Commission in 2005.

RECENT ECONOMIC ACTIVITY AND SHORT-TERM PROJECTIONS

The recession that began in December, 2007 and continued to worsen through the first half of 2009 continues to show signs of abating. Economic activity, as measured by gross domestic product (GDP), declined through mid-2009 and has since increased at an accelerating rate.

Turmoil in the financial markets stemming from the mortgage crisis that resulted in the failure of several large banks, the placement of Fannie Mae and Freddie Mac into conservatorship by the government, and the takeover of some investment banks by commercial banks brokered by the Federal Reserve Bank and the US Treasury Department has lessened significantly. Partly as a result of tightened lending standards and improved financial condition, banks' access to credit markets has improved greatly since late 2008. Challenges remain, however, as bank failures rose significantly in 2009, and more failures are likely. Apart from losses in mortgages and consumer loans, banks and other financial institutions are facing significant losses from commercial real estate loans and investments in securities backed by such loans.

By December 2009, consumer confidence had improved from the low levels of a year earlier, but recent surveys indicate continued high unemployment and general softness of the labor market have led to greater consumer pessimism. In February, the Conference Board's Consumer Confidence Index dropped to its lowest level since April 2009. Even if this turns out to be an isolated drop, however, increases in consumer confidence may not translate to increases in consumer spending. As declines in home values, pension and investment accounts have occurred over the past two years, even those who have not suffered income declines are more cautious spenders. The desire to decrease their debt and increase savings remains the dominant motivation of nearly all consumers.

In the labor market, the US unemployment rate began to increase in early 2007, with the rate of increase accelerating throughout 2008 and into 2009. In mid-2009 the US unemployment rate began to stabilize in a range of 9.4 to 10.1 percent, where it remains. In January and February the rate stood below its recent peak, but a sustained downward trend has yet to be established. The Congressional Budget Office expects unemployment to remain in this range throughout 2010, dropping to 8.5 percent by the end of 2011, and 5.1 percent by the end of 2013. In Illinois, the March unemployment rate stood at 11.7 percent, 1.5 percent above the national rate, but 0.5 percent below the recession period high, which occurred in January 2010¹.

The oversupply of new housing and drop in existing home prices has been a continuing drag on the economic recovery. There are already signs that the construction of single family homes has stabilized. After bottoming out at 357,000 in January and February of 2009, starts and permits for single-family homes have since June remained in a range of 470,000 to 510,000 units per month. Similarly, prices of

¹ Illinois Department of Employment Security, not seasonally adjusted.

existing homes are showing signs of stabilizing. After dropping steadily throughout 2007 and 2008, the Standard and Poors/Case-Schiller 20 city home price index remained in a relatively narrow range throughout 2009. Locally, although the Chicago index marked its seventh straight monthly decrease, standing at 122.57 in March, nearly matching the 2009 low and a 3.0% year over year decline, the rate of decline had slowed and home purchases have increased slightly.

Short-term Economic Forecasts

Forecasts of future economic performance were reviewed from a variety of sources including the Federal Reserve Bank (Fed), the Congressional Budget Office (CBO), the US Department of Energy Energy Information Administration (EIA), as well as private-sector forecasters. Table 7 summarizes relevant information from these sources.

The Fed, in its February 2010 monetary policy report, projected real Gross Domestic Product (GDP) to increase by 2.8 to 3.5 percent in 2010, followed by an increase of between 3.4 and 4.5 percent in 2011. In 2012, real GDP was projected to increase between 3.5 to 4.5 percent. Forecasts by the CBO for its Budget and Economic Outlook FY 2010-2020, dated January 2010, were slightly lower than the Fed projections, projecting real GDP to increase by 2.1 percent in 2010, followed by growth of 2.4 percent in 2011.

Private sector forecasters were generally in line with the Fed, at least for 2010, with economists from Wachovia Bank and the Mortgage Bankers Association forecasting real GDP growth of 2.7 and 2.9 percent respectively in 2010. The Survey of Professional Forecasters, a quarterly survey of 43 private sector and academic economists conducted by the Philadelphia Federal Reserve, showed similar results.

Inflation pressures, reflected in forecasts of the Personal Consumption Expenditures (PCE) Index, are expected to remain low through 2012, tempered by continued high unemployment rates. While the Fed projects unemployment rates to peak in 2009 and begin to decline in 2010, the CBO and private sector forecasts indicate a peaking of the unemployment rate in 2010, with high rates continuing through 2011.

**TABLE 7
ECONOMIC FORECASTS**

Measure/Source	Forecasts		
	2010	2011	2012
Real GDP Fourth Quarter to Fourth Quarter (Percentage Change)			
Federal Reserve (February 2010)	2.8 to 3.5	3.4 to 4.5	3.5 to 4.5
Congressional Budget Office (January 2010)	2.1	2.4	N.A.
Wachovia Bank / Wells Fargo (March 2010)	2.9	2.5	N.A.
Survey of Professional Forecasters (February 2010)	3.0	2.9	3.4
Inflation - PCE Index Fourth Quarter to Fourth Quarter (Percentage Change)			
Federal Reserve (February 2010)	1.4 to 1.7	1.1 to 2.0	1.3 to 2.0
Congressional Budget Office (January 2010)	1.4	1.1	N.A.
Wachovia Bank / Wells Fargo (March 2010)	1.3	1.7	N.A.
Survey of Professional Forecasters (February 2010)	1.3	1.8	N.A.
Unemployment Rate Calendar Year Average (Percent)			
Federal Reserve (February 2010)	9.5 to 9.7	8.2 to 8.5	6.6 to 7.5
Congressional Budget Office (January 2010)	10.1	9.5	N.A.
Wachovia Bank / Wells Fargo (March 2010)	9.9	9.6	N.A.
Survey of Professional Forecasters (February 2010)	9.8	9.2	8.3
Retail Gasoline Price (Including Taxes) Calendar Year Average			
EIA Short Term Energy Outlook (March 2010)	\$2.84	\$2.96	N.A.
Housing Starts			
National Association of Realtors (October 2009)	639,000	1,036,000	N.A.
National Association of Homebuilders (March 2010)	641,000	991,000	N.A.

Both the National Association of Realtors and the National Association of Home Builders project that housing starts will continue to be depressed in 2010, although a rebound is anticipated in 2011. The National Association of Realtors indicated in its October 2009 forecast that housing starts are anticipated to rebound strongly in 2011, with a 62 percent increase over projected 2010 housing starts.

The Emergency Economic Stabilization Act enacted by the US Congress on October 3, 2008 authorized the Treasury Department to spend up to \$700 billion to purchase distressed assets, including mortgage-backed securities, from national banks. While this action, and the subsequent \$2.5 trillion (estimated) Financial Stability Plan announced on February 10, 2009 by the US Treasury Department are expected to stabilize financial institutions and restore liquidity to the markets, it is unclear how quickly the economy will recover from the crisis. While the White House Council of Economic Advisors estimates that the \$787 billion economic stimulus plan will save or create 3.5 million jobs over the next two years, of which approximately 148,000 are expected to be in Illinois, it is unclear how quickly the impact will be realized locally.

Adjustments of the revenue forecasts due to the economy have two dimensions – depth and duration. A number of factors were reviewed in determining the depth of the economic adjustment, including future

forecasts of GDP growth, unemployment rates, inflation, housing starts and prices. A heavier emphasis was placed on employment in determining the depth of the adjustment due to the economy, since employment (and hence unemployment rates) are historically more closely correlated with travel than GDP growth. The recent traffic and revenue performance on the Illinois Tollway facilities were also considered in determining the depth of the adjustments.

In determining the duration over which adjustments due to the economy are warranted, future forecasts of all of the factors above were considered. In addition, characteristics of the current recession were compared to prior recessions in determining the possible impacts. The 1981-82 recession, which was accompanied by a sharp decline in the housing market and unemployment rates of over 10 percent, provided a comparative case study. In the 1981-82 recession, employment took approximately 30 months to return to peak levels prior to the recession. This provides a strong basis for the assumption that the effects of the current recession could persist for the next two years. In addition, economists have also estimated that the current recession has resulted in a significant erosion of household wealth, as represented by housing values and retirement savings invested in the stock market, of over 30 percent compared to 2004 levels. This will be a significant factor limiting the rate of recovery of the housing sector, which has driven much of the economic expansion in recent years.

Since our November 2009 report, the economy has continued to stabilize and, while unemployment remains high and is expected to continue to do so, passenger travel on the Tollway system, including commuter trips, has continued to recover from the low levels experienced early in 2009. Moreover, transaction data from the first four months of 2010 indicates that commercial vehicle traffic is recovering. Based on these considerations, we do not believe significant adjustments to the November 2009 revenue forecasts due to economic conditions are warranted.

Motor Fuel Prices

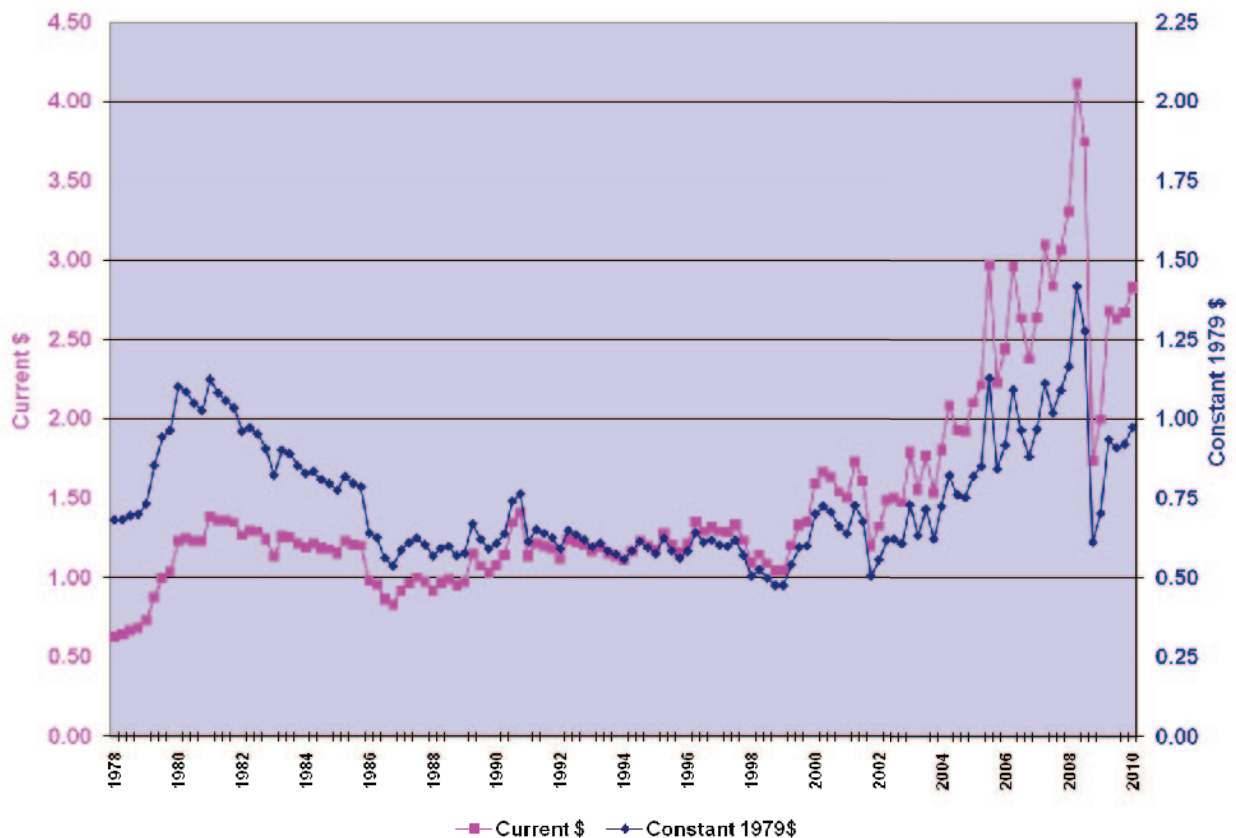
A critical factor affecting the national and regional economy has been the volatility in energy prices. The national average price for unleaded regular gasoline peaked at \$4.114 per gallon in July 2008 before falling steadily to \$1.653 per gallon in December of that year. Since then, prices rose steadily until stabilizing in a range of \$2.50 to \$2.70 per gallon throughout the summer of 2009. Recently, local prices have followed a pattern that reflects historical seasonal variations. According to the March 2010 EIA Short Term Energy Outlook, EIA expects the monthly average regular-grade gasoline retail price to remain fairly steady and average \$2.84 per gallon in 2010 and \$2.96 per gallon in 2011.

The wild fuel price fluctuations of 2008 and early 2009 appear to have ended, at least temporarily. During the past few quarters, the per gallon gasoline price has returned to the historic pattern of relative stability, remaining in a relatively narrow range of \$2.50 to \$3.00 per gallon. Figure 3 shows the past 30-year trend in average per gallon gasoline prices, by quarter. The last data point is for the 1st quarter of 2010. The graph shows that the real dollar price of gasoline fluctuated mostly in the fairly narrow range of \$.50 to \$1.15 in 1979 dollars. Recognizing that crude oil prices are extremely difficult to predict, and that

projections are highly sensitive to a number of key assumptions, the March 2010 release of the EIA’s Annual Energy Outlook projects a range in crude oil prices from 2010 to 2035. The report’s “reference case” projects real crude oil prices to increase at an average rate of 0.7 percent through 2020 and 1.4 percent from 2020 to 2035. The report’s “low oil price case” assumes greatly increased OPEC output and projects no increase in the real price of oil. Finally, the “high oil price case” assumes restrictions on economic access to non-OPEC conventional resources in countries such as Russia, Kazakhstan, and Brazil, combined with reductions in OPEC production. Under this case, real crude oil prices are expected to increase at an average annual rate of 8.4 percent through 2020 followed by an average annual increase of 1.0 percent from 2020 to 2035.

The traffic and revenue estimates found herein assume that oil prices will track close to the “reference case”. If the overall inflation rate is about 3 percent, as we have assumed, then the real cost of motor fuel will increase relatively slowly. Given that demand for gasoline has been shown to be highly elastic over recent years, we do not anticipate that fuel price increases approximating the “reference case” will have a significant long term impact on Tollway revenue.

FIGURE 3
Average Per Gallon Gasoline Price 1978-2010
(Data Source: Bureau of Labor Statistics - Average All US Cities, All Grades)



ESTIMATED TRAFFIC AND REVENUE

Annual traffic and revenue estimates have been developed for the years 2010 through 2034. The estimates have been developed using Wilbur Smith Associates' toll travel demand analysis methodology, and are based on the long term population and employment forecast discussed in the section "Regional Demographic and Economic Characteristics." The estimates used are the same as the estimates in the last update in November 2009. The short term 2010 through 2012 forecast reflects our expectation that transactions and revenue will increase significantly compared to 2009 levels due primarily to three factors:

- Former patrons of the Tollway resuming use of the system now that much of the construction related to the Congestion Relief Program is completed
- New patrons attracted to the Tollway system due to capacity increases and higher travel speeds since completion of much of the Congestion Relief Program, and continuing high levels of congestion on competing routes
- Expected increases in general vehicle travel, both passenger cars and commercial vehicles, as the economy recovers from the recession.

