



2011 Budget Analysis

(Unaudited)

Quarterly Financial Review

July 1 - September 30, 2011

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INTRODUCTION

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

The annual budget is prepared in conformance with provisions of the Tollway's Trust Indenture. This quarterly financial report is **unaudited** and is prepared on a basis of accounting that comports with the Trust Indenture, which is a basis of accounting other than generally accepted accounting principles. Revenue and expenditures are reported on an accrual basis net of certain allowances for bad debt. Capital expenditures are expensed in the period incurred, and no accommodation is made for depreciation of capital assets. For more details, see page 50 of the Tollway's Comprehensive Annual Financial Report (CAFR) dated December 31, 2010.

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

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

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

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

BUDGET SUMMARY

Budgeted Revenue 2011

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

Allocation of Budgeted Revenue 2011

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

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

THIRD QUARTER RESULTS SUMMARY

Revenue

Revenue for the third quarter 2011 totaled \$189.7 million; \$6.7 million or 3.7 percent more than budgeted for the period. Toll and evasion recovery revenue totaled \$186.1 million, \$5.7 million more than budgeted for the third quarter 2011. Concessions income totaled \$622 thousand, \$46 thousand less than budgeted. Investment income totaled \$230 thousand, \$270 thousand less than budgeted for the third quarter. Miscellaneous income totaled \$2.8 million, \$1.4 million more than budgeted for the third quarter of 2011.

Revenue through September 30, 2011 totaled \$529.6 million; \$13.3 million or 2.6 percent more than budgeted for the first quarters. Year-to-date revenue comprised 78 percent of the \$680 million projected for 2011. Toll and evasion recovery revenue totaled \$520.2 million, or comprised 78 percent of the budgeted amount of \$670 million. Concessions income totaled \$1.8 million, or comprised 70 percent of the 2011 budget of \$2.5 million. Investment income totaled \$918 thousand, or comprised 46 percent of the 2011 budgeted amount of \$2 million. Miscellaneous income totaled \$6.7 million, or 22 percent more than the \$5.5 million budgeted for Fiscal Year 2011.

Expenditures

The Tollway's 2011 third quarter operating expenditures totaled \$58 million, representing a \$4.4 million favorable variance compared to budget. Operating expenditures through September 30, 2011 amounted to \$175.3 million, or comprised 69 percent of the \$255 million annual Maintenance and Operations budget.

The Tollway's 2011 third quarter Debt Service transfers totaled \$61.9 million, or \$1.1 million less than the budgeted amount. Debt Service transfers through the third quarter of 2011 totaled \$183 million, or comprised 73 percent of the \$251 million annual budget.

The Tollway's 2011 third quarter Capital Program expenditures totaled \$53.6 million compared to the projection of \$75.2 million. The third quarter Capital expenditures included \$41.6 million for the Congestion-Relief Program expenses and \$11.9 million for Other Capital project expenses. Capital Program expenditures through September 30, 2011 amounted to \$113.6 million; the CRP expenses totaled \$84 million, or comprised 44 percent of the 2011 projection of \$192 million and the Other Capital project expenses totaled \$29.7 million, or comprised 66 percent of the \$45 million projected to be spent for 2011. Additionally, Capital program expenditures were further reduced by \$20.5 million in the third quarter and \$24.2 million for the first nine months of 2011, due to Intergovernmental Agreement reimbursements for work performed in prior periods and other accounting adjustments.

Outlook

Revenue growth for 2011 is projected to be 1.2 percent over the 2010 actual revenue. During the first nine months of Fiscal Year 2011, revenue increased 5.2 percent. Even with slowing economic conditions, the Tollway should meet or exceed the budgeted revenue amount for the remainder of the year.

Overall, the Maintenance and Operations expenses were under budget through the third quarter of 2011. The Tollway will continue to monitor fuel costs which exceeded the year-to-date budget.

The Capital Program is under budget through September 30, 2011, and projected to remain under budget for the remainder of 2011 based on aggressive contract bids and effective program management. The Tollway will continue to monitor the Capital Program and project progress.

REVENUE SUMMARY

REVENUE
Budget vs. Unaudited Actual
Third Quarter 2011
(\$ thousands)

	3rd Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue & Evasion Recovery	\$180,445	\$186,126	\$5,681	3.1%
Concessions	668	622	(46)	-6.9%
Investment Income	500	230	(270)	-53.9%
Miscellaneous	1,381	2,756	1,376	99.6%
Total Revenue	\$182,993	\$189,734	\$6,742	3.7%

REVENUE
Budget vs. Unaudited Actual
Year-to-Date September 30, 2011
(\$ thousands)

	YTD 2011		Variance	
	Budget	Actual	\$	%
Toll Revenue & Evasion Recovery	\$508,807	\$520,243	\$11,435	2.2%
Concessions	1,908	1,759	(149)	-7.8%
Investment Income	1,500	918	(582)	-38.8%
Miscellaneous	4,098	6,727	2,629	64.2%
Total Revenue	\$516,312	\$529,646	\$13,334	2.6%

Analysis

Revenue for the third quarter ending September 30, 2011 totaled \$189.7 million; \$6.7 million or 3.7 percent more than budgeted for the same period.

Revenue through September 30th totaled to \$529.6 million; \$13.3 million or 2.6 percent more than budgeted for the first three quarter of 2011. Year-to-date Revenue comprised 78 percent of the \$680 million projected for 2011.

