Toll Road Investors Partnership II, L.P.

(A Virginia Limited Partnership)

Financial Statements

For the years ended December 31, 2007 and 2006

Toll Road Investors Partnership II, L.P.
(A Virginia Limited Partnership)
Index
December 31, 2007 and 2006

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Partners of
Toll Road Investors Partnership II, L.P.

In our opinion, the accompanying balance sheets and the related statements of operations, of changes in partners' deficit, and of cash flows present fairly, in all material respects, the financial position of Toll Road Investors Partnership II, L.P. (the "Partnership") at December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

March 15, 2008

Toll Road Investors Partnership II, L.P.
(A Virginia Limited Partnership)
Balance Sheets
as of December 31, 2007 and 2006

	2007	2006
Assets		
Project investment, net	$ 314,344,891	$ 300,843,638
Funds held in escrow:		
Interest bearing deposits	153,542,920	156,948,470
Cash and cash equivalents	2,524,296	2,220,616
Prepaid bond insurance (net of accumulated amortization of $7,915,326 and $6,533,197, respectively)	78,128,559	79,510,688
Deferred bond issue costs (net of accumulated amortization of $2,285,779 and $1,906,991, respectively)	18,276,929	18,655,717
Accrued interest receivable	996,254	1,273,211
Prepaid expenses and other assets	789,442	612,576
Fixed assets (net of accumulated depreciation of $808,291 and $715,745, respectively)	477,927	259,245
Total assets	$ 569,081,218	$ 560,324,161
Liabilities and partners' deficit		
Current portion of long-term debt and accrued interest payable of $935,156 for both 2007 and 2006	$ 34,135,156	$ 30,535,156
Long-term debt	901,578,057	879,536,464
Accounts payable and accrued expenses:		
Easement payable	5,237,806	4,672,452
Other accounts payable and accrued expenses	7,565,171	5,789,027
VIP program accrual	254,379	219,054
Total accounts payable and accrued expenses	13,057,356	10,680,533
Total liabilities	948,770,569	920,752,153
Partners' deficit	(379,689,351)	(360,427,992)
Total partners' deficit	(379,689,351)	(360,427,992)
Total liabilities and partners' deficit	$ 569,081,218	$ 560,324,161

The accompanying notes are an integral part of these financial statements.

Toll Road Investors Partnership II, L.P.
(A Virginia Limited Partnership)
Statements of Operations
Years ended December 31, 2007 and 2006

	2007	2006
Revenue		
Toll revenue	$ 55,925,180	$ 55,294,692
Interest income	7,756,381	8,516,778
Other income	489,401	341,258
Total interest and other income	8,245,782	8,858,036
Total revenue, interest and other income	64,170,962	64,152,728
Costs and expenses		
Interest expense	58,018,496	56,044,729
Operation and maintenance expense	6,052,146	6,015,200
General and administrative	2,402,946	2,232,473
Legal and consulting	697,550	889,055
Depreciation	8,337,253	7,407,871
Real estate property taxes	3,063,184	1,902,928
State police agreement	650,321	732,984
VDOT and credit card processing fees	1,549,238	1,368,383
VIP miles program expense	465,016	304,024
Insurance	749,972	663,868
Easement fees	1,065,353	883,291
Other operating expenses	383,346	422,279
Gain on disposal of fixed assets	(2,500)	(32,153)
Total costs and expenses	83,432,321	78,834,932
Net loss	$ (19,261,359)	$ (14,682,204)

The accompanying notes are an integral part of these financial statements.