As indicated above, we have not noted any changes in either economic conditions or traffic experience that warrant a change in our estimates at this time.

Toll revenue estimates presented are "expected revenue," or the revenue that would result if each vehicle passing through a toll collection plaza paid exactly the published toll rate based on the vehicle's classification, time of day, and toll payment method. Expected revenue does not include the effects of overpayments, underpayments or toll evasion, and no analysis of these toll variance factors is included in this report. Historic revenue presented earlier herein reflect actual results and do include these factors.

The revenue estimates are based on the capital program approved by the Tollway board in September, 2007 (CRP-1), which has not changed materially since our previous update was prepared. The program calls for the addition of mainline lanes on various parts of the system. Figure 4 depicts where the lane additions and major interchange reconstruction projects are to be made and the year they will be in service.

FIGURE 4
ILLINOIS TOLLWAY MAJOR CAPITAL IMPROVEMENTS



The impact of construction activity on the temporary capacity of facilities is an important consideration in estimating traffic and revenue. Table 8 summarizes future construction projects on the Tollway. In addition, significant projects scheduled by the Illinois Department of Transportation that will impact Tollway operations are noted. The impact of these projects during the indicated construction periods were taken into account in the traffic and revenue estimates.

**TABLE 8
MAJOR SCHEDULED CONSTRUCTION PROJECTS 2010-2016**

Location		Type of	Scheduled
From	To	Work	Construction
RONALD REAGAN MEMORIAL TOLLWAY			
Deerpath Road	IL 251	Resurfacing	2012
Deerpath Road	IL 56	Add lane/reconstruction	2015
IL 251	US 30	Resurfacing	2015, 2016
TRI-STATE TOLLWAY			
Edens Spur	(All)	Resurfacing	2010
95th Street	Balmoral Ave	Resurfacing	2011
Edens Spur	Half Day Road (IL-22)	Resurfacing	2012
JANE ADDAMS MEMORIAL TOLLWAY			
Kennedy Expressway	IL 53	Rehabilitate/resurfacing	2011
IL 53	Elgin Plaza 9	Rehabilitate/resurfacing	2011
Elgin Plaza 9	Sandwald Road	Rehabilitate/resurfacing	2015
Sandwald Road	Newburg Road	Rehabilitate/resurfacing	2015
VETERANS MEMORIAL TOLLWAY			
I-55	75th Street	Resurfacing	2010
Reagan Memorial Tollway	Army Trail Road	Resurfacing	2010
INTERSTATE 290 (Illinois DOT)			
Thorndale Avenue	Kennedy Expressway (I-90/94)	Resurfacing	2010
INTERSTATE 355 (Illinois DOT)			
Army Trail Road	Interstate 290	Resurfacing	2010

Source: Illinois Tollway

Status of Additional Capital Program

On November 20, 2008, the Tollway Board of Directors authorized an additional capital program and a corresponding commercial vehicle toll increase intended to provide revenues to finance that additional capital program. The additional capital program included two major interchanges, high occupancy vehicle/tolled lanes (“HOTs”) over designated portions of the system, and the possibility of several smaller local interchanges. No contracts have been let nor proposals solicited in connection with this additional capital program. It remains on hold and, according to Tollway management is unlikely to proceed in its originally proposed form. The new capital projects and toll rate changes from this Board action are not incorporated in the analysis and estimates presented in this report. The traffic and revenue estimates presented herein are based on the same capital program and toll rate structure as the November 2009 update, with adjustments for changes in traffic and economic conditions and expectations.

The revenue forecasts assume that the toll rate for passenger cars paying electronically will be one-half the cash toll rate. I-PASS participation is thus a factor in estimating future revenues. As discussed earlier,

I-PASS participation for both passenger cars and commercial vehicles increased sharply at the end of 2004 through January 2005. I-PASS participation then stabilized through mid-March 2005, then grew slowly for the remainder of the year with some seasonal fluctuation. I-PASS passenger car participation decreases during the summer due to an increase in out-of-state and occasional recreational users. The slow growth has continued. Some gradual future growth is expected. I-PASS passenger car payment participation is expected to eventually reach 82 percent. This assumption represents an increase in the expected peaking of the I-PASS passenger car participation rate from the October 2008 update which assumed 80 percent. Commercial vehicle participation is expected to reach 87 percent; however, as there are no toll discounts for commercial vehicles using I-PASS, the commercial vehicle participation is not relevant for revenue forecasts.

The traffic and revenue estimates for the Tollway presented in this document are predicated on the following basic assumptions:

1. Tolls will be collected through 2034 under the rate structure now in effect, as approved by the Tollway Board on September 30, 2004.
2. Capital improvements both on and off the Tollway will be as referenced herein.
3. Public transit projects and highway improvements on alternative routes to the Tollway in northeastern Illinois will be implemented in accordance with the schedules developed by the regions' metropolitan planning organizations, the Chicago Metropolitan Agency for Planning and the Rockford Metropolitan Agency for Planning, as part of their long-range plan development process.
4. Motor fuel will remain in adequate supply, and future increases in fuel prices will not substantially exceed the overall rate of inflation during the forecast period.
5. No local, regional or national emergency will arise that would abnormally restrict motor vehicle use.
6. Economic growth and development in northern Illinois will proceed according to the forecasts presented here.

WSA believes the above basic assumptions are reasonable for purposes of this analysis. Any significant departure from these basic assumptions could materially affect estimates of traffic and toll revenue on the Tollway system.

Table 9 shows the estimated annual traffic and expected revenue for the years 2010 to 2034. System-wide totals as well as estimates for each of the routes in the system are given. All roadway capacity improvements in CRP-1 are to be completed and in service by 2016. The average annual transaction growth rate between 2010 and 2016 is 3.70 percent. Average annual revenue growth for the same period is 3.89 percent. These growth rates are consistent with historical rates considering the programmed extensive expansion of mainline capacity in the more heavily used portions of the system. Annualized transactions and revenue growth rates for later years are lower, reflecting a maturing Tollway service

area. From 2016 to 2034 the annual growth rates are 0.70 and 0.93 percent for transactions and revenue respectively.

Table 10 presents the traffic and revenue estimates for the two vehicle types; namely, passenger cars and commercial vehicles.

TABLE 9
ESTIMATED ANNUAL TRAFFIC AND EXPECTED REVENUE BY FACILITY
(Transactions and Revenue in Thousands)

Year	Reagan Memorial Tollway		Veterans Memorial Tollway		Jane Addams Memorial Tollway		Tri-State Tollway		Systemwide Total	
	Transactions	Revenues	Transactions	Revenues	Transactions	Revenues	Transactions	Revenues	Transactions	Revenues
2010	138,897	106,549	146,097	112,999	172,207	140,120	362,483	316,928	819,684	676,596
2011	162,872	125,477	160,975	117,532	172,546	145,485	388,291	350,138	884,685	738,631
2012	165,515	126,140	162,397	117,864	188,415	152,991	419,196	367,807	935,524	764,802
2013	167,948	128,552	166,795	121,165	192,446	157,701	428,913	376,565	956,101	783,982
2014	173,768	131,995	171,129	124,372	198,792	164,232	433,615	381,512	977,304	802,111
2015	176,872	137,845	175,034	127,946	199,961	174,316	444,711	383,859	996,579	823,966
2016	180,300	143,129	179,708	132,773	211,190	188,587	447,960	386,235	1,019,158	850,723
2017	183,232	146,192	182,158	135,442	222,786	202,110	449,781	388,210	1,037,957	871,955
2018	185,952	149,162	184,494	138,132	225,262	205,217	453,060	391,680	1,048,768	884,190
2019	188,525	151,978	186,770	140,777	227,611	208,172	456,171	394,982	1,059,077	895,910
2020	190,972	154,600	188,998	143,213	229,849	210,930	459,140	398,008	1,068,960	906,751
2021	193,296	157,155	189,957	145,604	231,983	213,626	461,965	401,027	1,077,201	917,411
2022	195,513	159,597	190,902	147,462	234,024	216,210	464,668	403,924	1,085,105	927,194
2023	197,635	161,877	191,831	149,254	235,983	218,631	467,268	406,584	1,092,718	936,347
2024	199,664	164,123	192,718	151,047	237,864	221,022	469,761	409,274	1,100,006	945,466
2025	201,611	166,282	193,580	152,468	239,673	223,328	472,163	411,875	1,107,026	953,953
2026	203,485	168,300	194,426	153,821	241,422	225,494	474,491	414,264	1,113,823	961,879
2027	205,286	170,306	195,237	155,201	243,108	227,651	476,737	416,712	1,120,367	969,869
2028	207,021	172,243	196,031	156,229	244,739	229,742	478,917	419,094	1,126,708	977,308
2029	208,697	174,117	196,810	157,577	246,319	231,773	481,040	421,418	1,132,866	984,885
2030	209,949	175,162	197,851	158,615	247,797	233,163	483,926	423,947	1,139,523	990,887
2031	210,999	176,037	198,841	159,408	249,036	234,329	486,346	426,067	1,145,221	995,841
2032	211,843	176,742	199,636	160,045	250,032	235,266	488,291	427,771	1,149,802	999,824
2033	212,478	177,272	200,235	160,526	250,782	235,972	489,756	429,054	1,153,251	1,002,824
2034	212,903	177,626	200,635	160,847	251,284	236,444	490,736	429,912	1,155,558	1,004,829

Years	Average Annual Percent Change									
	Reagan Memorial Tollway		Veterans Memorial Tollway		Jane Addams Memorial Tollway		Tri-State Tollway		Systemwide Total	
	Transactions	Revenues	Transactions	Revenues	Transactions	Revenues	Transactions	Revenues	Transactions	Revenues
2010-2016	4.44	5.04	3.51	2.72	3.46	5.08	3.59	3.35	3.70	3.89
2016-2034	0.93	1.21	0.61	1.07	0.97	1.26	0.51	0.60	0.70	0.93
2009-2034	1.80	2.15	1.33	1.48	1.59	2.20	1.27	1.28	1.44	1.66

NOTES: Toll Revenues are all expected revenue.
Assumes toll rate structure approved by ISTHA Board on September 30, 2004.

TABLE 10
TRAFFIC AND REVENUE ESTIMATES BY VEHICLE TYPE

Year	Passenger Car			Commercial Vehicle			Total	
	Transactions (,000)	Revenue (\$,000)	Revenue/ Transaction	Transactions (,000)	Revenue (\$,000)	Revenue/ Transaction	Transactions (,000)	Revenue (\$,000)
2010	733,959	374,584	0.51	85,724	302,012	3.52	819,684	676,596
2011	788,683	398,213	0.50	96,002	340,418	3.55	884,685	738,631
2012	836,987	418,069	0.50	98,537	346,733	3.52	935,524	764,802
2013	854,695	426,325	0.50	101,406	357,657	3.53	956,101	783,982
2014	873,171	434,259	0.50	104,134	367,852	3.53	977,304	802,111
2015	889,712	443,840	0.50	106,866	380,126	3.56	996,579	823,966
2016	908,715	454,309	0.50	110,443	396,414	3.59	1,019,158	850,723
2017	924,456	462,097	0.50	113,501	409,858	3.61	1,037,957	871,955
2018	933,549	467,255	0.50	115,219	416,935	3.62	1,048,768	884,190
2019	942,210	472,179	0.50	116,867	423,731	3.63	1,059,077	895,910
2020	950,510	476,619	0.50	118,450	430,133	3.63	1,068,960	906,751
2021	957,268	480,406	0.50	119,933	437,005	3.64	1,077,201	917,411
2022	963,741	484,030	0.50	121,365	443,164	3.65	1,085,105	927,194
2023	969,969	487,572	0.50	122,749	448,775	3.66	1,092,718	936,347
2024	975,913	490,896	0.50	124,093	454,570	3.66	1,100,006	945,466
2025	981,628	494,091	0.50	125,399	459,863	3.67	1,107,026	953,953
2026	987,154	496,866	0.50	126,669	465,012	3.67	1,113,823	961,879
2027	992,458	499,829	0.50	127,910	470,040	3.67	1,120,367	969,869
2028	997,587	502,690	0.50	129,122	474,618	3.68	1,126,708	977,308
2029	1,002,557	505,458	0.50	130,309	479,427	3.68	1,132,866	984,885
2030	1,008,301	508,410	0.50	131,222	482,476	3.68	1,139,523	990,887
2031	1,013,343	510,952	0.50	131,878	484,889	3.68	1,145,221	995,841
2032	1,017,396	512,996	0.50	132,406	486,828	3.68	1,149,802	999,824
2033	1,020,448	514,535	0.50	132,803	488,289	3.68	1,153,251	1,002,824
2034	1,022,489	515,564	0.50	133,068	489,265	3.68	1,155,558	1,004,829

Year	Average Annual Percent Change					
	Passenger Car		Commercial Vehicle		All Vehicles	
	Transactions	Revenue	Transactions	Revenue	Transactions	Revenue
2010-2016	3.62	3.27	4.31	4.64	3.70	3.89
2016-2034	0.66	0.71	1.04	1.18	0.70	0.93
2010-2034	1.39	1.34	1.85	2.03	1.44	1.66

NOTES: Toll Revenues are all expected revenue.
Assumes toll rate structure approved by ISTHA Board on September 30, 2004.

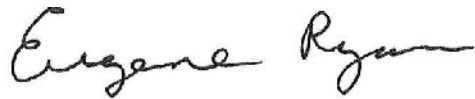
Disclaimer

Current professional practices and procedures were used in the development of these findings. However, there is always considerable uncertainty inherent in future traffic and revenue forecasts for any toll facility. Given the long record of successful operation of the Tollway system, this uncertainty is to some extent reduced in this case. Notwithstanding, there may sometimes be differences between forecasted and actual results caused by events and circumstances beyond the control of the forecasters. These differences could be material. In addition, it should be recognized that traffic and revenue forecasts in this document are intended to reflect the overall estimated long-term trend. Actual experience in any given year may vary due to economic conditions and other factors.

The study team, including our subconsultant, The al Chalabi Group, Ltd., gratefully acknowledges the cooperation and assistance provided by Tollway staff during the course of this study. As always, WSA appreciates the opportunity to be of continued assistance to the Tollway in performing this work.

Respectfully submitted,

WILBUR SMITH ASSOCIATES



Eugene Ryan
Vice President

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summary of certain provisions of the Indenture is qualified in its entirety by reference to the Indenture.

Definitions

“*Act*” means the Toll Highway Act of the State of Illinois, 605 ILCS 10/1 *et seq.*, as amended.

“*Additional Bonds*” means Additional Senior Bonds and any Junior Bonds issued pursuant to the terms of the Indenture.

“*Additional Senior Bonds*” means any Bond or Bonds originally issued as Senior Bonds after March 31, 1999, the date certain provisions of the Amendatory Supplemental Indenture became effective.

“*Aggregate Debt Service*” means, for any Fiscal Year and as of any date of calculation, the sum of the amounts of Debt Service for such Fiscal Year with respect to all series of Senior Bonds.