Toll and evasion recovery's favorable variance totaled \$5.7 million for the third quarter, and \$11.4 million through the first three quarters of 2011.

Evasion Recovery exceeded budget by \$3.2 million for the quarter and \$7.4 million year-to-date September 30th, due in part to improved evasion recovery efforts and a reduction in the percentage allowance for doubtful accounts.

MAINTENANCE AND OPERATIONS (M&O) SUMMARY

M&O EXPENSES

Budget vs. Unaudited Actual

Third Quarter 2011

(\$ thousands)

	3rd Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$35,911	\$34,131	\$1,780	5.0%
Group Insurance	6,981	7,392	(411)	-5.9%
Contractual Services	10,253	10,823	(570)	-5.6%
Materials/Oper. Supplies/Other Exp.	880	608	271	30.8%
Utilities	1,843	1,766	77	4.2%
All Other Insurance	2,681	(2,094)	4,775	178.1%
Parts & Fuel	929	1,522	(593)	-63.9%
Equipment / Office Rental & Maint.	3,330	4,199	(869)	-26.1%
Employee Development	221	159	61	27.8%
Recovery of Expenses	(600)	(475)	(124)	-20.7%
Total Maintenance & Operations Expenditures	\$62,428	\$58,031	\$4,397	7.0%

M&O EXPENSES

Budget vs. Unaudited Actual

Year-to-Date September 30, 2011

(\$ thousands)

	YTD 2011		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$107,733	\$103,156	\$4,577	4.2%
Group Insurance	20,942	20,458	484	2.3%
Contractual Services	26,949	26,487	461	1.7%
Materials/Oper. Supplies/Other Exp.	4,503	4,417	86	1.9%
Utilities	5,530	5,072	459	8.3%
All Other Insurance	8,044	2,832	5,212	64.8%
Parts & Fuel	3,539	4,471	(932)	-26.3%
Equipment / Office Rental & Maint.	9,990	9,533	457	4.6%
Employee Development	662	546	117	17.6%
Recovery of Expenses	(1,799)	(1,689)	(110)	-6.1%
Total Maintenance & Operations Expenditures	\$186,092	\$175,282	\$10,810	5.8%

Analysis

The Tollway's 2011 third quarter operating expenditures totaled \$58 million, representing a favorable variance of \$4.4 million. Operating expenditures through September 30th amounted to \$175.3 million, which comprised 69 percent of the \$255 million annual Maintenance and Operations budget.

The most significant variances to budget during the third quarter of 2011 are explained below:

Payroll and Related Costs totaled \$34.1 million, \$1.8 million under budget. This variance is attributable to vacant positions in both the salary and wage categories. The third quarter includes wage adjustments for the SEIU, Teamster and AFSCME collective bargaining units. The third quarter also includes an increase from the budgeted SERS retirement rate of 31% to an actual rate of 34% for the second half of 2011.

Group Insurance totaled \$7.4 million, \$411 thousand over budget. This variance reflects the transition of providing medical benefits through a new collective bargaining agreement. In July, coverage for Teamster employees and eligible dependents was transitioned to a union provided medical program for which the Tollway is paying a flat premium per employee per month. This program affords the Tollway stable premiums through the term of the contract, and is expected to reduce cost to the Tollway through September 2014. However, there was a pay out of claim costs in the third quarter from the Tollway's self funded program for service provided Teamster employees prior to July 1, 2011 that resulted in an increased total cost of health care in the third quarter of 2011.

Contractual Service expenses totaled \$10.8 million, \$570 thousand over budget. This variance is attributable to increased activity regarding bank charges (credit card fees) as well as timing of the annual payment for the external auditor. This increase is partially offset by reduced costs in Business Systems for image review and phone call volume in the I-PASS Customer Call Center as well as less expenditures for Secretary of State and Hearing Officer services.

Materials/Operational Supplies/Other Expenses totaled \$608 thousand, with a favorable variance of \$271 thousand compared to budget. This favorable variance will diminish during the fourth quarter as the restocking of winter materials (rock salt, calcium chloride and abrasives) begins in preparation for snow and ice conditions on our roadways.

All Other Insurance expenses totaled \$(2.1) million resulting in a favorable variance of \$4.8 million compared to budget. This category includes expenses for property and liability insurance as well as amounts allocated to the workers' compensation claim fund. Based on a recent actuarial study that reviews claim volume and magnitude, the Tollway was able to make a substantial downward adjustment to claim reserves from previous years.

Parts and Fuel totaled \$1.5 million, \$593 thousand over budget. During 2011, fuel and oil pricing has increased approximately 35%. These increases have been partially offset by a

concerted effort on the part of the Fuel Task Force Team to reduce Tollway vehicle fuel consumption using various strategies.

Equipment/Office Rental & Maintenance totaled \$4.2 million, with an unfavorable variance of \$869 thousand compared to budget. Most of this variance is due to the timing of expenditures for maintenance of electronic tolling equipment. Certain aspects of electronic tolling equipment maintenance and application development were temporarily delayed during the first half of 2011. Additionally, most of the software license renewals for the July 2011 through June 2012 period were expensed during the third quarter.