Toll Road Investors Partnership II, L.P.
(A Virginia Limited Partnership)
Statements of Changes in Partners' Deficit
Years ended December 31, 2007 and 2006

	General Partner	Limited Partners				
	Shenandoah Greenway Corporation	Shenandoah Limited Partnership	AIE LLC	Dulles Greenway Partnership	Shenandoah I LLC	Partners' Deficit
Balance at December 31, 2005	$ (308,580)	$ (153,802,175)	$ (96,102,084)	$ (47,183,215)	$ (36,078,999)	$ (333,475,053)
Capital distributions	(12,271)	(5,731,660)	(3,599,375)	(1,636,057)	(1,291,372)	(12,270,735)
Allocation of net loss	(14,682)	(6,858,058)	(4,306,730)	(1,957,579)	(1,545,155)	(14,682,204)
Balance at December 31, 2006	(335,533)	(166,391,893)	(104,008,189)	(50,776,851)	(38,915,526)	(360,427,992)
Allocation of net loss	(19,261)	(8,996,980)	(5,649,935)	(2,568,117)	(2,027,066)	(19,261,359)
Balance at December 31, 2007	$ (354,794)	$ (175,388,873)	$ (109,658,124)	$ (53,344,968)	$ (40,942,592)	$ (379,689,351)

The accompanying notes are an integral part of these financial statements.

Toll Road Investors Partnership II, L.P.
(A Virginia Limited Partnership)
Statements of Cash Flows
Years ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Net loss	$ (19,261,359)	$ (14,682,204)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	8,337,253	7,407,871
Gain on disposal of fixed assets	(2,500)	(32,153)
Accretion of bond discount	55,241,593	53,530,246
Amortization of prepaid bond insurance and deferred bond issue costs	1,760,917	1,663,121
Changes in assets and liabilities:		
Accrued interest receivable	276,957	(351,902)
Prepaid expenses and other assets	(176,867)	(135,022)
Accounts payable and accrued expenses	624,457	(1,626,268)
Net cash provided by operating activities	46,800,451	45,773,689
Cash flows from investing activities		
Net increase in funds held in escrow	3,405,550	20,006,880
Proceeds from maturities of held-to-maturity securities	-	496,320
Proceeds from the sale of fixed assets	2,500	32,153
Purchases of fixed assets	(349,980)	(68,188)
Payments for capital improvements to project investments	(19,954,841)	(28,591,904)
Net cash used in investing activities	(16,896,771)	(8,124,739)
Cash flows from financing activities		
Repayment of borrowed funds	(29,600,000)	(26,800,000)
Return of partner capital	-	(12,270,735)
Net cash used in by financing activities:	(29,600,000)	(39,070,735)
Net increase (decrease) in cash and cash equivalents	303,680	(1,421,785)
Cash and cash equivalents, beginning of year	2,220,616	3,642,401
Cash and cash equivalents, end of year	$ 2,524,296	$ 2,220,616
Supplemental cash flow information		
Cash paid for interest	$ 2,493,750	$ 2,498,150
Non-cash transactions		
Increase in retention payable on project investments	$ 1,752,367	$ 5,195,832

The accompanying notes are an integral part of these financial statements.

1. Organization and Business

General
Toll Road Investors Partnership II, L.P. (the "Partnership") is a Virginia limited partnership that owns and operates a limited access toll road (the "Dulles Greenway" or the "Project") located within a 250 foot wide right-of-way extending approximately 14 miles from the terminus of the existing Dulles Toll Road to Leesburg, Virginia. The road opened for operations on September 29, 1995.

Management Structure
The Agreement of Limited Partnership (the "Original Partnership Agreement") was executed on September 29, 1993 by Shenandoah Greenway Corporation ("Shenandoah" or the "General Partner" and Autostrade International Equity, Inc. ("Autostrade") (collectively the "Original General Partners"). The limited partners were Shenandoah, Shenandoah Limited Partnership ("Shenandoah LP"), Autostrade, Brown and Root Toll Road Investment Partners, Inc. ("Brown & Root") and The Goldman Sachs Group, L.P. (collectively with the Original General Partners, the "Original Partners").