“*Amendatory Supplemental Indenture*” means the 1996 Amendatory Supplemental Indenture dated as of September 1, 1996, between the Authority and the Trustee.

“*Authorized Officer*” means any director, officer or employee of the Authority authorized to perform specific acts or duties by a resolution duly adopted by the Authority.

“*Authorized Denominations*” means \$5,000 and any integral multiple thereof.

“*Bond*” or “*Bonds*” means bond or bonds, including Senior Bonds and Junior Bonds, authenticated and delivered pursuant to the Indenture, other than Subordinated Indebtedness.

“*Bond Counsel*” means one or more firms of nationally recognized bond counsel designated by the Attorney General of the State.

“*Bondholder*,” or “*Holder*,” means any person who shall be the bearer of any coupon Bond or Bonds or the registered owner of any registered Bond or Bonds without coupon.

“*Business Day*” means any day which is not a Sunday or legal holiday or a day (including Saturday) on which banking institutions in the city where the principal corporate trust office of any Fiduciary is located are authorized by law or executive order to close (and such Fiduciary is in fact closed).

“*Capital Appreciation Bond*” means a Bond accruing interest that is compounded and added to principal as of such date or dates specified in the related Supplemental Indenture and is payable at maturity. Any Capital Appreciation Bond may mature on any date specified in the related Supplemental Indenture. The term “principal” when used in connection with a Capital Appreciation Bond shall mean the initial principal amount of such Bond as of its date of issuance plus interest accreted thereon to the date of calculation, which in the aggregate shall constitute the maturity amount of such Capital Appreciation Bond as of the date of maturity thereof.

“*Congestion-Relief Plan*” means the Open Roads plan of the Authority, as described in and approved by Resolution No. 16540 of the Authority, adopted on September 30, 2004, as modified by the 2007 Project Resolution and as the same may be further amended, revised or modified from time to time.

“*Congestion-Relief Plan Project*” means, collectively, those capital improvement projects described in pages 9 through 33 of the Congestion-Relief Plan, excluding the “O’Hare Bypass/Western Access” capital improvement project, as heretofore modified, including as modified by the 2007 Project Resolution, together with such additional capital improvements as may be added by the Authority pursuant to the Seventh Supplemental Indenture.

“*Congestion-Relief Plan Project Bonds*” means the 2005 Bonds, the 2006 Bonds, the 2007 Bonds, the 2008A Bonds, the 2008B Bonds, the 2009A Bonds, the 2009B Bonds and any Additional Senior Bonds and Junior Bonds issued for the purpose of paying Costs of Construction of the Congestion-Relief Plan Project.

“*Congestion-Relief Plan Project Construction Account*” means the account of that name created pursuant to the Seventh Supplemental Indenture for the purpose of paying Costs of Construction of the Congestion-Relief Plan Project.

“*Construction Fund*” means the Construction Fund established pursuant to the Indenture for the purpose of paying costs of any Project.

“*Consulting Engineers*” means an engineer or engineering firm or corporation at the time retained by the Authority pursuant to the Indenture to perform the acts and carry out the duties provided for such Consulting Engineers in the Indenture.

“*Costs of Construction*” means with respect to any Project the cost of construction, acquisition, installation, reconstruction, modification, preservation, replacement, repairs, renewals or enhancement, including, without limitation, bridges over or under existing highways and railroads, the cost of acquisition of all land, rights of way, property, rights, easements and interests, acquired by the Authority for such construction, acquisition, installation, reconstruction, modification, preservation, replacement, repairs, renewals or enhancement, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of diverting highways, interchange of highways, access to roads to private property, including the cost of lands or easements, the cost of all machinery and equipment, financing charges, interest prior to and during work or construction and for up to two years after completion of the work or construction, the cost of traffic estimates and of engineering and legal expenses, plans, specifications, surveys, estimates of cost and revenues, other expenses necessary or incident to determining the feasibility or practicability of constructing any Project, administrative expenses and such other costs, expenses and funding as may be necessary or incident to the Project, the financing of such construction or work and the placing of such Project in operation.

“*Costs of Credit Enhancement*” means any fees of, or termination payments to, any Provider of Credit Enhancement; *provided*, that with respect to any Credit Enhancement executed and delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005), “Costs of Credit Enhancement” shall not include termination payments required to be made in connection with any such Credit Enhancement.

“*Costs of Hedge Agreement*” means any fees of, or termination payments to, any Provider of a Hedge Agreement; *provided*, that with respect to any Qualified Hedge Agreement executed and

delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005), “Costs of Hedge Agreement” shall not include termination payments required to be made in connection with any such Qualified Hedge Agreement.

“*Credit Enhancement*” means any arrangement to provide additional security or liquidity for Bonds including, without limitation, surety bonds, bond insurance, letters of credit, lines of credit and purchase and remarketing agreements, but does not include Reserve Account Credit Facilities.

“*Current Funds*” means moneys that are immediately available in the hands of the payee at the place of payment.

“*Debt Reserve Account*” means the Debt Reserve Account established in the Indenture.

“*Debt Reserve Requirement*” means, as of any date of calculation, the maximum annual Aggregate Debt Service for any Fiscal Year for all Senior Bonds.

“*Debt Service*” means, for any period longer than one month, as of any date of calculation, an amount equal to the sum of Principal Installments and interest on Senior Bonds payable (or for the payment for which amounts are required to be deposited in the Debt Service Account) during such period, except to the extent that such interest is to be paid from Bond proceeds deposited to the credit of the Debt Service Account. Interest and Principal Installment amounts payable shall be calculated, for purposes of this definition, on the assumption that Senior Bonds Outstanding at the date of calculation will cease to be Outstanding by reason, but only by reason, of the payment of each Principal Installment on its due date. Interest and Principal Installments payable on January 1 of any Fiscal Year shall be deemed to be payable on December 31 of the preceding year. For purposes of applying this definition with respect to the calculations required by the Authority’s toll covenants and calculating the Debt Reserve Requirement, the amount of interest to be payable on Senior Bonds having variable interest rates shall be computed by assuming that the rate of interest with respect to Senior Bonds, interest on which is excludable from gross income of the Holders for federal income tax purposes, is a rate equal to the lesser of (i) the 30 Year Bond Buyer Revenue Bond Index as of the date of calculation, or (ii) the maximum interest rate on such Senior Bonds, and with respect to any Senior Bonds having a variable interest rate the interest on which is not excludable from “gross income” of the Holders for federal income tax purposes, a rate equal to the lesser of (i) 115% of the 30 Year Bond Buyer Revenue Bond Index as of the date of calculation or (ii) the maximum interest rate on such Senior Bonds, including in each case taking into account any Qualified Hedge Agreement as provided in the Indenture; for purposes of the Debt Reserve Requirement this calculation shall be made as of a date selected by the Authority within thirty (30) days preceding the date of issuance of each Series of Bonds for which such calculation is required. However, the rate for any such Series of Senior Bonds for which the variable interest rate is fixed for any portion of the applicable Fiscal Year shall be assumed to be the actual rate borne by such Senior Bonds. For purposes of applying this definition with respect to the calculations required under the Indenture relating to the tests for the issuance of Additional Senior Bonds, the amount of interest payable on Senior Bonds having variable interest rates shall be computed at the maximum rate or amount for those Bonds, taking into account any Qualified Hedge Agreement. If a Series of Senior Bonds having variable interest rates is subject to purchase by the Authority pursuant to a mandatory or optional tender by the Holder, the “tender” date or dates shall be ignored and the stated Principal Installment dates of such Senior Bonds shall be used for purposes of calculating the Debt Service with respect to such Senior Bonds. If two Series of Senior Bonds having variable interest rates are issued simultaneously with inverse variable interest rates providing a composite fixed interest rate for such Senior Bonds taken at any time as a whole, such composite fixed rate shall be used in determining the Debt Service with respect to such Senior Bonds. Debt Service on Senior Bonds with respect to which there is a Qualified Hedge

Agreement shall be calculated consistent with the provisions of the Indenture, as described in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Hedging Transactions.”** Debt Service shall include Costs of Credit Enhancement, Costs of Hedge Agreements and reimbursements to Providers of Credit Enhancement and Qualified Hedge Agreements, in each case to be paid as provided in a Supplemental Indenture from the Debt Service Account.

“*Debt Service Account*” means the Debt Service Account established in the Indenture.

“*Depository*” means any bank, national banking association or trust company having capital stock, surplus and retained earnings aggregating at least \$8,000,000, or a savings or savings and loan institution having assets aggregating at least \$65,000,000, selected by the Treasurer (and with respect to Funds, Accounts and Sub-Accounts held by the Trustee, with the consent of the Treasurer, which consent shall not be unreasonably withheld) as a depository of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

“*Eighth Supplemental Indenture*” means the Eighth Supplemental Indenture securing the 2006 Bonds, dated as of June 1, 2006, between the Authority and the Trustee.

“*Eleventh Supplemental Indenture*” means the Eleventh Supplemental Indenture securing the 2008B Bonds, dated as of November 1, 2008, between the Authority and the Trustee.

“*Event of Default*” means any event described in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default.”**

“*Federal Securities*” means (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, (ii) any Municipal Bonds which are fully secured as to principal and interest by an irrevocable pledge of moneys or direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holders of the Municipal Bonds, (iii) certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank that is a member of the Federal Reserve System and (iv) interest obligations of the Resolution Funding Corporation, including, without limitation, interest obligations stripped by the Federal Reserve Bank of New York.

“*Fiduciary*” or “*Fiduciaries*” means the Trustee, the Registrar and the Paying Agents, or any or all of them, as may be appropriate.

“*Fifth Supplemental Indenture*” means the Fifth Supplemental Indenture securing the 1996 Series A Bonds, dated as of September 1, 1996, between the Authority and the Trustee.

“*First Supplemental Indenture*” means the First Supplemental Indenture securing Toll Highway Priority Revenue Bonds, 1986 Series, dated as of October 1, 1986, between the Authority and the Trustee.

“*Fiscal Year*” means the period January 1 through December 31 of the same year.

“*Fitch*” means Fitch Ratings, its successors and assigns, and, if Fitch shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“*Fourteenth Supplemental Indenture*” means the Fourteenth Supplemental Indenture securing Toll Highway Senior Refunding Revenue Bonds, 2010 Series A, dated as of June 1, 2010, between the Authority and the Trustee.

“*Fourth Supplemental Indenture*” means the Fourth Supplemental Indenture securing Toll Highway Refunding Revenue Bonds, 1993 Series A and B, dated as of March 1, 1993, between the Authority and the Trustee.

“*Hedge Agreement*” means a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Authority providing for payments between the parties based on levels of, or changes in, interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Authority to manage or hedge payment, rate, spread or similar risk with respect to any Series of Senior Bonds.

“*Improvement*” means any System Expansion Project or any acquisition, installation, construction, reconstruction, modification or enhancement of or to any real or personal property (other than Operating Expenses) for which a currently effective resolution of the Authority has been adopted authorizing the deposit of Revenues to the credit of the Improvement Account for such System Expansion Project or acquisition, installation, construction, reconstruction, modification or enhancement including, without limitation, the cost of related feasibility studies, plans, designs or other related expenditures.

“*Improvement Account*” means the Improvement Account established in the Indenture.

“*Improvement Requirement*” means the aggregate of the amounts established by currently effective resolutions of the Authority for specified Improvements, based upon a certificate or certificates of the Consulting Engineers with respect to the estimated costs of such Improvements filed with the Authority from time to time, less the amounts previously withdrawn or transferred from the Improvement Account to pay the costs of any such Improvements.

“*Indenture*” means the Amended and Restated Trust Indenture effective as of March 31, 1999 amending and restating the Trust Indenture dated as of December 1, 1985, by and between the Authority and the Trustee, as from time to time amended and supplemented, including by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture and the Fourteenth Supplemental Indenture and, when effective, the Amendatory Supplemental Indenture.

“*Interest Payment Date*” means each January 1 and July 1, commencing January 1, 2011.

“*Interest Sub-Account*” means the sub-account of that name in the Debt Service Account established in the Indenture.

“*Investment Securities*” means any of the following securities authorized by law as permitted investments of Authority funds at the time of their purchase:

- (i) Federal Securities;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;

(iii) Investments in a money market fund registered under the Investment Company Act of 1940, as amended (including any such money market fund sponsored by or affiliated with any Fiduciary), comprised of any of the investments set forth in subparagraph (i) or subparagraph (ii) above;

(iv) Negotiable or non-negotiable certificates of deposit or time deposits or other banking arrangements issued by any bank, trust company or national banking association (including any Fiduciary), which certificates of deposit or time deposits or other banking arrangements shall be continuously secured or collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit or time deposits or other banking arrangements and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit or time deposits or other banking arrangements, which certificates of deposit or time deposits or other banking arrangements acquired or entered into pursuant to this subparagraph (iv) shall be deemed for purposes of the Indenture to constitute investments and not deposits;

(v) With respect to moneys on deposit to the credit of the Debt Service Account, the Debt Reserve Account and the Construction Fund and its separate, segregated accounts (to the extent that the Construction Fund and such separate, segregated accounts are held by the Trustee) (except the Construction Fund revolving accounts), repurchase agreements with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amortized value of such repurchase agreements, provided such security or collateral is lodged with and held by the Trustee or the Authority as titleholder, as the case may be;

(vi) With respect to moneys on deposit to the credit of all Funds, Accounts and Sub-Accounts (except the Debt Service Account, the Debt Reserve Account, and the Construction Fund to the extent that the Construction Fund is held by the Trustee, the separate, segregated accounts of the Construction Fund to the extent such accounts are held by the Trustee and the revolving accounts of the Construction Fund), repurchase agreements with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously and fully secured for the benefit of the Authority and the Holders of the 2010A Bonds as provided by applicable state law with respect to the investment of public funds;

(vii) Public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; and project notes issued by public housing authorities or by local public agencies, in each case fully secured as to the

payment of both principal and interest by a requisition or payment agreement with the United States of America;

(viii) Any Municipal Bond which has a rating by each rating agency from which the Authority has obtained Ratings for its Senior Bonds, which is not lower than the Rating provided by the respective rating agency for Senior Bonds; and

(ix) Any other investment securities as to which the Authority has received written advice from each rating agency which has a Rating for any Senior Bonds that investment in such securities will not result in a reduction of the Rating by the rating agency.

Investment Securities purchased after the date of the 1992 Series A Bonds shall be rated not lower than “BBB-” by Standard & Poor’s Corporation and “Baa” by Moody’s Investors Service, or, in the case of Investment Securities described in subparagraph (iii), subparagraph (iv), subparagraph (v) or subparagraph (vi) of this definition, shall be secured or collateralized by Investment Securities rated not lower than “BBB” by Standard & Poor’s Corporation and “Baa” by Moody’s Investors Service.

“*Junior Bond Debt Reserve Account or Accounts*” means any Junior Bond Debt Reserve Account or Accounts established in Supplemental Indentures authorizing the issuance of Junior Bonds.