DEBT SERVICE SUMMARY

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

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

For 2011 the Tollway budgeted \$251 million for transfers from the Revenue Account to the Debt Service Account to provide for these payments. An additional source of funds is the \$16.2 million of federal subsidies associated with the Tollway’s Build America Bonds, which has been received by the Tollway and subsequently deposited with the Trustee to be applied towards the interest payments on those Build America Bonds.

Following are unaudited quarterly results through September 30, 2011 with comparisons to budget.

Budget vs. Actual (Unaudited)

(\$ thousands) (#s may not total due to rounding)

	Budget	Actual	Variance	
			\$	%
Debt Service Transfers – 1 st Qtr	\$62,420	\$60,383	\$2,037	3.3%
Debt Service Transfers – 2 nd Qtr	62,420	60,662	1,758	2.8%
Debt Service Transfers – 3 rd Qtr	63,080	61,934	1,145	1.8%
Debt Service Transfers - YTD Sep 30, 2011	\$187,920	\$182,980	\$4,941	2.6%

% of Budget Realized (Unaudited)

(\$ thousands)

	Annual Budget	YTD Actual	Realized
Debt Service Transfers	\$251,000	\$182,980	72.9%

Analysis

The primary contributor to the \$1.145 million favorable variance in the third quarter is a budget provision for additional debt service to accommodate refunding synthetic fixed rate bonds which was not realized, because such a refunding did not occur in the first nine months of 2011. Such a refunding is no longer expected to occur in fiscal year 2011.

DERIVATIVES

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

Illinois State Toll Highway Authority						
Swap Portfolio as of September 30, 2011						
(Note: Valuations do not include Accrued interest)						
(\$ thousands)						
Series	Provider	Notional Amount	Fixed Rate Paid	Variable Rate Rec'd	Maturity	Valuation
1998 SERIES B	Goldman Sachs Mitsui Marine	67,705	4.3250%	Actual	1/1/2017	(10,145)
1998 SERIES B	JP Morgan Chase Bank *	55,395	4.3250%	Actual	1/1/2017	(8,301)
1998 SERIES B TOTAL		\$123,100				(\$18,446)
2007 SERIES A-1	Citibank N.A., New York	175,000	3.9720%	SIFMA	7/1/2030	(39,069)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(39,069)
2007 SERIES A-1 TOTAL		\$350,000				(\$78,138)
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(59,341)
2007 SERIES A-2	Wells Fargo Bank **	87,500	3.9925%	SIFMA	7/1/2030	(19,780)
2007 SERIES A-2 TOTAL		\$350,000				(\$79,121)
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	SIFMA	1/1/2031	(37,745)
2008 SERIES A-1	Deutsche Bank AG, New York Branch	191,550	3.7740%	SIFMA	1/1/2031	(37,745)
2008 SERIES A-1 TOTAL		\$383,100				(\$75,490)
2008 SERIES A-2	Merrill Lynch Capital Services, Inc.***	95,775	3.7640%	SIFMA	1/1/2031	(18,743)
2008 SERIES A-2 TOTAL		\$95,775				(\$18,743)
TOTAL		\$1,301,975				(\$269,938)

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

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

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

*** Merrill Lynch acquired by Bank of America in Dec 2008. The swap remained with Merrill Lynch Capital Services, Inc. until novated to Bank of America, N.A. on Oct 7, 2011.

Mark-to-market valuations of the Tollway's swap agreements typically decline in value (from the Tollway's perspective) when interest rates decline and increase in value when interest rates increase. To the extent any negative valuation of the Tollway's derivatives were to become realized by a swap agreement termination, it is possible (although not certain) that such a realized loss might be mitigated by a lower cost of capital expected to be available in that lower-interest rate market.

CAPITAL PROGRAM SUMMARY

Introduction

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

The majority of the expenditures for the Capital Program are for major capital renewal or repair projects and for improvements made to the system. Variances from year to year are due to the schedule of work and the differing values for projects included in the overall capital program.

Capital Budget 2011

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

Additionally, expenditures for the 2010 CRP were less than budget by \$35.8 million; \$15 million of which is projected to be spent in 2011, and will be accommodated within the 2011 budget.

CAPITAL PROGRAM

2011 Budget

(\$ millions)

	2011 Budget
Tri-State Tollway (I-94/I-294/I-80)	\$14.4
Reagan Memorial Tollway (I-88)	7.6
Jane Addams Memorial Tollway (I-90)	104.9
Veterans Memorial Tollway (I-355)	5.2
Open Road Tolling (ORT)	0.5
Systemwide Improvements	59.4
IGA Reimbursement	-
Congestion-Relief Program Subtotal	\$192.0
"Other" Capital Projects	86.9*
Total Capital Program	\$278.8

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

Allocation of Capital Budget 2011

The Tri-State Tollway

\$14.4 million

Construction efforts will continue with the construction of bioswales in a Cook County Forest Preserve Easement from Touhy Avenue to Lake-Cook Road and to substantially complete the North Chicago Wetland Mitigation project. In 2011, design efforts will be underway for rehabilitation for bridges and roadway from 95th Street to Balmoral Avenue, which is scheduled for construction in 2012. Additionally, funding is allocated for the completion of landscaping and noise wall installation on the Edens Spur and design of the rehabilitation of I-94 between Edens Spur and Half Day Road.

The Reagan Memorial Tollway

\$7.6 million

Budgeted work includes remaining landscaping and closeout work for projects completed in 2010 and for design services to be performed for the resurfacing of Deerpath Road to IL Route 251 scheduled to start construction in 2012.