In connection with the 1999 debt refinancing discussed in Note 6, the Original Partnership Agreement was amended, restated and superseded in its entirety by the Amended and Restated Agreement of Limited Partnership (the "Amended Partnership Agreement") executed on April 29, 1999 by and among Shenandoah, Shenandoah LP, Shenandoah I LLC, Autostrade and Brown & Root. Shenandoah became the sole General Partner and the Limited Partners were Shenandoah I LLC, Shenandoah LP, Autostrade and Brown & Root. On December 20, 2000, all of the stock of Autostrade was sold to an unrelated third party. This transaction had no effect on the ownership structure of the Partnership at December 31, 2000. On January 29, 2001, Autostrade merged into AIE LLC, a newly formed Virginia limited liability company and AIE LLC became a limited partner of the Partnership.

On September 8, 2005 Macquarie Infrastructure Group (MIG) acquired 100% of Shenandoah and on September 29, 2005, MIG acquired all of Brown and Root's 13.3% limited partner interest in the Partnership.

The General Partner has the authority and discretion to manage the operations and affairs of the Partnership for the benefit of all partners.

Operations and Maintenance
The Partnership is party to an agreement with Autostrade International of Virginia, O&M, Inc. ("AIV") for operation and maintenance of the project.

Under the terms of the operation and maintenance agreement, all permitted operation and maintenance expenses incurred by AIV are to be reimbursed by the Partnership. Compensation paid to AIV is based upon a percentage of the excess of toll revenue collected over budgeted expenses incurred in connection with the operation and maintenance of the Project.

Regulatory Environment
Construction and operation of the Project requires compliance with the Virginia Highway Corporation Act of 1988, as amended (the "Act"), and various federal, state and local government statutes, regulations and other requirements. Management believes that the Partnership is in compliance with the Act and all applicable federal, state and local government statutes, regulations and requirements.

The Act grants the Virginia State Corporation Commission ("SCC") various powers and duties with respect to the Project including the approval of the toll rates which may be charged and collected for use of the roadway. The Act provides that such toll rates are to be set at a level which is reasonable to the user in relation to the benefit obtained, which will not materially discourage use of the roadway by the public and which will provide the project's investors no more than a reasonable return as determined by the SCC.

On July 6, 2004, the SCC approved an increase in the toll ceiling for two axle vehicles ("automobiles") from $2.00 to $3.00 and from $4.00 to $6.00 for vehicles with three or more axles ("trucks"). The SCC's order authorized the Partnership to increase its automobile tolls in 3 stages, September 7, 2004 from $2.00 to $2.40, January 1, 2006 up to $2.70, and July 1, 2007 up to $3.00. These approved toll increases were implemented on the dates authorized.

On July 19, 2006, the Partnership filed an application with the SCC to further increase the automobile and truck toll ceilings. On September 11, 2007 the SCC approved the Partnership's application. The SCC's order authorizes the Partnership to again increase its automobile tolls in 3 stages, January 1, 2009 from $3.00 to $3.40, July 1, 2010 up to $3.70, and January 1, 2012 up to $4.00. The order also authorizes the implementation of a congestion management differential of approximately 20% during the peak travel periods as well as an increase in truck tolls effective October 1, 2007. The authorized toll for trucks is twice the automobile toll plus 50% of the automobile toll for each additional axle over 3 axles up to 6 axles.

The Act prohibits the Commonwealth of Virginia from obligating its full faith and credit on any financing of the Project. In addition, the Act establishes that the assumption of operation of the Project would not obligate the Commonwealth of Virginia to pay any obligation of the Project, whether secured or otherwise, from sources other than toll revenue.

In accordance with the Act, the Partnership is authorized to operate the Project pursuant to the Certificate of Authority through February 15, 2056.

2. Summary of Significant Accounting Policies

Basis of Accounting
The Partnership prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition
The Partnership recognizes revenue daily as it is earned. Revenues are presented gross with Virginia Department of Transportation ("VDOT") fees and the VIP Miles Program cash back bonuses presented separately under expenses in the statements of operations.

Use of Estimates
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, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the financial statements. Management believes that its estimates and assumptions are appropriate; however, future actual results could differ from those estimates.