“*Junior Bond Debt Service Account or Accounts*” means any Junior Debt Service Account or Accounts established in Supplemental Indentures authorizing the issuance of Junior Bonds.

“*Junior Bonds*” means all Bonds authenticated and delivered as Junior Bonds pursuant to the Indenture.

“*Junior Bonds Revenue Requirement*” means for any Fiscal Year the amount required to be deposited from the Revenue Fund to any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account. For purposes of certain provisions of the tests established by the Indenture for the issuance of Additional Senior Bonds and the Authority’s toll covenants, the Junior Bond Revenue Requirement shall be the amount projected to be so required under the Supplemental Indentures authorizing the Junior Bonds, and taking into account, without limitation, (i) the expectations of the Authority as to the receipts, other than Revenues, which pursuant to the Supplemental Indentures authorizing Junior Bonds, will be applied to make such deposits to pay Principal Installments or interest, Costs of Credit Enhancement or Costs of Hedge Agreements and reimbursement to Providers of Credit Enhancement and Hedge Agreements on Junior Bonds to be paid from such Accounts; (ii) the expectations of the Authority as to future refinancings of Junior Bonds which were issued as provided in the Supplemental Indenture authorizing such Junior Bonds with the expectation of refinancing; and (iii) interest payable on Junior Bonds with variable interest rates as provided in the Supplemental Indenture authorizing Junior Bonds.

“*Maintenance and Operation Account*” means the Maintenance and Operation Account in the Indenture.

“*Moody’s*” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“*Municipal Bonds*” means, any obligations of any state, public corporation, authority, political subdivision, unit of local government or municipality of any state.

“*Net Revenue Requirement*” means, with respect to any period of time, an amount necessary to cure deficiencies, if any, in the Debt Service Account, the Debt Reserve Account, any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account plus the greater of (i) the sum of Aggregate Debt Service, the Junior Bond Revenue Requirement and the Renewal and Replacement Deposit for such period or (ii) 1.3 times the Aggregate Debt Service for such period.

“*Net Revenues*” means, for any Fiscal Year or other period of time, the Revenues, excluding amounts transferred during such Fiscal Year or period (i) to the Revenue Fund from the Construction Fund and (ii) to the Trustee by the Authority from the System Reserve Account, the Improvement Account or the Renewal and Replacement Account, less the Operating Expenses for such Fiscal Year or period.

“*Ninth Supplemental Indenture*” means the Ninth Supplemental Indenture securing the 2007 Bonds, dated as of November 1, 2007, between the Authority and the Trustee.

“*1998 Bonds*” means the 1998 Series A Bonds and the 1998 Series B Bonds.

“*1998 Series A Bonds*” means the Toll Highway Priority Refunding Revenue Bonds, 1998 Series A (Fixed Rate), authorized by the Sixth Supplemental Indenture.

“*1998 Series B Bonds*” means the Toll Highway Refunding Revenue Bonds, 1998 Series B (Variable Rate), authorized by the Sixth Supplemental Indenture.

“*1996 Series A Bonds*” means the Toll Highway Refunding Revenue Bonds, 1996 Series A, authorized by the Fifth Supplemental Indenture.

“*1993 Series B Bonds*” means the Authority’s Toll Highway Refunding Revenue Bonds, 1993 Series B, issued pursuant to the Fourth Supplemental Indenture and redeemed on January 28, 2009.

“*1992 Series A Bonds*” means the Toll Highway Priority Revenue Bonds, 1992 Series A, authorized by the Third Supplemental Indenture Bonds.

“*Operating Expenses*” means the Authority’s expenses in the normal course of business for operation, maintenance and repairs of the Tollway System or any part of it and replacement and acquisition of equipment (other than expenses which under generally accepted accounting principles are capitalized and for which amounts (other than amounts held in the Maintenance and Operation Account) are set aside or otherwise available) including, without limitation, all policing, administrative and engineering expenses, legal and financial advisory expenses, fees and expenses of the fiduciaries, payments to pension, retirement, health and hospitalization funds, insurance premiums, rentals under leases of property not constituting Projects, and any other expenses or obligations required to be paid by the Authority under the provisions of the Indenture or by law, all to the extent properly and directly attributable to the operation of the Tollway System, but not including any costs or expenses of any Project, allowance for depreciation, payments on any Outstanding Bonds, Subordinated Indebtedness or money borrowed for purposes other than Operating Expenses, or any reserves for those purposes.

“*Operating Reserve Sub-Account*” means the subaccount of that name in the Maintenance and Operation Account established under the Indenture.

“*Operating Sub-Account*” means the sub-account of that name in the Maintenance and Operation Account.

“*Outstanding*,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds canceled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as described under “**DESCRIPTION OF THE 2010A BONDS – Selection of Bonds for Redemption; notice of Redemption**” or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant the Indenture; and

(iv) Bonds deemed to have been paid under the provisions of the Indenture described in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance.”**

“*Owner*” or “*Registered Owner*” means any person who shall be the registered owner of any Bond.

“*Paying Agent*” means any bank, national banking association or trust company designated by the Authority as paying agent for the 2010A Bonds of any Series, and any successor or successors appointed by the Authority under the Indenture, and for the 2010A Bonds means the Trustee.

“*Principal*” when used in connection with a Capital Appreciation Bond shall mean the initial principal amount of such Bond as of its date of issuance plus interest accreted thereon to the date of calculation, which in the aggregate shall constitute the maturity amount of such Capital Appreciation Bond as of the date of maturity thereof.

“*Principal Installment*” means, as of any particular date of calculation and with respect to any particular future date and with respect to Bonds of a particular Series, (a) the principal amount of Outstanding Bonds of said Series that are stated to mature on such future date, reduced by the aggregate principal amount of such Outstanding Bonds that would before said future date cease to be Outstanding by reason, but only by reason, of the payment when due, and application in accordance with the Indenture, of Sinking Fund Installments payable before said future date toward the retirement of such Outstanding Bonds, and (b) the amount of any Sinking Fund Installment payable on said future date toward the retirement of any Outstanding Bonds of said Series.

“*Principal Sub-Account*” means the sub-account of that name in the Debt Service Account established in the Indenture.

“*Priority Bonds*” means all Bonds designated as Priority Bonds, which, as of the date of issuance of the 2010A Bonds consists of the 1992 Series A Bonds, the 1998 Series A Bonds, the 2005

Bonds, the 2006 Bonds, the 2007 Bonds, the 2008B Bonds, the 2009A Bonds, the 2009B Bonds and the 2010A Bonds.

“*Project*” means any Improvement or Renewal and Replacement.

“*Provider*” means any person or entity providing Credit Enhancement, a Reserve Account Credit Facility or a Qualified Hedge Agreement with respect to any one or more Series of Senior Bonds, pursuant to agreement with or upon the request of the Authority.

“*Provider Payment Sub-Account*” means the sub-account of that name in the Debt Service Account established in the Indenture.

“*Qualified Hedge Agreement*” means a Hedge Agreement if (i) the Provider of the Hedge Agreement is rated “A” or better by Standard & Poor’s Rating Group and (ii) the Authority has given each rating agency then rating any of the Senior Bonds (whether or not such rating agency also rates the unsecured obligations of the Provider of the Hedge Agreement or the Provider’s guarantor) at least 15 days’ notice in writing of its intention to enter into the Hedge Agreement (unless such notice period is waived by such rating agency) and has received from such rating agency its written advice that the entering into of the Hedge Agreement by the Authority will not in and of itself cause a reduction or withdrawal by such rating agency of its Rating on any Senior Bonds. Such written advice shall constitute a waiver by that rating agency of the notice requirement set forth above.

“*Rating*” means a rating given Senior Bonds by a nationally-recognized rating agency upon the request or application of the Authority, and where the rating of any Senior Bonds is based upon bond insurance or similar credit enhancement, it means the rating which those Senior Bonds would have without that bond insurance or credit enhancement.

“*Rating Agency*” means Fitch, Moody’s and S&P or any other nationally recognized securities rating agency then assigning a Rating to the applicable Series.

“*Record Date*” means the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“*Redemption Price*” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon the date fixed for redemption.

“*Redemption Sub-Account*” means the sub-account of that name in the Debt Service Account established in the Indenture.

“*Refunding Bonds*” means all Bonds designated as Refunding Bonds, which as of the date of issuance of the 2010A Bonds consists of the 1996 Series A Bonds, the 1998 Bonds, the 2008A Bonds and the 2010A Bonds.

“*Registrar*” means the Trustee.

“*Renewal and Replacement*” means preservation, replacement, repairs, renewals and reconstruction or modifications of the Tollway System or any part of it constituting real or personal property, whether leased or purchased, but does not include System Expansion Projects.

“*Renewal and Replacement Account*” means the Renewal and Replacement Account established in the Indenture.

“Renewal and Replacement Deposit or Deposits” means, with respect to any period, any amount budgeted for deposit to or projected for deposit to the Renewal and Replacement Account for Renewal and Replacement Expenses, other than such budgeted or projected amounts which the Authority has determined will be available for Renewal and Replacement Expenses from the System Reserve Fund, the Improvement Fund or from the proceeds of authorized borrowings or from installment purchases or leases.

“Renewal and Replacement Expense or Expenses” means the cost of any Renewal and Replacement.

“Reserve Account Credit Facility” means a surety bond, an insurance policy, a letter of credit or other credit facility with respect to any Series of Senior Bonds which meets the requirements of the Indenture.

“Revenues” means (i) all tolls, fees, charges, rents, and other income and receipts derived from the operation of the Tollway System, (ii) the proceeds of any use and occupancy insurance relating to the Tollway System and of any other insurance that insures against loss of revenues, (iii) investment income from any moneys or securities held in Funds, Accounts or Sub-Accounts established under the Indenture, other than the Construction Fund, and (iv) amounts transferred from the Construction Fund to the Revenue Fund, and transfers to the Trustee by the Authority from the System Reserve Account pursuant to the Indenture. Revenues excludes Federal and State grants and appropriations, loan proceeds, gifts or donations of any kind, transfers, if any, to the Authority as permitted under any Escrow Agreement, and receipts not related to the Authority’s performance of its obligations under the Indenture or to the operations of the Tollway System.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“Second Supplemental Indenture” means the Second Supplemental Indenture securing Toll Highway Refunding Revenue Bonds, 1987 Series, dated as of February 15, 1987, between the Authority and the Trustee.

“Senior Bonds” means the Authority’s Outstanding Priority Bonds, the Authority’s Outstanding Refunding Bonds, and all Additional Senior Bonds, without duplication, issued in accordance with the Indenture.

“Series” means all of the 2010A Bonds designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

“Seventh Supplemental Indenture” means the Seventh Supplemental Indenture securing the 2005 Bonds, dated as of June 1, 2005, between the Authority and the Trustee.

“Sinking Fund Installment” means, each principal amount of Senior Bonds scheduled to be retired through the application of amounts on deposit in the Redemption Sub-Account established pursuant to the Indenture.

“*Sixth Supplemental Indenture*” means the Sixth Supplemental Indenture securing the 1998 Series A Bonds and the 1998 Series B Bonds, dated as of December 1, 1998, between the Authority and the Trustee.

“*Subordinated Indebtedness*” means any evidence of indebtedness, other than Bonds, permitted to be issued by the Indenture for any purpose for which Bonds may be issued thereunder and payable from the System Reserve Account.

“*Subsidy Payments*” means the cash subsidy payments that may be paid from time to time by the United States Treasury pursuant to Sections 54AA(g) and 6431 of the Code resulting from the elections by the Authority to issue the 2009A Bonds and the 2009B Bonds as “Build America Bonds (Direct Payment).”

“*System Expansion Project*” means any acquisition, improvement, betterment, enlargement or capital addition that extends the Tollway System.

“*System Reserve Account*” means the System Reserve Account established in the Indenture.

“*Tenth Supplemental Indenture*” means the Tenth Supplemental Indenture securing the 2008A Bonds, dated as of February 1, 2008, between the Authority and the Trustee.

“*Termination Payment Account*” means the Termination Payment Account established in the Indenture.

“*Third Supplemental Indenture*” means the Third Supplemental Indenture securing the 1992 Series A Bonds, dated as of September 1, 1992, between the Authority and the Trustee.

“*Thirteenth Supplemental Indenture*” means the Thirteenth Supplemental Indenture securing the 2009B Bonds, dated as of December 1, 2009, between the Authority and the Trustee.

“*Tollway System*” means, collectively, (i) the toll highways operated and maintained by the Authority as of December 1, 1985, (ii) any Projects, and (iii) all properties, equipment and facilities used in connection with the operation and maintenance of the facilities listed in clause (i) or (ii) of this definition.

“*Treasurer*” means the Treasurer of the State of Illinois and *ex officio* custodian of the “Illinois State Toll Highway Authority Fund,” a special fund created under the Act, of which all Funds, Accounts, and Sub-Accounts created under the Indenture, including the Revenue Fund and the Construction Fund, are a part.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., as successor to The First National Bank of Chicago, currently serving as trustee under the Indenture.

“*Twelfth Supplemental Indenture*” means the Twelfth Supplemental Indenture securing the 2009A Bonds, dated as of May 1, 2009, between the Authority and the Trustee.

“*2005 Bonds*” means the Toll Highway Senior Priority Revenue Bonds, 2005 Series A, authorized by the Seventh Supplemental Indenture.

“*2006 Bonds*” means the Toll Highway Senior Priority Revenue Bonds, 2006 Series A-1, and the Toll Highway Senior Priority Revenue Bonds, 2006 Series A-2, authorized by the Eighth Supplemental Indenture.

“*2007 Bonds*” means the 2007A-1 Bonds and the 2007A-2 Bonds.

“*2007 Project Resolution*” means Resolution No. 17844 adopted by the Authority on September 7, 2007, amending, revising and modifying the Congestion-Relief Plan and the Congestion-Relief Plan Project as the same may be further amended, revised or modified from time to time.

“*2007A-1 Bonds*” means the Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-1, authorized by the Ninth Supplemental Indenture.

“*2007A-2 Bonds*” means the Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-2, authorized by the Ninth Supplemental Indenture.

“*2008A Bonds*” means the 2008A-1 Bonds and the 2008A-2 Bonds.

“*2008A-1 Bonds*” means the Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-1, authorized by the Tenth Supplemental Indenture.

“*2008A-2 Bonds*” means the Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-2, authorized by the Tenth Supplemental Indenture.

“*2008B Bonds*” means the Toll Highway Senior Priority Revenue Bonds, 2008 Series B, authorized by the Eleventh Supplemental Indenture.

“*2009A Bonds*” means the Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series A (Build America Bonds – Direct Payment), authorized by the Twelfth Supplemental Indenture.

“*2009B Bonds*” means the Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series B (Build America Bonds – Direct Payment), authorized by the Thirteenth Supplemental Indenture.

“*2010A Bonds*” means the Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1, authorized by the Fourteenth Supplemental Indenture.

“*Underwriters*” means the group of underwriters represented by Merrill Lynch, Pierce Fenner & Smith Incorporated and Siebert Brandford Shank & Co., L.L.C. in connection with the purchase of the 2010A Bonds.