The Jane Addams Memorial Tollway

\$104.9 million

Anticipated work includes roadway rehabilitation/resurfacing from Barrington Road to the Elgin Toll Plaza and US 20 to Genoa Road. The existing Hot Mix Asphalt (HMA) overlay will be removed, the underlying 52-year old concrete pavement will be patched and a new asphalt overlay will be placed in both sections. Design efforts for roadway and bridge rehabilitation between the Kennedy Expressway and Barrington Road will also be performed.

The Veterans Memorial Tollway

\$5.2 million

Budgeted work includes completion of remaining landscaping and closeout work for the 2010 projects that were substantially complete and open to traffic.

Open Road Tolling (ORT)

\$0.5 million

Funding allocated for the Traffic Revenue Maintenance and Management Program (TRMMP) and for the reconstruction of mainline pavement to accommodate modifications to existing cash lanes at several Toll Plazas.

Systemwide

\$59.4 million

Budget includes funding to maintain the integrity of the existing Tollway System. This includes the preservation, replacement, repairs, renewal and reconstruction or modification of the Tollway's infrastructure system and landscaping improvements. Also included is funding for personnel costs (Salary/ Wage, FICA, Retirement and Group Health Insurance) for staff working on the CRP.

Other Capital Projects

\$86.9 million

In addition to the CRP, other projects are needed to support on-going operations of the Tollway and to ensure that the existing roadway network is maintained and safe for travel. While the CRP is the larger component of the Tollway's Capital Program, other elements include new technologies to manage traffic, reduce travel times, and provide enhanced customer service; improvements to maintenance buildings and other structures to maintain Tollway assets; and additional equipment to the State Police and maintenance staff to improve efficiency and enhance public safety. The 2011 Budget anticipates spending \$45 million of the \$86.9 million budgeted for Other Capital projects.

Capital Program Expenditures

Projection vs. Unaudited Actual

Third Quarter 2011

(\$ thousands)

	3rd Qtr		Variance	
	Projection	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$2,406	\$2,141	\$265	11.0%
Reagan Memorial Tollway (I-88)	2,716	1,663	1,053	38.8%
Jane Addams Memorial Tollway (I-90)	41,769	26,619	15,151	36.3%
Veterans Memorial Tollway (I-355)	87	352	(265)	-304.1%
Open Road Tolling (ORT)	83	433	(350)	-423.6%
Systemwide Improvements	19,174	10,440	8,734	45.6%
Congestion-Relief Program Subtotal	\$66,235	\$41,648	\$24,587	37.1%
"Other" Capital Projects	9,000	11,936	(2,936)	-32.6%
Capital Program Subtotal	\$75,235	\$53,584	\$21,651	28.8%
Intergovernmental Agreements Reimbursements and Other Adjustments ²	-	(20,526)	20,526	N/A
Total Capital Program Expenditures	\$75,235	\$33,058	\$42,177	56.1%

¹ Capital Program Actual included \$18.6 million in work completed for which payments have not been made as of September 30, 2011.

² Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.

Projection vs. Unaudited Actual

Year-to-Date September 30, 2011

(\$ thousands)

	YTD 2011 ⁽¹⁾		Variance	
	Projection	Actual ¹	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$13,251	\$9,089	\$4,162	31.4%
Reagan Memorial Tollway (I-88)	5,006	2,106	2,900	57.9%
Jane Addams Memorial Tollway (I-90)	79,407	46,686	32,720	41.2%
Veterans Memorial Tollway (I-355)	5,098	3,916	1,182	23.2%
Open Road Tolling (ORT)	379	1,066	(687)	-181.2%
Systemwide Improvements	42,912	21,090	21,822	50.9%
Congestion-Relief Program Subtotal	\$146,054	\$83,955	\$62,099	42.5%
"Other" Capital Projects ²	25,650	29,692	(4,042)	-15.8%
Capital Program Subtotal	\$171,704	\$113,647	\$58,056	33.8%
Intergovernmental Agreements Reimbursements and Other Adjustments ³	-	(24,245)	24,245	N/A
Total Capital Program Expenditures	\$171,704	\$89,402	\$82,302	47.9%

¹ Capital Program Actual included \$18.6 million in work completed for which payments have not been made as of September 30, 2011.

² The Other Projects portion of the Capital Program Budget for 2011 totals \$86.9 million, of which it is anticipated \$45.0 million will be earned.

³ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made year-to-date.

Analysis

Capital Program expenditures are reported on an accrual basis. For the quarter ending September 30, 2011, unaudited capital program expenditures totaled \$53.6 million. This amount included expenses paid during the third quarter, as well as \$18.6 million of work completed during the quarter for which payments have not been made as of September 30, 2011. CRP expenditures totaled \$41.6 million, and Other Capital project expenditures totaled \$11.9 million.

Capital Program expenditures through September 30, 2011 amounted to \$113.6 million; the CRP expenses totaled \$84 million, or comprised 44 percent of the 2011 projection of \$192 million and the Other Capital project expenses totaled \$29.7 million, or comprised 66 percent of the \$45 million projected to be spent for 2011.