Project Investment
The Partnership capitalizes all direct and indirect costs related to the acquisition, development and construction of the Project in accordance with Statement of Financial

Accounting Standards ("SFAS") No. 67, *"Accounting for Costs and Initial Rental Operations of Real Estate Projects"* and SFAS No. 34, *"Capitalization of Interest Costs."*

The Partnership utilizes SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144")*, when reviewing its long lived assets for recoverability. SFAS 144 requires the Partnership to (a) recognize an impairment loss on a long-lived asset only if the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows and (b) measure an impairment loss as the difference between the carrying amount and fair value of the long-lived asset. SFAS 144 prescribes that the best estimate approach be used to determine the undiscounted cash inflows and outflows when the impairment of a long-lived asset may exist.

In accordance with SFAS 144, management of the Partnership performed a recoverability test of its long lived assets as of December 31, 2007 using forecasted cash flow techniques. Management's evaluation indicated that, under the provisions of SFAS 144, no impairment exists as of December 31, 2007.

Cash and Cash Equivalents
The Partnership considers short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of 180 days or less, excluding funds held in escrow, to be cash equivalents.

Funds Held in Escrow
Certain funds are required to be held in escrow pursuant to the bond indenture discussed in Note 6. These funds are invested in short and long-term interest bearing deposits, commercial paper, money market funds, and investments with original maturities between overnight and 10 years.

Deferred Bond Issue Costs and Prepaid Bond Insurance
Costs incurred to refinance the Partnership's long-term debt, including bond issue costs and prepaid bond insurance, are amortized to interest expense over the terms of the respective financing agreements using the effective-yield method. Unamortized deferred bond issue costs and prepaid bond insurance are charged to interest expense if the related debt is retired before the maturity date.

Fixed Assets
Furniture and fixtures, office equipment and vehicles are carried at historical cost and depreciated over estimated useful lives of three to five years. Depreciation expense on fixed assets totaled $131,298 and $140,857 in 2007 and 2006, respectively.

Income Taxes
The Partnership is not directly subject to federal and state income taxes because its taxable income or loss is recognized in the income tax returns of the Partners. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Retainage Payable
The Partnership utilizes contractors for a majority of its improvement projects (see Note 9). As is customary with most construction projects, the Partnership holds back a certain percentage of each billing received for improvement project costs incurred to date pending satisfactory completion of the related project improvement. As of December 31, 2007, the Partnership recorded $6,948,199 in retainage payable due to contractors hired for its improvement projects.

3. Project Investment

Project investment consists of the following:

	2007	2006
Road construction development and right-of-way	$ 303,163,504	$ 303,163,504
Surfacing and safety fixtures	10,687,115	10,687,115
Toll collection equipment	11,400,819	11,400,819
Project improvements	59,786,737	33,141,840
Project improvements in progress	43,787,776	48,725,465
	428,825,951	407,118,743
Accumulated depreciation	(114,481,060)	(106,275,105)
Project investment, net	$ 314,344,891	$ 300,843,638

Project investments are carried at historical cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the components comprising the Project investment: 7 to 15 years for surfacing and safety fixtures; 8 years for toll collection equipment; and 5 years for toll collection computer software. Project improvements are depreciated over 10 years for signage and 7 years for paving. All other improvements as well as the original construction and development of right-of-ways are depreciated over the remaining life of the Certificate of Authority, which expires on February 15, 2056. Depreciation expense on the project investment totaled $8,205,955 and $7,267,014 in 2007 and 2006, respectively.

Total depreciation expense of $8,205,955 for the year ended December 31, 2007 includes an out-of-period revision which reduced depreciation expense by $735,567 to adjust for excess depreciation recorded in error in 2003. The Company does not believe that this adjustment is material to the 2007 or 2006 financial statements and as a result has not restated its December 31, 2006 financial statements. The adjustment decreased accumulated depreciation and decreased the net loss of the Partnership in 2007.