Pledge and Lien

Pursuant to the Indenture, the Authority pledges for the payment of the principal and Redemption Price of, and interest on, the Senior Bonds (i) the Net Revenues, (ii) amounts on deposit in all Funds, Accounts and Sub-Accounts, except amounts on deposit in or required to be deposited in the Maintenance and Operation Account established by the Indenture and except for amounts held from time to time in any Junior Bond Debt Service Accounts and any Junior Bond Debt Reserve Accounts, in each case established pursuant to the Supplemental Indentures authorizing any Junior Bonds and (iii) any and all other moneys, securities and property held by the Trustee under the terms of the Indenture (except such amounts to be held solely for benefit of Junior Bonds).

The pledge and lien created by the Indenture for Senior Bonds secure Senior Bonds on an equal and ratable basis and are superior in all respects to any pledge and lien created by any Supplemental Indenture for Junior Bonds, except with respect to amounts held from time to time solely for the benefit of Junior Bonds. With respect to amounts held in the Junior Bond Debt Service Account and the Junior Bond Debt Reserve Account, the pledge and lien for Junior Bonds secure Junior Bonds on an equal and ratable basis and are superior in all respects to the pledge and lien created for Senior Bonds. For purposes of the pledge and lien granted by the Indenture, and the requirement for deposits in and use of amounts in the Debt Service Account, "Senior Bonds" may include reimbursing Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds for amounts applied by such Providers to pay such principal of, premium, if any, and interest on Senior Bonds, but amounts in the Debt Service Account shall be so applied only if after such application there is no deficiency in the Debt Service Account.

Flow of Funds

The Authority covenants to deliver all Revenues (other than investment income, unless otherwise directed by the Indenture, and other than reimbursable advances from particular Funds or Accounts, which may when reimbursed be deposited directly into the Fund or Account from which the advance was made), within five Business Days after receipt, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer, at the direction of the Authority, will transfer or apply the balance as of such date of transfer in the Revenue Fund not previously transferred or applied in the following order of priority:

First, to the credit of the Maintenance and Operation Account as follows:

(1) to the credit of the Operating Sub-Account, that portion of the Operating Expenses set forth in the Annual Budget for the then current Fiscal Year that would have accrued on a pro rata basis to the end of the current calendar month if deemed to accrue monthly on a pro rata basis from the first day of the then current Fiscal Year, less all other amounts previously transferred by the Treasurer for deposit to the credit of the Operating Sub-Account during said Fiscal Year and less the balance, if any, that was on deposit to the credit of the Operating Sub-Account on December 31 of the preceding Fiscal Year, and

(2) to the credit of the Operating Reserve Sub-Account, the amount, if any, as shall be specified by the Authority; provided, however, that any such amount specified by the Authority shall be reduced by the amount, if any, by which such deposit, if made, when added to the balance on deposit to the credit of the Operating Reserve Sub-Account as of the last day of the immediately preceding month, would exceed 30% of the amount budgeted for Operating Expenses in the Annual Budget for the then current Fiscal Year.

Second, to the credit of the Debt Service Account maintained by the Trustee, as follows:

(1) to the credit of the Interest Sub-Account, an amount equal to (a) any interest due and unpaid on Senior Bonds, plus (b) for each Series of Senior Bonds, one-sixth of the difference between the interest payable on Outstanding Senior Bonds of that Series on any interest payment date within the next six months, and the proceeds of Senior Bonds on deposit to the credit of the Interest Sub-Account for paying that interest (provided, however, that for interest payable on any Series of Senior Bonds other than semi-annually or at a variable rate, and for a first interest payment date or as otherwise provided in any Supplemental Indenture for any Series of Senior Bonds, the amount so deposited shall be as provided in the Supplemental Indenture authorizing the Senior Bonds providing for such deposits). For purposes of calculating the periodic transfers required to be made to the Interest Sub-Account with respect to the 2009A Bonds and the 2009B

Bonds pursuant to said clause (b), the Treasurer may apply the Subsidy Payments on deposit with the Trustee as a credit against the interest due on the date of deposit of the Subsidy Payments or if none is then due or such interest payment has been fully provided for, against the next interest due on the 2009A Bonds and the 2009B Bonds. Interest payable shall take into account any Qualified Hedge Agreement as provided under the Indenture;

(2) to the credit of the Principal Sub-Account, an amount equal to (a) any principal due and unpaid on Outstanding Senior Bonds plus (b) for each Series of Senior Bonds, one-twelfth of any principal (including the maturity amount of Capital Appreciation Bonds) of such Outstanding Senior Bonds payable on the next principal payment date within the next twelve months (provided, however, that a Supplemental Indenture authorizing any Series of Senior Bonds which has Principal Installments payable other than annually shall provide for the amounts to be so deposited, and any Supplemental Indenture authorizing any Series of Senior Bonds may provide for additional deposits in the Principal Sub-Account); and

(3) to the credit of the Redemption Sub-Account, an amount for each Series of Senior Bonds equal to one-twelfth of any Sinking Fund Installment of such Outstanding Senior Bonds of that Series payable within the next twelve months (provided, however, that a Supplemental Indenture authorizing Senior Bonds of a Series which has Sinking Fund Installments payable other than annually shall provide for the amounts to be so deposited, and any Supplemental Indenture authorizing Senior Bonds of a Series may provide for additional deposits in the Redemption Sub-Account).

Third, to the credit of the Provider Payment Sub-Account amounts as provided in any Supplemental Indenture for paying Costs of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds or for making reimbursements to Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds; but no such deposit shall be made for making any termination payment for a Qualified Hedge Agreement when there is any deficiency in the Debt Reserve Account; provided, that, with respect to (a) any Credit Enhancements executed and delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005) all termination payments required to be made in connection with any such Credit Enhancements shall be paid from the Termination Payment Account and (b) any Qualified Hedge Agreements executed and delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005), all termination payments required to be made in connection with any such Qualified Hedge Agreements shall be paid from the Termination Payment Account.

Fourth, to the credit of the Debt Reserve Account, maintained by the Trustee, an amount sufficient to cause the balance in it to equal the Debt Reserve Requirement and to make any required reimbursement to Providers of Reserve Account Credit Facilities, which reimbursement is payable as provided by a Supplemental Indenture from the Debt Reserve Account.

Fifth, to the credit of any Junior Bond Debt Service Account or Junior Bond Debt Reserve Account, maintained by the Trustee, any amounts required by, and in the priority established by, any Supplemental Indentures authorizing Junior Bonds.

Sixth, to the credit of the Termination Payment Account, an amount sufficient to provide for the payment of termination payments then due and owing with respect to (i) Credit Enhancements and Qualified Hedge Agreements executed and delivered or becoming effective on or after the date of execution and delivery of the Seventh Supplemental Indenture and (ii) credit enhancement and similar

agreements and hedge agreements executed and delivered pursuant to any Supplemental Indenture authorizing Junior Bonds.

Seventh, to the credit of the Renewal and Replacement Account, that portion of the Renewal and Replacement Deposit set forth in the Annual Budget for the then current Fiscal Year that would have accrued on a pro rata basis to the end of the current calendar month if deemed to accrue monthly on a pro rata basis from the first day of the then current Fiscal Year, less all other amounts previously transferred by the Treasurer for deposit to the credit of the Renewal and Replacement Account during that Fiscal Year.

Eighth, at the direction of the Authority, to the credit of the Improvement Account, for allocation to a project or projects as determined by the Authority in its sole discretion, until the balance in such Account is equal to the Improvement Requirement or such lesser amount as the Authority may from time to time determine by resolution.

Ninth, at the direction of the Authority, the balance of such amounts in the Revenue Fund for deposit to the credit of the System Reserve Account.

Any deficiency in the credits required to the various Accounts and Sub-Accounts in any month shall be added to the required credit for the next month.

Funds, Accounts and Sub-Accounts. The Indenture establishes the following Funds and Accounts:

1. Revenue Fund, held by Depositaries
2. Maintenance and Operation Account held by the Authority
3. Debt Service Account held by the Trustee
4. Debt Reserve Account held by the Trustee
5. Any Junior Bond Debt Service Account held by the Trustee
6. Any Junior Bond Debt Reserve Account held by the Trustee
7. Termination Payment Account held by the Trustee
8. Renewal and Replacement Account held by the Authority
9. Improvement Account held by the Authority
10. System Reserve Account held by the Authority
11. Construction Fund held by the Trustee, including the Congestion-Relief Plan Project Construction Account therein

All moneys deposited under the provisions of the Indenture are required to be deposited with one or more Depositaries, in trust and applied only in accordance with the Indenture.

Certain of the foregoing Accounts and Sub-Accounts are established under the Indenture for the following purposes:

Maintenance and Operation Account — Operating Sub-Account. The Authority is required to pay Operating Expenses from the Operating Sub-Account in accordance with the Authority's Annual Budget.

Maintenance and Operation Account — Operating Reserve Sub-Account. Subject to the requirements of the Authority's Annual Budget, moneys, if any, on deposit to the credit of the Operating Reserve Sub-Account shall be held as a reserve for the payment of Operating Expenses and shall be withdrawn from time to time by the Authority, to the extent that moneys are not available to the credit of

the Operating Sub-Account, in order to pay Operating Expenses, as of the last day of such Fiscal Year the Authority shall transfer from the Operating Reserve Sub-Account to the Operating Sub-Account the amount, if any, to the credit of the Operating Revenue Sub-Account in excess of thirty percent of the amount budgeted for Operating Expenses in the Annual Budget for the then current Fiscal Year.

Debt Service Account and Debt Reserve Account. The Indenture establishes the Debt Service Account and Debt Reserve Account for the benefit of the Outstanding Senior Bonds, and any additional Senior Bonds. The Indenture authorizes the establishment of Junior Bond Debt Service Accounts and Debt Reserve Accounts.

Debt Service Account. The Trustee shall pay to the respective Paying Agents in Current Funds (i) out of the Interest Sub-Account on or before each interest payment date for any Senior Bonds, including the 2010A Bonds, the amount required for the interest payable on such date; (ii) out of the Principal Sub-Account on or before each such interest payment date, an amount equal to the principal amount of the Outstanding Senior Bonds, including the 2010A Bonds, that mature on such date; and (iii) out of the Redemption Sub-Account on or before the day preceding any date fixed for redemption of Outstanding Senior Bonds, including the 2010A Bonds, from Sinking Fund Installments, the amount required for the payment of the Redemption Price of such Senior Bonds then to be redeemed. The Trustee shall also pay out of the Interest Sub-Account the accrued interest included in the purchase price of Senior Bonds purchased for retirement. The Trustee shall, at any time there is a deficiency in credits to the Interest Sub-Account, the Principal Sub-Account and the Redemption Sub-Account, apply amounts in the Provider Payment Sub-Account to remedy those deficiencies, in that order. The Trustee shall pay from the Provider Payment Sub-Account after any payment, as provided in the preceding sentence, has been made, to Providers amounts for paying Costs of Credit Enhancement or costs of Qualified Hedge Agreements for Senior Bonds, or making reimbursement to Providers of Credit Enhancement or Qualified Hedge Agreements, for Senior Bonds, as provided in Supplemental Indentures for Senior Bonds, but only if there is no deficiency in the Interest, Principal or Redemption Sub-Accounts.

Amounts to the credit of the Redemption Sub-Account with respect to Sinking Fund Installments for the 2010A Bonds are required to be applied to the purchase or redemption of Bonds as follows:

(i) Amounts deposited to the credit of the Redemption Sub-Account to be used in satisfaction of any Sinking Fund Installment for the 2010A Bonds may, and if so directed by the Authority shall, be applied by the Trustee, on or prior to the forty-fifth day preceding the next scheduled Sinking Fund Installment date, to the purchase of Bonds for which such Sinking Fund Installment was established. That portion of the purchase price attributable to accrued interest shall be paid from the Interest Sub-Account. All such purchases of Bonds shall be made at prices not exceeding the applicable Sinking Fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the Authority shall determine. The principal amount of any Bonds so purchased shall be deemed to be a part of the Redemption Sub-Account until such Sinking Fund Installment date, for the purpose of calculating the amount on deposit in such Sub-Account.

(ii) At any time up to the forty-fifth day preceding the next scheduled Sinking Fund Installment date, the Authority may purchase with any available funds, which may include amounts in the Improvement Account or the System Reserve Account, Bonds for which such Sinking Fund Installment was established and surrender such Bonds to the Trustee at any time up to such forty-fifth day.

(iii) To the extent that amounts are available to the credit of the Redemption Sub-Account and the Debt Reserve Account, and after giving effect to the 2010A Bonds purchased by the Trustee and Bonds surrendered by the Authority, which shall be credited against the Sinking Fund Installment for the 2010A Bonds at their applicable sinking fund Redemption Price, and as soon as practicable after the forty-fifth day preceding the next scheduled Sinking Fund Installment date, the Trustee shall proceed to call for redemption on such scheduled Sinking Fund Installment date Bonds for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date which shall be retired from payments from the Principal Sub-Account) in such amount as shall be necessary to complete the retirement of the unsatisfied portion of such Sinking Fund Installment. The Trustee shall pay out of the Redemption Sub-Account (after transfers to it from the Debt Reserve Account, if required) to the appropriate Paying Agents, on or before the day preceding such redemption date, the Redemption Price required for the redemption of the 2010A Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(iv) If the principal amount of Bonds retired through application of amounts in satisfaction of any Sinking Fund Installment for the 2010A Bonds shall exceed such Sinking Fund Installment for the 2010A Bonds, or in the event of the purchase or redemption from moneys other than from the Redemption Sub-Account of Bonds for which Sinking Fund Installments have been established, such excess or the principal amount of Bonds so purchased or redeemed, as the case may be, shall be credited toward future scheduled Sinking Fund Installments either (i) in the order of their due dates or (ii) in such order as the Authority establishes in a certificate signed by an Authorized Officer and delivered to the Trustee on or prior to the date which is forty-five days after such redemption date.

(v) Failure to retire the entire scheduled amount of Bonds through the application of any Sinking Fund Installment on or prior to the next scheduled Sinking Fund Installment date shall not be an Event of Default under the Indenture. Any amount of Bonds not so retired shall be added to the amount to be retired on the next scheduled Sinking Fund Installment date for such Bonds. See **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default.”**

Debt Reserve Account. If on the due date of any interest on any Senior Bonds, including the 2010A Bonds, or any Principal Installment thereof, the aggregate amount to the credit of the Debt Service Account shall be less than the amount required to pay such interest or Principal Installment of any Senior Bonds, the Trustee shall apply amounts from the Debt Reserve Account to the extent necessary to make good the deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account and then to the credit of the Redemption Sub-Account.