The year-to-date favorable variance of \$62.1 million for the Congestion-Relief Program for can be attributed to:

- Savings/lower cost of construction – an estimated \$21 million or 34 percent
- Scope changes – an estimated \$20 million or 33 percent
- Scheduling or timing of work and payments – an estimated \$20 million or 33 percent

Additionally, Capital program expenditures were further reduced by \$20.5 million in the third quarter and \$24.2 million for the first three quarters of 2011 due to Intergovernmental Agreement reimbursements for work performed in prior periods and other accounting adjustments.

The Tri-State Tollway

\$2.1 million

During the third quarter, design efforts continued for roadway resurfacing and bridge improvements on the Central Tri-State between 95th Street and Balmoral Avenue. Environmental efforts completed including the bioswale stormwater/ water quality treatment project from Touhy Avenue to Lake-Cook Road and the construction work for the wetland mitigation from IL Route 60 to IL Route 137. Construction of the new northbound Balmoral Avenue exit ramp is progressing through coordinated efforts with the Village of Rosemont (an Intergovernmental Agreement). The new ramp will feature All Electronic Tolling (AET) and is anticipated to be open to traffic in November of this year. Roadway and ITS punch list work have been complete for the Edens Spur roadway and bridge rehabilitation project. Compared to budget, the favorable variance for this corridor totaled \$265 thousand which is attributed to slower than anticipated spending on the bioswale and Tri-State design projects.

The Reagan Memorial Tollway

\$1.7 million

Design efforts continued for the rehabilitation and repair of the pavement and bridges between IL Route 251 and IL Route 56, as well as for the reconstruction and widening of I-88 between IL Route 56 and Deerpath Road. Construction is scheduled for both projects

next year. Delayed design efforts contributed to the \$1.1 million favorable variance realized for this corridor.

The Jane Addams Memorial Tollway

\$26.7 million

Roadside improvements and noise wall construction between the Cherry Valley Interchange and Rockton Road completed in the third quarter and contract closeout is progressing. Roadway rehabilitation, resurfacing, patching and bridge repairs continued from Newburg Road to Sandwald Road, Elgin Toll Plaza to Barrington Road, and Barrington Road to the Kennedy Expressway. The favorable variance of \$15.2 million for this corridor is primarily attributed to reduced scope and favorable bid prices associated with the roadway and bridge rehabilitation projects between Newburg Road and Barrington Road.

The Veterans Memorial Tollway

\$352 thousand

Roadway resurfacing and bridge rehabilitation work from I-55 to Army Trail Road completed during the third quarter and project closeout is progressing. Landscape improvements between Boughton Road and I-55 Interchange are ongoing and is expected to be complete this fall. The unfavorable variance of \$265 thousand for the Veterans Memorial corridor is attributed to balancing final quantities for project closeout for the rehabilitation between I-55 and Finley Road.

Open Road Tolling (ORT)

\$433 thousand

The unfavorable variance of \$350 thousand for this corridor is attributed to an increase in expenditures for the Traffic Revenue Maintenance and Management Program (TRMMP).

Systemwide

\$10.4 million

Repairs continued for four bridges from Chicago Road to the I-55 Ramps, one bridge at Everett Road, as well as the Tri-Level Bridge on the Tri-State Tollway. Landscaping and roadside improvements along I-88, I-355, I-94/I-294 and the Edens Spur are progressing. Systemwide intermittent pavement, bridge joint repairs, as well as pavement striping are completed during the third quarter. The favorable variance of \$8.7 million for this corridor is attributed to a change in the start date of construction projects.

Other Capital Projects

\$11.9 million

Project expenditures in this corridor include Fleet, General Engineering and Traffic Consultant services, the purchase of transponders, Maintenance Facility Management Program services, Traffic Incident Management System (TIMS), Intelligent Transportation Systems (ITS), and other small capital equipment purchases. The unfavorable variance of \$2.9 million is mainly attributed to receiving goods (IWIN Computers) and services (Web and E-Commerce) sooner than anticipated.

Financial Summaries

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
BUDGET vs. UNAUDITED ACTUAL				
Third Quarter Ending September 30, 2011				
	3rd Quarter		Variance	
	Budget	Actual	\$	%
REVENUE				
Toll Revenue & Evasion Recovery	\$180,444,554	\$186,126,039	\$5,681,485	3.1%
Concessions	667,500	621,614	(45,886)	-6.9%
Investment Income	500,000	230,421	(269,579)	-53.9%
Miscellaneous	1,380,500	2,756,105	1,375,605	99.6%
Total Revenue	\$182,992,554	\$189,734,179	\$6,741,624	3.7%
Maintenance & Operations (M&O) Expenditures				
Payroll and Related Costs	\$35,910,892	\$34,130,851	\$1,780,041	5.0%
Group Insurance	6,980,750	7,392,212	(411,462)	-5.9%
Contractual Services	10,252,704	10,822,598	(569,894)	-5.6%
Materials/Oper. Supplies/Other Exp.	879,549	608,426	271,122	30.8%
Utilities	1,843,394	1,765,934	77,460	4.2%
All Other Insurance	2,681,250	(2,093,952)	4,775,202	178.1%
Parts & Fuel	928,550	1,521,556	(593,007)	-63.9%
Equipment/Office Rental & Maint.	3,330,091	4,199,437	(869,346)	-26.1%
Employee Development	220,822	159,383	61,439	27.8%
Recovery of Expenses	(599,675)	(475,467)	(124,208)	-20.7%
Total M&O Expenditures	\$62,428,326	\$58,030,980	\$4,397,346	7.0%
Net Revenue				
Revenue Less M&O Expenditures	\$120,564,228	\$131,703,199	\$11,138,971	9.2%
Debt Service Transfers				
Existing Debt	\$63,079,747	\$61,934,386	\$1,145,361	1.8%
New Debt	-	-	-	N/A
Total Debt Service Transfers	\$63,079,747	\$61,934,386	\$1,145,361	1.8%
Net Revenue Less Debt Service Transfers				
Net Revenue Less Debt Service Transfers	\$57,484,481	\$69,768,813	\$12,284,332	21.4%