In lieu of any required deposits into the Debt Reserve Account, the Authority may cause to be deposited into the Debt Reserve Account one or more Reserve Account Credit Facilities in total amounts equal to the difference between the Debt Reserve Requirement and the sums then on deposit to the credit of the Debt Reserve Account, if any. The Provider of the Reserve Account Credit Facility which is a surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by S&P and Moody's, or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable service; provided that the Authority shall give each rating agency which gives any Bonds a Rating at least 7 days prior written notice before acquiring such a Reserve Account Credit Facility which does not meet the rating requirement of this sentence from S&P and Moody's, or their successors. The Provider of the

Reserve Fund Credit Facility which is a letter of credit shall be a bank or trust company or other legal entity which is rated not lower than the second highest rating category by S&P and Moody's, or their successors, and the letter of credit or other credit facility itself shall be rated in the highest category of both such rating agencies. If a disbursement is made pursuant to any Reserve Account Credit Facility, the Authority shall be obligated either (i) to reinstate the maximum limits of such Reserve Account Credit Facility or (ii) to deposit to the credit of the Debt Reserve Account, funds in the amount of the disbursement made under such Reserve Account Credit Facility, or a combination of such alternatives, as shall provide that the amount to the credit of the Debt Reserve Account equals the Debt Reserve Requirement within a time period not longer than would have been required to restore the Debt Reserve Account by operation of the monthly transfer of funds from the Revenue Fund, as applicable.

Whenever the amount to the credit of the Debt Reserve Account shall exceed the Debt Reserve Requirement, after making any required reimbursement to a Provider of a Reserve Account Credit Facility, the Trustee shall use such excess to remedy any deficiency in the Debt Service Account and at the written direction of the Authority promptly transfer such excess to the Authority as further described in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds”**; provided, however, that upon the written direction of the Authority, the Trustee shall promptly transfer all or any portion of the amount of such excess as specified in such direction (i) to a refunding or defeasance escrow established pursuant to the Indenture, or (ii) for any purpose for which Senior Bonds may be issued.

The Trustee shall pay to Providers of Reserve Account Credit Facilities any reimbursement which is payable from the Debt Reserve Account as provided by a Supplemental Indenture, and upon the written direction of an Authorized Officer shall use amounts in the Debt Reserve Account to acquire a Reserve Account Credit Facility, but only to the extent that after such payment the amount to the credit of the Debt Reserve Account, including the amount of any Reserve Account Credit Facilities, either is not less than the Debt Reserve Requirement or is not reduced by the payment or acquisition.

Junior Bond Accounts. The Trustee shall apply amounts in the Junior Bond Debt Service Accounts and the Junior Bond Debt Reserve Accounts as required by, and in the priority established by, any Supplemental Indenture authorizing Junior Bonds.

Termination Payment Account. Moneys to the credit of the Termination Payment Account are to be applied at the direction of the Authority to the payment of termination payments with respect to (i) Credit Enhancements and Qualified Swap Agreements and (ii) credit enhancement and similar agreements and hedge agreements executed and delivered pursuant to any Supplemental Indenture authorizing Junior Bonds.

If at any time the amounts to the credit of the Debt Service Account, the Debt Reserve Account, the Improvement Account and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on the Senior Bonds, the Authority upon notice from the Trustee shall transfer from the Termination Payment Account for deposit to the credit of the Debt Service Account the amount necessary (or the entire available amount to the credit of the Termination Payment Account if less than the amount necessary) to make up such deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account, then to the credit of the Redemption Sub-Account and then to the credit of the Provider Payment Sub-Account.

If, at any time after the transfers referred to in the prior paragraph have been made or have been determined by the Trustee to be unnecessary, the amounts to the credit of any debt service account or debt service reserve account established pursuant to a Supplemental Indenture authorizing

Junior Bonds, the Improvement Account and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on any Junior Bonds or to make required payments from any such debt service account, the Authority upon notice from the Trustee shall transfer from the Termination Payment Account to the Trustee for deposit to the credit of such debt service account the amount necessary (or the entire available amount to the credit of the Termination Payment Account if less than the amount necessary) to make up such deficiency in the order or priority specified by the Supplemental Indenture authorizing the related Junior Bonds.

Renewal and Replacement Account. Moneys to the credit of the Renewal and Replacement Account are to be applied to Renewal and Replacement Expenses at the direction of the Authority.

If, at any time the amounts to the credit of the Debt Service Account, the Debt Reserve Account, the Improvement Account, and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on Senior Bonds, the Authority upon notice from the Trustee shall transfer from the Renewal and Replacement Account and its revolving account to the Trustee for deposit to the credit of the Debt Service Account the amount necessary (or the entire available amount to the credit of the Renewal and Replacement Account and its revolving account if less than the amount necessary) to make up such deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account, then to the credit of the Redemption Sub-Account, and then to the credit of the Provider Payment Sub-Account.

Improvement Account. Moneys to the credit of the Improvement Account are to be applied to the payment of the costs of Improvements at the direction of the Authority.

If at any time the amounts to the credit of the Debt Service Account, the Debt Reserve Account and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on the Senior Bonds and to make required payments from the Debt Service Account, the Authority upon notice from the Trustee shall transfer from the Improvement Account and its revolving account to the Trustee for deposit to the credit of the Debt Service Account the amount necessary (or the entire available amount to the credit of the Improvement Account and its revolving account if less than the amount necessary) to make up such deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account, then to the credit of the Redemption Sub-Account and then to the credit of the Provider Payment Sub-Account.

The Authority may, from time to time, cause the Consulting Engineers to prepare and file estimates of the cost of the proposed Improvements, and the Authority may adopt resolutions pursuant to such estimates to establish the Improvements Requirement. In the event the cost of any Improvement is increased in accordance with such procedures, the Improvement Requirement with respect to such Improvement shall be increased. In the event the cost of any Improvement is decreased in accordance with such procedures, the Improvement Requirement with respect to such Improvement shall be reduced and any resulting excess to the credit of the Improvement Account shall, at the discretion of the Authority, be promptly credited for the cost of any other Improvement or be promptly transferred to the credit of the System Reserve Account.

Nothing contained in the Indenture shall prohibit the Authority from withdrawing moneys deposited to the credit of the Improvement Account for any Improvement, and depositing such moneys to the credit of an account in the Construction Fund or to the credit of any other fund, account or sub-account maintained for the purposes of paying the cost of such Improvement.

System Reserve Account. The Authority shall transfer to the Trustee, upon requisition by the Trustee, from amounts on deposit to the credit of the System Reserve Account and its revolving account for credit (i) to the various Accounts and Sub-Accounts, and in the order of the priority specified in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds,”** the amount necessary (or the entire amount to the credit of the System Reserve Account and its revolving account if less than the amount necessary) to make up any deficiencies in payments to said Accounts and Sub-Accounts required under the Indenture, and (ii) in the event of any transfer of moneys from the Debt Reserve Account, to the credit of the Accounts from which such transfers were made in the order of priority specified in **APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds,”** the amount of any resulting deficiency in such Accounts.

Amounts on deposit to the credit of the System Reserve Account and its revolving account after all required transfers and payments may, in the sole discretion of the Authority, be applied to any one or more of the following purposes:

- (a) to make payments, when due, on Subordinated Indebtedness;
- (b) to provide for the purchase or redemption of any Bonds;
- (c) to make payments into any separate account or accounts established in the Construction Fund for any Project;
- (d) to provide improvements, extensions, betterments, renewals and replacements of the Tollway System, including studies, surveys, estimates and investigations relating thereto, or the provision of reserves for those purposes;
- (e) to apply as Revenues pursuant to the Indenture;
- (f) to be transferred to any Fund or Account established under the Indenture or any Supplemental Indenture; and
- (g) for any other lawful Authority purpose, including repayment of any other indebtedness incurred by the Authority.

Creation of Additional Accounts and Sub-Accounts. The Trustee or the Treasurer, as the case may be, shall, at the written request of the Authority, establish such additional Accounts within any of the Funds established under the Indenture, and Sub-Accounts within any of the Accounts established under the Indenture, as shall be specified in such written request, for the purpose of enabling the Authority to identify or account for more precisely the sources, timing and amounts of transfers or deposits into such Funds, Accounts and Sub-Accounts, the amounts on deposit in or credited to such Funds, Accounts or Sub-Accounts as of any date or dates of calculation, and the sources, timing and amounts of transfers, disbursements or withdrawals from such Funds, Accounts or Sub-Accounts; but the establishment of any such additional Accounts or Sub-Accounts shall not alter or modify in any manner or to any extent any of the requirements of the Indenture with respect to the deposit or use of moneys in any Fund, Account or Sub-Account established under the Indenture.

Investments of Certain Moneys. All moneys held in any separate, segregated accounts of the Construction Fund held by the Trustee, Debt Service Account and its Sub-Accounts, or the Debt Reserve Account, shall be invested and reinvested to the fullest extent practicable in Investment Securities that mature no later than necessary to provide moneys when needed for payments to be made from such Funds, Accounts or Sub-Accounts, but no moneys in the Debt Reserve Account shall be

invested in any Investment Security maturing more than ten (10) years from the date of such investment. Amounts in the Revenue Fund may be invested by the Treasurer, at the direction of the Authority, in Investment Securities maturing not later than necessary to provide moneys when needed for payments from such portion of the Revenue Fund so held by the Authority pursuant to the Indenture. Moneys held in any Junior Bond Debt Service Account or Junior Bond Debt Reserve Account shall be invested and reinvested by the Trustee as provided in the applicable Supplemental Indentures.

Valuation of Investments. Valuation of Investment Securities held in the Funds, Accounts and Sub-Accounts established under the Indenture will be made as often as may be necessary to determine the amounts held under the Indenture, except the valuation of Investment Securities held in the Debt Service Account and its Sub-Accounts, the Debt Reserve Account, any Junior Bond Debt Service Account and its Sub-Accounts and any Junior Bond Debt Reserve Account shall also be made on December 20 of each year.

Deposits. All moneys on deposit to the credit of the Construction Fund, the Debt Service Account, the Debt Reserve Account, any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account shall be continuously and fully secured for the benefit of the Authority and the Holders of the 2010A Bonds, by lodging with the Trustee as collateral security, direct obligations of or obligations unconditionally guaranteed by the United States of America having a market value (exclusive of accrued interest) not less than the amount of such moneys. All other moneys held for the Authority under the Indenture shall be continuously and fully secured for the benefit of the Authority and the Holders of the 2010A Bonds as provided by applicable state law with respect to the investment of public funds.

Application of Subsidy Payments

The Authority covenants in the Twelfth Supplemental Indenture and the Thirteenth Supplemental Indenture to deposit or cause to be deposited with the Trustee promptly upon receipt all collections of Subsidy Payments for application to the payment of the next interest due on the 2009A Bonds and the 2009B Bonds that has not previously been provided for by the deposit of funds to the 2009A Capitalized Interest Account or the 2009B Capitalized Interest Sub-Account of the Congestion-Relief Plan Construction Account within the Construction Fund. The Authority further covenants that subject to its right to elect to apply collections of the Subsidy Payments to purposes other than the payment of interest, as described below, the Authority will take all actions required by law or applicable regulations as necessary to provide for the collection to the fullest extent possible of the Subsidy Payments and will take no action or fail to take any action which in any way would materially adversely affect the ability of the Authority to collect the Subsidy Payments to the fullest extent possible.

Notwithstanding the covenant described in the preceding paragraph, the Authority may elect to apply collections of the Subsidy Payments to purposes other than the payment of interest with respect to the 2009A Bonds and the 2009B Bonds. If the Authority so elects, the Authority will provide written notice to the Trustee (i) that it will no longer deposit or cause to be deposited with the Trustee some or all of the collections of the Subsidy Payments and (ii) of the first interest payment date with respect to which the Subsidy Payments will not be deposited (the "Payment Termination Date"), which written notice shall be accompanied by the following:

- (i) A certificate of an Authorized Officer demonstrating that the Net Revenues as reflected in the books of the Authority for a period of 12 consecutive calendar months out of the 18 calendar months next preceding the Payment Termination Date exceeded the Net Revenue Requirement for that 12-month period; provided that if any adjustment of toll rates shall have been placed in effect during that 12-month period, Net Revenues shall reflect the Revenues which

the Traffic Engineers estimate in their certificate described in paragraph (iii) below would have resulted had such toll rate adjustment been in effect for the entire 12-month period;

(ii) A certificate of the Traffic Engineers stating whether, to the best of their knowledge, any Federal, State or other agency has begun, or is then projecting or planning, the construction, improvement or acquisition of any highway or other facility which, in the opinion of the Traffic Engineers, may be materially competitive with any part of the Tollway System, and the estimated date of completion of such construction, improvement or acquisition;

(iii) A certificate of the Traffic Engineers setting forth estimates of toll receipts for the then current and each future Fiscal Year to and including the fifth full Fiscal Year after the Payment Termination Date. The estimates will give effect to (A) the completion as estimated of any Project not yet completed, (B) the assumption that any competitive highway or other facility referred to in their certificate described in subparagraph (ii) above will be completed on the date so estimated as provided in said subparagraph (ii) and will subsequently be in operation during the period covered by such estimates, (C) any adjustment of toll rates which will have been placed in effect subsequent to the beginning of the 12-month period referred to in the certificate of an Authorized Officer described in paragraph (i), above, as if such toll rate adjustment had been in effect from the beginning of the period covered by such estimate until the effective date of any subsequent adjustment presumed necessary and (D) any adjustment of toll rates which, in the opinion of the Traffic Engineers, would be necessary to comply with the provisions of the toll covenant described under **“SECURITY AND SOURCES OF PAYMENT FOR THE 2009B BONDS – Toll Covenant,”** as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment;

(iv) A certificate of the Consulting Engineers setting forth for the years and on the assumptions specified in the certificate of the Traffic Engineers described in paragraph (iii) above, estimates of the Operating Expenses and Renewal and Replacement Deposits; and

(v) A certificate of an Authorized Officer setting forth the estimated Net Revenues (based on the certificates described in paragraphs (iii) and (iv) above) for the current and each future Fiscal Year through the fifth full Fiscal Year after the Payment Termination Date, and stating that such estimated Net Revenues for each such Fiscal Year equal or exceed the estimated Net Revenue Requirement for such Fiscal Year.

Additional Indebtedness

The Indenture permits the issuance of additional indebtedness, including (a) Senior Bonds on a parity with the Outstanding Senior Bonds, including the 2010A Bonds, (b) Junior Bonds, and (c) Subordinated Indebtedness.

Senior Bonds. Additional Senior Bonds may be incurred for the purposes of (a) paying the Cost of Construction of any Project, (b) refunding or prepaying, including at or prior to maturity any (i) Senior Bonds or (ii) any other obligation of the Authority issued or entered into for purposes for which Senior Bonds may be issued, including paying related costs of issuance, costs of redemption of refunded bonds, capitalized interest, Costs of Credit Enhancement or Costs of Hedge Agreements, (c) making deposits to the Debt Reserve Account or acquiring a Reserve Account Credit Facility, (d) paying interest on any Bonds, (e) paying any costs of issuing Senior Bonds or (f) paying Costs of Credit Enhancement or Costs of Qualified Hedge Agreements for the Additional Senior Bonds. A description of the requirements relating to the incurrence of additional indebtedness follows:

Senior Bonds may be issued on a parity with the Outstanding Senior Bonds, for a Project, provided, among other things that the Authority certifies, based on certificates of the Traffic Engineers and the Consulting Engineers, that (1) Net Revenues as reflected in the books of the Authority for a period of 12 consecutive calendar months out of the 18 calendar months next preceding such issuance (as adjusted to reflect any adjustments of toll rates made during such 12-month period as if such toll rates had been in effect for the entire 12-month period) exceeded the Net Revenue Requirement for such 12-month period; (2) estimated Net Revenues for the current and each future Fiscal Year through the fifth full Fiscal Year after the estimated date when each Project for which Additional Senior Bonds are being issued will be placed in service, and in any case, to and including the fifth full Fiscal Year after the date of issuance of such Additional Senior Bonds, shall be at least equal to the estimated Net Revenue Requirement for such Fiscal Year; and (3) if such Additional Senior Bonds are being issued to pay Costs of Construction of a Project, the amount of the proceeds of the proposed Bonds, which may be issued in one or more Series, together with other funds then available or expected to be available, will be sufficient to pay the remainder of the Cost of Construction of such Project as scheduled. For purposes of estimating Net Revenues and determining the Net Revenue Requirement, the Authority shall rely on estimates of the Traffic Engineers with respect to toll revenue, which may include projected toll increases deemed feasible by the Traffic Engineers and on estimates of the Consulting Engineers with respect to Operating Expenses, budgeted or projected Renewal and Replacement Deposits and the costs and completion dates of Projects. In addition, the Traffic Engineers are required to certify whether, to the best of their knowledge, any Federal, state or other agency has begun or is then projecting or planning, the construction, improvement or acquisition of any highway or other facility that, in the opinion of the Traffic Engineers, may be materially competitive with any part of the Tollway System and the estimated date of completion of such construction, improvement or acquisition.

One or more series of Senior Bonds may be issued on a parity with the Outstanding Senior Bonds for the purpose of completing a Project for which Senior Bonds were previously issued without meeting the test described above, provided that the Trustee receives a certificate of the Consulting Engineers stating (i) the purpose for which the Additional Bonds are to be issued, which shall be to complete a Project for which Senior Bonds have been issued, without material change in scope, (ii) that the amount of available proceeds of the Additional Bonds issued for the purposes of completing the Project, together with other funds of the Authority then available or expected to be available for completing the Project, including proceeds of one or more other Series of Additional Bonds to be issued for such purpose, will be sufficient, in their opinion, to pay the cost of completion of the Project; and (iii) that the amount of proceeds of such Additional Senior Bonds available for completing the Project will not exceed 10% of the total estimated Costs of Construction as provided in the Certificate of the Consulting Engineer provided for the Additional Senior Bonds previously issued for that Project.

Senior Bonds may be issued on a parity with the Outstanding Senior Bonds for the purpose of refunding Outstanding Senior Bonds (including paying related Costs of Issuance, deposits to the Debt Reserve Account, capitalized interest or Costs of Credit Enhancement or Costs of Qualified Hedge Agreements for the Additional Senior Bonds) without meeting the test described in the second paragraph under the subheading "Senior Bonds" if there is received by the Trustee (i) a Counsel's Opinion that upon issuance of the Additional Senior Bonds and application of their proceeds as provided in the authorizing Supplemental Indenture, provision for payment of the refunded Senior Bonds will have been made in accordance with the defeasance provisions of the Indenture; and (ii) the certificate of an Authorized Officer demonstrating (A) for each Fiscal Year in which any Senior Bonds (other than Additional Senior Bonds to be issued) will be Outstanding after the refunding that the Debt Service for the Additional Senior Bonds to be issued will not be greater than 105% of the Debt Service for the Senior Bonds to be refunded and (B) that the aggregate Principal Installments and interest payable in all those Fiscal Years on the Additional Senior Bonds to be issued is less than the aggregate Principal Installments

and interest that would have been payable on the Senior Bonds to be refunded, assuming all Sinking Fund Installments are made as provided in the Supplemental Indentures for Senior Bonds.

Junior Bonds. One or more Series of Junior Bonds may be issued as authorized by the Authority by a Supplemental Indenture for any purpose for which Senior Bonds may be issued. Any such Supplemental Indenture shall make provision for the establishment of any Junior Bond Debt Service Account or Accounts and any Junior Bond Debt Reserve Account with respect to any or all Series of Junior Bonds and for the amounts of Net Revenues to be deposited in such Accounts. Any such Supplemental Indenture may grant a lien on and pledge for the payment of principal of and interest on Junior Bonds or reimbursing Providers of Credit Enhancement or Hedge Accounts for Junior Bonds for amounts applied by such Provider to pay such principal or interest, of the (i) Net Revenues to be deposited in any Junior Bond Debt Service Account or Junior Bond Debt Reserve Account, (ii) amounts on deposit from time to time in Junior Bond Debt Service Accounts and Junior Bond Debt Reserve Accounts, (iii) amounts on deposit from time to time in the Renewal and Replacement Account, the Improvement Account and the System Reserve Account and (iv) any other funds, accounts, property or receipts other than Revenues or Funds or Accounts established by the Indenture or a Supplemental Indenture solely for the benefit of Senior Bonds. Any such pledge or lien on Net Revenues and the amounts on deposit from time to time in the Renewal and Replacement Account, the Improvement Account and the System Reserve Account shall be subordinate to the pledge and lien made and granted by the Indenture for Senior Bonds. A Supplemental Indenture providing for the issuance of any Series of Junior Bonds may provide for “events of default” with respect to such Junior Bonds and remedies arising from such “events of default.” Such a remedy may include acceleration of the maturity of any Junior Bonds, but only upon not less than sixty days’ written notice to the Trustee. No remedy shall be contrary to the rights or remedies provided to Holders of Senior Bonds under the Indenture.

Subordinated Indebtedness. Subordinated Indebtedness may be issued for any purpose for which Bonds may be issued, which Subordinated Indebtedness may be payable, pursuant to the authorizing instrument, from amounts on deposit in, and secured by a pledge of and lien on amounts payable from, the System Reserve Account.

Other Indebtedness. Other indebtedness issued for any lawful Authority purpose may be payable, pursuant to the authorizing instrument, from amounts on deposit in the System Reserve Account. The Authority may also issue evidences of indebtedness payable from moneys in the Construction Fund as part of the Cost of Construction for any Project, or payable from, or secured by the pledge of, Revenues to be derived on and after such date as the pledge of Net Revenues provided in the Indenture shall be discharged and satisfied. The Authority reserves the right to issue bonds or other evidences of indebtedness for any purpose payable from or secured by funds or sources other than Revenues or moneys on deposit with the Trustee or the Authority under the Indenture.

Hedging Transactions

If the Authority shall enter into any Qualified Hedge Agreement with respect to any Senior Bonds and the Authority has made a determination that the Qualified Hedge Agreement was entered into to provide substitute amounts or limits of the interest due with respect to those Senior Bonds, then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

- (a) for purposes of any calculation of Debt Service, the interest rate on the Senior Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Senior Bonds had interest payments equal to the interest payable on those Senior Bonds less any payments to the Authority from the Provider and plus any payments by the Authority to the

Provider as provided by the Qualified Hedge Agreement (other than fees or termination payments of such Provider for providing the Qualified Hedge Agreement);

(b) any such payments (other than fees and termination payments) required to be made by the Authority to the Provider pursuant to such Qualified Hedge Agreement may be made from amounts on deposit to the credit of the Interest Sub-Account; and

(c) any such payments received by the Authority from the Provider pursuant to such Qualified Hedge Agreement shall be deposited to the credit of the Interest Sub-Account.

If the Authority shall enter into a Hedge Agreement that is not a Qualified Hedge Agreement, then:

(a) the interest rate adjustments or assumptions referred to above shall not be made;

(b) any payments required to be made by the Authority to the Provider pursuant to such Hedge Agreement shall be made only from amounts on deposit to the credit of the System Reserve Account; and

(c) any payments received by the Authority from the Provider pursuant to such Hedge Agreement shall be treated as Revenues and shall be deposited to the credit of the Revenue Fund.

Removal or Merger or Consolidation of Trustee

The Trustee may be removed at any time by an instrument in writing delivered to the Trustee and signed by the Authority and the Treasurer; provided, however, that if an Event of Default shall have occurred and be continuing, the Trustee may be so removed by the Authority and the Treasurer only with the written concurrence of the Holders of a majority in principal amount of Senior Bonds and the Holders of a majority in principal amount of Junior Bonds then Outstanding.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which all or substantially all of the corporate trust business of the Trustee may be sold or transferred shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act, unless such successor delivers written notice of resignation pursuant to the terms of the Indenture.

Covenants

Sale, Lease or Encumbrance of Property. The Authority will not sell, lease or otherwise dispose of or encumber the Tollway System or any part thereof and will not create or permit to be created any charge or lien on the Revenues, except as permitted under the Indenture, and, in certain instances generally relating to utilities and concessions, unless the Authority determines that such sale, lease, contract, license, easement or right does not impede or restrict the operation by the Authority of the Tollway System. The Authority may from time to time sell, exchange or otherwise dispose of any real or personal property or release, relinquish or extinguish any interest therein as the Authority shall determine is not needed in connection with the maintenance and operation of the Tollway System and, in the case of real property or any interest therein, will not in the future be needed for any foreseeable improvement to the Tollway System.

Notwithstanding the provisions of the preceding paragraph, upon receipt of consent of the Holders of Bonds as described under “**Supplemental Indentures**” in this **APPENDIX D** and under “**SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS – Certain Amendments to the Indenture,**” to the extent permitted by law, the Authority may sell, lease, convey, mortgage, encumber or otherwise dispose, directly or indirectly, all or a portion of the Tollway System or transfer, directly or indirectly, control, management or oversight, or any material aspect of control, management or oversight of the Tollway System, whether of its properties, interests, operations, expenditures, revenues or otherwise (any of the foregoing being referred to as a “Transfer”). Any Transfer may be part of a transaction in which the Authority enters into a leaseback or other agreement that directly or indirectly gives the Authority a right to control, manage, use and possess the Tollway System.

In connection with any Transfer, the Authority must provide to the Trustee the following:

- (i) a certified copy of a resolution of the Authority authorizing and approving the Transfer;
- (ii) evidence that the Transfer will not adversely affect the rating on any Bonds Outstanding immediately prior to the Transfer issued by a rating agency then maintaining a rating on such Bonds;
- (iii) an opinion of nationally recognized bond counsel selected by the Authority to the effect that the Transfer (i) complies with the provisions of the Act and the Indenture and (ii) will not cause interest on any Senior Bonds or Junior Bonds Outstanding immediately prior to the Transfer or on any Subordinated Indebtedness to become subject to Federal income taxation;
- (iv) a Certificate of the Traffic Engineers (A) stating whether, to the best of their knowledge, any Federal, State or other agency is then projecting or planning the construction, improvement, or acquisition of any highway or other facility which, in the opinion of the Traffic Engineers, may be materially competitive with the Tollway System as constituted following the Transfer (the Tollway System as constituted following the Transfer being referred to as the “Remaining Tollway System”) and the estimated date of completion of such highway or other facility, and (B) setting forth estimates of toll receipts derived from the Remaining Tollway System for the then current and each of the next ten (10) Fiscal Years or to and including the latest maturity of the 2010A Bonds, whichever is first to occur, giving effect, with respect to the Remaining Tollway System, to the factors considered by the Traffic Engineers in delivering their certificates described above under “**Additional Indebtedness – Senior Bonds**”;
- (v) a Certificate of the Consulting Engineers setting forth, for the years and on the assumptions specified in the Certificate of the Traffic Engineers delivered pursuant to clause (iv) above, estimates of Operating Expenses and the Renewal and Replacement Deposits for the Remaining Tollway System, giving effect, with respect to the Remaining Tollway System, to the factors considered by the Consulting Engineers in delivering their certificate described above under “**Additional Indebtedness – Senior Bonds**”; and
- (vi) a Certificate of any Authorized Officer setting forth (i) the Aggregate Debt Service and the Junior Bond Revenue Requirement (excluding, in each case, bond interest, the payment of which shall have been provided by payments or deposits from Bond proceeds) allocable to the Remaining Tollway System (determined as described below, the Aggregate Debt Service and the Junior Bond Revenue Requirement for each Fiscal Year so allocated being referred to as the “Remaining Tollway System Debt Service”) for the next preceding eighteen months, (ii) the Remaining Tollway System Debt Service for the then current and each of the next

ten Fiscal Years or to and including the latest maturity of the 2010A Bonds, whichever is first to occur and (iv) the Net Revenues allocable to the Remaining Tollway System (determined as described below, the Net Revenues so allocated being referred to as the “Remaining Tollway System Net Revenues”) for the next preceding eighteen months; and stating (a) that Remaining Tollway System Net Revenues have equaled at least one and one-half (1.5) times the Remaining Tollway System Debt Service for any twelve (12) consecutive months of the preceding eighteen (18) months, (b) that the Remaining Tollway System Net Revenues (based on the certificates filed pursuant to clauses (iv) and (v) above) for the then current and each of the next ten Fiscal Years or to and including the latest maturity of the 2010A Bonds, whichever is first to occur, will be not less than the greater of (I) one and one-half (1.5) times the Remaining Tollway System Debt Service for each such Fiscal Year and (II) the sum of the Remaining Tollway System Debt Service and the Renewal and Replacement Deposit for each such Fiscal Year, (c) that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the 2010A Bonds or the Indenture and (d) that the amount in the Debt Reserve Account is at least equal to the Debt Reserve Requirement and the amount in any Junior Bond Debt Reserve Account established pursuant to a Supplemental Indenture authorizing Junior Bonds is at least equal to any requirement for such Account established by the related Supplemental Indenture.

The determination of the Remaining Tollway System Debt Service and the Remaining Tollway System Net Revenues shall be made (i) to the extent determinable, by reference to the actual financial records of the Authority showing (A) Net Revenues generated by the Remaining Tollway System and (B) the Remaining Tollway Debt Service allocable to the Remaining Tollway System, or (ii) if not so determinable, by any reasonable methodology generally incorporating the assumptions of the Traffic Engineers and Consulting Engineers described above. Such determinations may be based, without limitation, by a pro rata method based on such financial results.

All proceeds received by the Authority in connection with a Transfer may be applied by the Authority to any lawful purpose designated by resolution of the Authority.

Annual Budget. The Authority is required to prepare and adopt on or before January 31 of each Fiscal Year the Annual Budget for such Fiscal Year. The Authority may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year. Copies of the Annual Budget and of any amended Annual Budget shall be promptly filed with the Trustee, for inspection by Bondholders.

Operation and Maintenance of the Tollway System. The Authority covenants at all times to operate or cause to be operated the Tollway System properly and in a sound and economical manner and to maintain, preserve, reconstruct and keep the Tollway System or cause the Tollway System to be so maintained, preserved, reconstructed so that at all times the operation of the Tollway System may be properly and advantageously conducted.

Maintenance of Insurance. The Authority is required to maintain, to the extent reasonably obtainable, the following kinds of insurance in amounts recommended by the Consulting Engineers or determined by the Authority: multi-risk insurance on the facilities of the Tollway System; use and occupancy insurance covering loss of Revenues by reason of necessary interruption, total or partial, in the use of facilities of the Tollway System; public liability insurance covering injuries to persons or property; during the construction or reconstruction of any portion of the facilities of the Tollway System, such insurance as is customarily carried by others with respect to similar structures used for similar purposes, provided that the Authority shall not be required to maintain any such insurance to the extent that such insurance is carried for the benefit of the Authority by contractors.