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
PROJECTION vs. UNAUDITED ACTUAL				
Third Quarter Ending September 30, 2011				
()	3rd Quarter ()		Variance	
	Projection	Actual ²	\$	%
Capital Program ¹				
Tri-State Tollway (I-94/I-294/I-80)	\$2,405,588	\$2,140,852	\$264,736	11.0%
Reagan Memorial Tollway (I-88)	2,716,153	1,663,438	1,052,715	38.8%
Jane Addams Memorial Tollway (I-90)	41,769,414	26,618,776	15,150,638	36.3%
Veterans Memorial Tollway (I-355)	87,120	352,071	(264,951)	-304.1%
Open Road Tolling (ORT)	82,676	432,889	(350,213)	-423.6%
Systemwide Improvements	19,173,848	10,439,647	8,734,201	45.6%
Congestion-Relief Program Subtotal	\$66,234,799	\$41,647,673	\$24,587,126	37.1%
"Other" Capital Projects	9,000,000	11,936,486	(2,936,486)	-32.6%
Capital Program Subtotal	\$75,234,799	\$53,584,160	\$21,650,639	28.8%
Intergovernmental Agreement Reimbursements and Other Adjustments ³	-	(20,526,385)	20,526,385	N/A
Total Capital Program Expenditures	\$75,234,799	\$33,057,774	\$42,177,025	56.1%
¹ Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts. ² Capital Program Actual included \$18.6 million in work completed for which payments have not been made as of September 30, 2011. ³ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.				

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
BUDGET vs. UNAUDITED ACTUAL				
Year-to-Date September 30, 2011				
	2011		Variance	
	YTD Budget	YTD Actual	\$	%
REVENUE				
Toll Revenue & Evasion Recovery	\$508,807,436	\$520,242,544	\$11,435,108	2.2%
Concessions	1,907,500	1,758,884	(148,616)	-7.8%
Investment Income	1,500,000	917,856	(582,144)	-38.8%
Miscellaneous	4,097,500	6,726,704	2,629,204	64.2%
Total Revenue	\$516,312,436	\$529,645,988	\$13,333,552	2.6%
Maintenance & Operations (M&O) Expenditures				
Payroll and Related Costs	\$107,732,676	\$103,155,730	\$4,576,946	4.2%
Group Insurance	20,942,250	20,458,214	484,036	2.3%
Contractual Services	26,948,534	26,487,228	461,306	1.7%
Materials/Oper. Supplies/Other Exp.	4,502,584	4,416,979	85,605	1.9%
Utilities	5,530,181	5,071,543	458,639	8.3%
All Other Insurance	8,043,750	2,832,065	5,211,685	64.8%
Parts & Fuel	3,538,549	4,470,690	(932,141)	-26.3%
Equipment/Office Rental & Maint.	9,990,273	9,532,942	457,331	4.6%
Employee Development	662,466	545,551	116,915	17.6%
Recovery of Expenses	(1,799,025)	(1,688,831)	(110,194)	-6.1%
Total M&O Expenditures	\$186,092,239	\$175,282,111	\$10,810,128	5.8%
Net Revenue				
Revenue Less M&O Expenditures	\$330,220,197	\$354,363,877	\$24,143,680	7.3%
Debt Service Transfers				
Existing Debt	\$187,920,253	\$182,979,627	\$4,940,625	2.6%
New Debt	-	-	-	N/A
Total Debt Service Transfers	\$187,920,253	\$182,979,627	\$4,940,625	2.6%
Net Revenue Less Debt Service (Coverage)	\$142,299,945	\$171,384,250	\$29,084,305	20.4%

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
PROJECTION vs. UNAUDITED ACTUAL				
Year-to-Date September 30, 2011				
	2011 YTD		Variance	
	Projection	Actual ²	\$	%
Capital Program ¹				
Tri-State Tollway (I-94/I-294/I-80)	\$13,251,048	\$9,089,454	\$4,161,594	31.4%
Reagan Memorial Tollway (I-88)	5,006,224	2,106,218	2,900,006	57.9%
Jane Addams Memorial Tollway (I-90)	79,406,620	46,686,241	32,720,379	41.2%
Veterans Memorial Tollway (I-355)	5,098,330	3,916,465	1,181,865	23.2%
Open Road Tolling (ORT)	379,057	1,065,973	(686,916)	-181.2%
Systemwide Improvements	42,912,320	21,090,450	21,821,870	50.9%
Congestion-Relief Program Subtotal	\$146,053,599	\$83,954,801	\$62,098,798	42.5%
"Other" Capital Projects ³	25,650,000	29,692,355	(4,042,355)	-15.8%
Capital Program Subtotal	\$171,703,599	\$113,647,156	\$58,056,443	33.8%
Intergovernmental Agreement Reimbursements and Other Adjustments ⁴	-	(24,245,208)	24,245,208	N/A
Total Capital Program Expenditures	\$171,703,599	\$89,401,948	\$82,301,651	47.9%
¹ Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts. ² Capital Program Actual included \$18.6 million in work completed for which payments have not been made as of September 30, 2011. ³ The Other Projects portion of the Capital Program Budget for 2011 totals \$86.9 million, of which it is anticipated \$45.0 million will be earned. Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made year-to-date.				

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY			
% of BUDGET REALIZED (UNAUDITED)			
YTD September 30, 2011			
	2011		%
	Budget	YTD Actual	Realized
<u>REVENUE</u>			
Toll Revenue & Evasion Recovery	\$670,000,000	\$520,242,544	77.6%
Concessions	2,500,000	1,758,884	70.4%
Investment Income	2,000,000	917,856	45.9%
Miscellaneous	5,500,000	6,726,704	122.3%
Total Revenue	\$680,000,000	\$529,645,988	77.9%
Maintenance & Operations (M&O) Expenditures			
Payroll and Related Costs	\$143,643,567	\$103,155,730	71.8%
Group Insurance	27,923,000	20,458,214	73.3%
Contractual Services	39,233,411	26,487,228	67.5%
Materials/Oper. Supplies/Other Exp.	8,728,950	4,416,979	50.6%
Utilities	7,373,575	5,071,543	68.8%
All Other Insurance	10,725,000	2,832,065	26.4%
Parts & Fuel	5,561,580	4,470,690	80.4%
Equipment/Office Rental & Maint.	13,320,365	9,532,942	71.6%
Employee Development	883,286	545,551	61.8%
Recovery of Expenses	(2,398,700)	(1,688,831)	70.4%
Total M&O Expenses	\$254,994,034	\$175,282,111	68.7%
Net Revenue			
Revenue Less M&O Expenditures	\$425,005,966	\$354,363,877	83.4%
Debt Service Transfers			
Existing Debt	\$251,000,000	\$182,979,627	72.9%
New Debt	-	-	N/A
Total Debt Service Transfers	\$251,000,000	\$182,979,627	72.9%
Net Revenue Less Debt Service Transfers	\$174,005,966	\$171,384,250	98.5%

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY			
% of PROJECTION REALIZED (UNAUDITED)			
YTD September 30, 2011			
	2011	()	%
	Projection	YTD Actual ¹	Realized
Capital Program			
Tri-State Tollway (I-94/I-294/I-80)	\$14,371,442	\$9,089,454	63.2%
Reagan Memorial Tollway (I-88)	7,640,664	2,106,218	27.6%
Jane Addams Memorial Tollway (I-90)	104,877,280	46,686,241	44.5%
Veterans Memorial Tollway (I-355)	5,177,974	3,916,465	75.6%
Open Road Tolling (ORT)	461,732	1,065,973	230.9%
Systemwide Improvements	59,436,625	21,090,450	35.5%
Congestion-Relief Program Subtotal	\$191,965,717	\$83,954,801	43.7%
"Other" Capital Projects ²	45,000,000	29,692,355	66.0%
Capital Program Subtotal	\$236,965,717	\$113,647,156	48.0%
Intergovernmental Agreement Reimbursements and Other Adjustments ³	-	(24,245,208)	N/A
Total Capital Program Expenditures	236,965,717	89,401,948	37.7%
¹ Capital Program Actual included \$18.6 million in work completed for which payments have not been made as of September 30, 2011.			
² The Other Projects portion of the Capital Program Budget for 2011 totals \$86.9 million, of which it is anticipated \$45.0 million will be earned.			
³ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made year-to-date.			

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
2010 Actual vs. 2011 Unaudited Actual				
Third Quarter Ending September 30th				
	3rd Quarter Actual		Variance	
	2010	2011	\$	%
REVENUE				
Toll Revenue & Evasion Recovery	\$181,680,413	\$186,126,039	\$4,445,626	2.4%
Concessions	656,407	621,614	(34,793)	-5.3%
Investment Income	546,542	230,421	(316,121)	-57.8%
Miscellaneous	1,211,813	2,756,105	1,544,292	127.4%
Total Revenue	\$184,095,174	\$189,734,179	\$5,639,005	3.1%
Maintenance & Operations (M&O) Expenditures				
Payroll and Related Costs	\$35,452,229	\$34,130,851	\$1,321,378	3.7%
Group Insurance	7,420,448	7,392,212	28,235	0.4%
Contractual Services	9,829,837	10,822,598	(992,762)	-10.1%
Materials/Oper. Supplies/Other Exp.	842,934	608,426	234,508	27.8%
Utilities	1,507,819	1,765,934	(258,115)	-17.1%
All Other Insurance	306,292	(2,093,952)	2,400,244	783.6%
Parts & Fuel	1,049,731	1,521,556	(471,825)	-44.9%
Equipment/Office Rental & Maint.	3,321,792	4,199,437	(877,645)	-26.4%
Employee Development	180,154	159,383	20,771	11.5%
Recovery of Expenses	(540,943)	(475,467)	(65,476)	-12.1%
Total M&O Expenditures	\$59,370,292	\$58,030,980	\$1,339,312	2.3%
Net Revenue				
Revenue Less M&O Expenditures	\$124,724,883	\$131,703,199	\$6,978,317	5.6%
Debt Service Transfers				
Existing Debt	\$56,869,466	\$61,934,386	(\$5,064,920)	-8.9%
New Debt	-	-	-	N/A
Total Debt Service Transfers	\$56,869,466	\$61,934,386	(\$5,064,920)	-8.9%
Net Revenue Less Debt Service Transfers	\$67,855,417	\$69,768,813	\$1,913,397	2.8%