The Authority, with the approval of the Consulting Engineers, may adopt self insurance programs in lieu of maintaining any of the foregoing types of insurance. Each self insurance program shall include an actuarially sound reserve fund, if any, as recommended by the Consulting Engineers, out of which claims are to be paid. The adequacy of such fund shall be evaluated not later than ninety (90) days after the end of each insurance year. Deficiencies in any such reserve fund shall be made up in accordance with the recommendations of the Consulting Engineers. In the event a self insurance program is discontinued, the actuarial soundness of any related reserve fund, if any, as recommended by the Consulting Engineers, shall be maintained. With respect to any workers' compensation self insurance program, any such reserve fund shall be held as required by law.

Events of Default

Each of the following events constitutes an "Event of Default" with respect to Senior Bonds under the Indenture:

- (1) default in the due and punctual payment of the principal or Redemption Price of any Senior Bond, when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise; provided, however, that the failure to retire the entire scheduled amount of Bonds through the application of any Sinking Fund Installment shall not constitute an Event of Default;
- (2) default in the due and punctual payment of interest on any Senior Bond, when and as such interest shall become due and payable;
- (3) default in the performance or observance by the Authority of the toll covenant (see **"SECURITY AND SOURCES OF PAYMENT FOR THE 2010A BONDS – Toll Covenant"**);
- (4) receipt of a written declaration of an Event of Default by Holders of not less than 10% of the principal amount of the Senior Bonds (or at least 50% of the principal amount of any Series of Senior Bonds) upon receipt of the Trustee of a notice of the acceleration of the maturity of any Junior Bonds as provided in the Indenture;
- (5) default in the performance or observance by the Authority of any other of the covenants, agreements or conditions in the Indenture or in any Bonds, and such default shall continue for a period of sixty (60) days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than 20% in principal amount of the Senior Bonds Outstanding;
- (6) if the Authority shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of Illinois;
- (7) if any part of the Tollway System shall be damaged or destroyed to the extent of impairing its efficient operation and materially and adversely affecting the Revenues, and the Authority shall not have taken reasonable steps to promptly repair, replace, reconstruct or provide a reasonable substitute for the damaged or destroyed part of the Tollway System; or
- (8) if an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of the Tollway System, or any part thereof, or of the tolls or other revenues therefrom; or if such order or decree entered without the consent or

acquiescence of the Authority shall not be vacated or stayed within ninety (90) days after the entry thereof.

If an Event of Default occurs and is not remedied, unless the principal of all Senior Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Authority) or the Holders of not less than a majority in aggregate principal amount of the Senior Bonds Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Senior Bonds then Outstanding, and the interest accrued on them, to be due and payable immediately.

Application of Revenues and Other Moneys After Default. If an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority in any Fund, Account, Sub-Account or revolving fund pursuant to the terms of the Indenture, and (ii) all Revenues as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, funds and Revenues and the income therefrom as follows and in the following order: (1) to the payment of the reasonable and proper charges and expenses of the Trustee; (2) to the payment of the amounts required for reasonable and necessary Operating Expenses and for the reasonable renewals, repairs and replacements of the Tollway System necessary to prevent loss of Revenues; (3) to the payment of the principal of, Redemption Price, and interest on the 2010A Bonds then due in the priority set forth in the Indenture. If the principal of all the Senior Bonds shall have been declared due and payable, the Trustee shall apply available sources of payment first to the ratable payment of the principal and interest then due and unpaid upon the Senior Bonds, and second to the ratable payment of the principal and interest then due and unpaid upon the Junior Bonds.

Proceedings Brought by Trustee. If an Event of Default shall happen and shall not have been remedied, then the Trustee may proceed, and upon written request of the Holders of not less than 20% in principal amount of Senior Bonds Outstanding, shall proceed to protect and enforce its rights and the rights of the Holders of the 2010A Bonds under the Indenture as the Trustee shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

The Holders of not less than a majority in principal amount of Senior Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Regardless of the happening of an Event of Default, the Trustee shall have the power, but unless requested in writing by the Holders of a majority in principal amount of the Senior Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the Indenture and to preserve or protect its interests and the interests of the Bondholders.

Notwithstanding any provision of the Indenture, the Act provides that owners of any bonds issued by the Authority may bring civil actions to compel the observance by the Authority or by any of its officers, agents, or employees of any contract or covenant made by the Authority with the

owner of such bonds. Further, the Act permits, notwithstanding any provision of the Indenture, owners of any bonds to bring civil actions to compel the Authority and any of its officers, agents or employees, to perform any duties required to be performed for the benefit of the owners of such bonds by the provisions of the resolution authorizing their issuance, or by the Act or to enjoin the Authority and any of its officers, agents or employees from taking any action in conflict with such contract or covenant.

Supplemental Indentures

The Authority and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into Supplemental Indentures not inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes: (1) to authorize Senior Bonds or Junior Bonds; (2) to close the Indenture against, or impose additional limitations or restrictions on the issuance of Bonds or other notes, bonds, obligations or other evidences of indebtedness; (3) to impose additional covenants or agreements to be observed by or to impose other limitations or restrictions on the Authority; (4) to surrender any right, power or privilege reserved to or conferred upon the Authority by the Indenture; (5) to confirm, as further assurance, any pledge of or lien upon the Revenues or any other moneys, securities or funds; (6) to cure any ambiguity, omission or defect in the Indenture; (7) to provide for the appointment of a successor Fiduciary; and (8) to make any other change that, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Bondholders.

Until such time as no Senior Bonds issued prior to the adoption of the Amendatory Supplemental Indenture remain Outstanding, except for Supplemental Indentures described in the preceding paragraph, any modification or amendment of the Indenture and of the rights and obligations of the Authority and of the Holders of the 2010A Bonds thereunder may be made by a Supplemental Indenture, with the written consent of the Holders of at least two-thirds in principal amount of Priority Bonds and of at least a two-thirds in principal amount of the Refunding Bonds Outstanding at the time such consent is given. In case less than all of the several series of Bonds then Outstanding are affected by the modification or amendment, the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time may give such consent. At such time as no Bonds issued prior to the adoption of the Amendatory Supplemental Indenture remain Outstanding, any such Supplemental Indenture may be made with the written consent of the Holders of at least a majority in principal amount of Senior Bonds and of the Holders of at least a majority in principal amount of the Junior Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Notwithstanding any other provision of the Indenture, in issuing any Bonds the Authority may consent to any modification or amendment to the Indenture that may be adopted by consent of the required percentage of Holders of Bonds. That consent shall, upon the issuance of those Bonds, constitute the irrevocable consent of the Holders of those Bonds.

Defeasance

If the Authority shall pay or cause to be paid or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the Indenture and all

covenants, agreements and other obligations of the Authority to the Bondholders, shall thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the escrow agent at or prior to their maturity or redemption date shall be deemed to have been paid if the Authority shall have delivered to or deposited with the escrow agent (a) irrevocable instructions to pay or redeem all of said Bonds, (b) irrevocable instructions to publish or mail the required notice of redemption of any Bonds so to be redeemed, and (c) either moneys in an amount that shall be sufficient or direct obligations of or obligations unconditionally guaranteed by the United States of America the principal of and the interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be.

Fourteenth Supplemental Indenture

The 2010A Bonds are authorized and issued pursuant to the Fourteenth Supplemental Indenture and the Indenture. The terms of the 2010A Bonds are generally described in this Official Statement under the caption “**DESCRIPTION OF THE 2010A BONDS.**” The proceeds of the 2010A Bonds are required by the Fourteenth Supplemental Indenture to be used for the purposes described in this Official Statement under the caption “**ESTIMATED SOURCES AND APPLICATIONS OF FUNDS.**”

APPENDIX E

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2010A Bonds. The 2010A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2010A Bonds, each in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2010A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2010A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2010A Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2010A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not

be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2010A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners may wish to ascertain that the nominee holding the 2010A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2010A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2010A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2010A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2010A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A beneficial owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the applicable Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the 2010A Bonds, on DTC's records, to the applicable Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2010A Bonds are transferred by Direct Participants on DTC's records and followed by a book entry credit of tendered Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the 2010A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and neither the Authority nor the Underwriters take any responsibility for the accuracy of such information.

Neither the Authority nor any Fiduciary will have any responsibility or obligation to DTC, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bonds; (iii) the delivery of any notice by DTC or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2010A Bonds; or (v) any other action taken by DTC or any Participant.

In reading this Official Statement it should be understood that while the 2010A Bonds are in the Book-Entry System, references in this Official Statement to registered owners should be read to include the Beneficial Owner, but (a) all rights of ownership must be exercised through DTC and the Book-Entry System and (b) notices that are to be given to registered owners by the Authority or the Trustee will be given only to DTC.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

[Date of Issuance]

The Illinois State Toll Highway Authority
Downers Grove, Illinois

The Bank of New York Mellon Trust
Company, N. A., as trustee
Chicago, Illinois

Merrill Lynch, Pierce, Fenner & Smith
Incorporated and Siebert Brandford Shank
& Co., L.L.C.,

as representatives of the underwriters
named in the Bond Purchase Agreement
dated June 10, 2010

\$279,300,000

The Illinois State Toll Highway Authority
Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1

Ladies and Gentlemen:

We have acted bond counsel to The Illinois State Toll Highway Authority (the “*Authority*”) in connection with the issuance by the Authority of its \$279,300,000 aggregate principal amount of Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1 (the “*Series 2010A-1 Bonds*”). As bond counsel, we have examined a certified copy of the record of proceedings of the Authority, together with various accompanying certifications (collectively, the “*Proceedings*”), pertaining to the issuance by the Authority of the Series 2010A-1 Bonds. The Proceedings include a Resolution adopted by the Board of Directors of the Authority (the “*Corporate Authorities*”) on January 28, 2010 (the “*Bond Resolution*”), an Amended and Restated Trust Indenture effective March 31, 1999 (the “*Amended and Restated Indenture*”), between the Authority and The Bank of New York Mellon Trust Company, N. A., as successor to J.P. Morgan Trust Company, N. A., as trustee (the “*Trustee*”), and a Fourteenth Supplemental Indenture Providing For: Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1 dated as of June 1, 2010 (the “*Fourteenth Supplemental Indenture*” and, collectively with the Amended and Restated Indenture, as supplemented and amended to the date hereof, the “*Indenture*”). The Series 2010A-1 Bonds are issued as Senior Bonds pursuant to the Toll Highway Act of the State of Illinois, as amended (the “*Act*”), the Bond Resolution and the Indenture.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Series 2010A-1 Bonds are dated the date hereof and are due (subject to optional redemption as described in the Fourteenth Supplemental Indenture) on January 1 of the years and in the amounts and bearing interest payable on January 1 and July 1 of each year, commencing January 1, 2011, at the rates per annum as follows:

Year	Principal Amount (\$)	Interest Rate (%)
2018	1,480,000	3.750
2019	1,260,000	3.500
2020	1,620,000	4.125
2021	1,700,000	4.000
2022	1,740,000	4.000
2023	1,825,000	4.125
2024	1,905,000	4.250
2025	41,880,000	5.000
2026	22,500,000	5.000
2026	18,600,000	5.250
2027	16,665,000	4.500
2027	27,585,000	5.000
2028	29,295,000	5.000
2029	15,000,000	5.000
2029	18,160,000	5.250
2030	37,045,000	5.250
2031	41,040,000	5.000

In our capacity as bond counsel, we have examined, among other things, the following:

- (a) a certified copy of the proceedings of the Corporate Authorities adopting the Bond Resolution and authorizing, among other things, the execution and delivery of the Fourteenth Supplemental Indenture and the issuance of the Series 2010A-1 Bonds;
- (b) a certified copy of the Bond Resolution;
- (c) executed or certified copies of the Indenture; and
- (d) such other documents and showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Authority has full power and authority and has taken all necessary action to authorize the execution and delivery of the Fourteenth Supplemental Indenture.
2. The Indenture has been duly and lawfully executed and delivered by the Authority and, assuming the due authorization, execution and delivery thereof by the Trustee, the Indenture is valid and binding upon the Authority and enforceable in accordance with its terms.
3. The Indenture creates the valid pledge of and lien on the Net Revenues of the Tollway System and amounts on deposit in certain Funds, Accounts and Sub-Accounts established under the Indenture which it purports to create, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.
4. The Series 2010A-1 Bonds are valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Indenture.
5. The Series 2010A-1 Bonds are payable ratably and equally, together with all other Senior Bonds as heretofore and as may be hereafter be issued, solely and only from and secured by

a pledge of and lien on Net Revenues of the Tollway System and amounts on deposit in certain Funds, Accounts and Sub-Accounts established under the Indenture. The Series 2010A-1 Bonds do not represent or constitute debt of the Authority or of the State of Illinois within the meaning of any constitutional or statutory limitation or pledge of the faith and credit of the Authority or of the State of Illinois nor grant the owners thereof any right to have the Authority or the State of Illinois levy any taxes or appropriate any funds for the payment of the principal of, premium, if any or interest on the Series 2010A-1 Bonds.

6. The form of Series 2010A-1 Bond prescribed for said issue is in due form of law.

7. Subject to the condition that the Authority comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under present law interest on the Series 2010A-1 Bonds is not includible in gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. In addition, interest on the Series 2010A-1 Bonds will not be taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure by the Authority to comply with such covenants could cause the interest on the Series 2010A-1 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2010A-1 Bonds. Ownership of the Series 2010A-1 Bonds may result in other federal income tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2010A-1 Bonds. In rendering this opinion, we have relied upon a certificate of the Authority with respect to certain material facts solely within the Authority’s knowledge relating to the property financed or refinanced with the proceeds of the Series 2010A-1 Bonds and the application of the proceeds of the Series 2010A-1 Bonds and the proceeds of certain bonds of the Authority refunded by the Series 2010A-1 Bonds (the “Refunded Bonds”). We have further relied upon the report of Robert Thomas CPA, LLC, Certified Public Accountants, as to (a) the adequacy of the initial cash deposit in an escrow account to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds and (b) the yield on the Series 2010A-1 Bonds and the yield on certain investments made with proceeds of the Refunded Bonds.

8. Interest on the Bonds is not exempt from present State of Illinois income taxes.

The rights of the owners of the Series 2010A-1 Bonds and the enforceability of provisions of the Series 2010A-1 Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally. Enforcement of provisions of the Series 2010A-1 Bonds and the Indenture by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

Respectfully submitted,

SAB/GEW/dh

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

SCHEDULE OF REFUNDED BONDS

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
Toll Highway Variable Rate Senior Priority Revenue Bonds, 2008 Series A-2

Maturity (January 1)	Principal Amount Refunded	Redemption Date	Redemption Price	CUSIP
2031	\$287,300,000	July 21, 2010	100%	452252EK1

[THIS PAGE INTENTIONALLY LEFT BLANK]