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
2010 Actual vs. 2011 Unaudited Actual				
Third Quarter Ending September 30th				
	3rd Qtr Actual		Variance	
	2010	2011	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$21,272,656	\$2,140,852	\$19,131,804	89.9%
Reagan Memorial Tollway (I-88)	1,052,642	1,663,438	(\$610,796)	-58.0%
Jane Addams Memorial Tollway (I-90)	3,796,794	26,618,776	(\$22,821,981)	-601.1%
Veterans Memorial Tollway (I-355)	28,266,415	352,071	\$27,914,344	98.8%
Open Road Tolling (ORT)	60,947	432,889	(\$371,942)	-610.3%
Systemwide Improvements	19,585,635	10,439,647	\$9,145,988	46.7%
Congestion-Relief Program Subtotal	\$74,035,089	\$41,647,673	\$32,387,415	43.7%
"Other" Capital Projects	11,638,810	11,936,486	(297,677)	-2.6%
Capital Program Subtotal	\$85,673,898	\$53,584,160	\$32,089,739	37.5%
Intergovernmental Agreement Reimbursements and Other Adjustments ¹	(5,744,349)	(20,526,385)	14,782,037	N/A
Total Capital Program Expenditures	\$79,929,550	\$33,057,774	\$46,871,775	58.6%
¹ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.				

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
2010 Actual vs. 2011 Unaudited Actual				
YTD September 30th				
	2010	2011	Variance	
	YTD Actual	YTD Actual	\$	%
REVENUE				
Toll Revenue & Evasion Recovery	\$497,194,276	\$520,242,544	\$23,048,268	4.6%
Concessions	1,839,467	1,758,884	(80,582)	-4.4%
Investment Income	1,219,548	917,856	(301,692)	-24.7%
Miscellaneous	3,386,174	6,726,704	3,340,530	98.7%
Total Revenue	\$503,639,464	\$529,645,988	\$26,006,524	5.2%
Maintenance & Operations (M&O) Expenditures				
Payroll and Related Costs	\$105,888,710	\$103,155,730	\$2,732,980	2.6%
Group Insurance	20,897,970	20,458,214	439,756	2.1%
Contractual Services	25,810,306	26,487,228	(676,923)	-2.6%
Materials/Oper. Supplies/Other Exp.	4,581,527	4,416,979	164,548	3.6%
Utilities	4,748,514	5,071,543	(323,029)	-6.8%
All Other Insurance	4,567,433	2,832,065	1,735,368	38.0%
Parts & Fuel	3,831,144	4,470,690	(639,546)	-16.7%
Equipment/Office Rental & Maint.	7,175,467	9,532,942	(2,357,475)	-32.9%
Employee Development	558,093	545,551	12,542	2.2%
Recovery of Expenses	(1,403,889)	(1,688,831)	284,942	20.3%
Total M&O Expenditures	\$176,655,274	\$175,282,111	\$1,373,163	0.8%
Net Revenue				
Revenue Less M&O Expenditures	\$326,984,191	\$354,363,877	\$27,379,687	8.4%
Debt Service Transfers				
Existing Debt	\$164,915,955	\$182,979,627	(\$18,063,672)	-11.0%
New Debt	-	-	-	N/A
Total Debt Service Transfers	\$164,915,955	\$182,979,627	(\$18,063,672)	-11.0%
Net Revenue Less Debt Service (Coverage)	\$162,068,236	\$171,384,250	\$9,316,014	5.7%

Quarterly Financial Review September 30, 2011

ILLINOIS TOLLWAY				
2010 Actual vs. 2011 Unaudited Actual				
YTD September 30th				
	2010	2011	Variance	
	YTD Actual	YTD Actual	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$43,385,117	\$9,089,454	\$34,295,662	79.0%
Reagan Memorial Tollway (I-88)	9,221,108	2,106,218	\$7,114,890	77.2%
Jane Addams Memorial Tollway (I-90)	11,436,333	46,686,241	(\$35,249,908)	-308.2%
Veterans Memorial Tollway (I-355)	40,516,783	3,916,465	\$36,600,318	90.3%
Open Road Tolling (ORT)	706,045	1,065,973	(\$359,928)	-51.0%
Systemwide Improvements	36,574,245	21,090,450	\$15,483,795	42.3%
Congestion-Relief Program Subtotal	\$141,839,632	\$83,954,801	\$57,884,831	40.8%
"Other" Capital Projects	24,839,252	29,692,355	(4,853,102)	-19.5%
Capital Program Subtotal	\$166,678,885	\$113,647,156	\$53,031,729	31.8%
Intergovernmental Agreement Reimbursements and Other Adjustments ¹	(9,178,568)	(24,245,208)	15,066,640	N/A
Total Capital Program Expenditures	\$157,500,317	\$89,401,948	\$68,098,368	43.2%
¹ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made year-to-date.				