4. VDOT Processing Fees

The Partnership incurs processing fees for Automatic Vehicle Identification ("AVI") electronic toll collection transactions. These fees are assessed to the Partnership by the Virginia Department of Transportation ("VDOT"). From September 1, 2005 through October 31, 2007 the VDOT fee was $0.08 per transaction. Effective November 1, 2007 the fee was changed to $.06 per transaction plus 2.21% of revenues processed.

5. VIP Miles Program

The Partnership maintains a VIP Miles Program (the "Program"), which enables members of the Program to receive a cash back bonus on the amount of tolls paid for using the Dulles Greenway during a twelve-month period. The amount of the cash back bonus received by a participant of the Program is based upon the number of trips taken on the Greenway. Cash back bonuses range from 5% to 15% of tolls paid provided that the minimum number of trips has been met. Expenses incurred are recognized based on expected future cash payments to participants in the Program.

6. Long-Term Debt and Financing Arrangements

Long-term debt at December 31, 2007 and 2006 consisted of the following:

	2007	2006
7.125% Series 1999A Senior Current Interest Bonds, original $35,000,000 face amount, due 2035	$ 34,937,909	$ 34,935,623
Series 1999B Senior Zero Coupon Bonds, $1,258,400,000 face amount, due 2035	468,897,389	454,070,932
Series 2005A Senior Callable Zero Coupon Bonds, $1,196,721,219 face amount, due 2045	164,055,188	167,624,038
Series 2005B Senior Callable Zero Coupon Bonds, original $453,800,000 face amount, due 2043	63,029,632	59,584,870
Series 2005C Senior Zero Coupon Bonds, original $1,614,300,000 face amount, due 2036-2056	203,857,939	192,921,001
Total debt	934,778,057	909,136,464
Less current portion	(33,200,000)	(29,600,000)
Long-term debt	$ 901,578,057	$ 879,536,464

The Partnership funded the construction and development of the Dulles Greenway through equity contributions from the Original Partners and certain of their affiliates and from amounts loaned to the Partnership pursuant to certain financing agreements.

The 1999 and 2005 Senior Bonds were issued pursuant to a Master Indenture of Trust dated April 1, 1999, as supplemented by the First Supplemental Indenture of Trust, ("First Supplemental"), the Second Supplemental Indenture of Trust, the Third Supplemental Indenture of Trust, the Fourth Supplemental Indenture of Trust, ("Fourth Supplemental") and the Fifth Supplemental Indenture of Trust, collectively the "Indenture". The Indenture requires the Partnership to maintain and operate the Dulles Greenway in compliance with the Partnership's comprehensive agreement with VDOT and the Act, as amended. The Indenture also requires the Partnership to use its best efforts to charge toll rates, subject to SCC approval, sufficient to meet certain minimum coverage ratios, as defined in the Indenture. If the Partnership does not meet the coverage ratios in any fiscal year, the Partnership will not be permitted to make distributions to the Partners. The Indenture also contains limitations on, among other things, the Partnership's ability to incur additional indebtedness and requires that the Partnership establish and maintain funds to be held in escrow with the Trustee. As of December 31, 2007, the Partnership was not in compliance with its minimum coverage ratio as required by the Indenture. As a result, the Partnership is prohibited from making distributions to its Partners.

On April 29, 1999, the Partnership refinanced its original debt and issued an aggregate of $35 million of 7.125% Senior Current Interest Bonds, Series 1999A, due 2035 (the "1999A Bonds") and an aggregate original principal amount of $297,782,516 of Senior Zero Coupon Bonds, Series 1999B, due each February 15 from 2003 through 2035 (the "1999B Bonds") and together with the 1999A Bonds, the ("1999 Senior Bonds").

Interest accrues on the 1999A Bonds at a rate of 7.125% per annum. Interest is payable semi-annually on each February 15 and August 15. The 1999A Bonds are subject to early redemption at the option of the Partnership, in whole or in part at any time, at a redemption price equal to the sum of (i) the principal amount of the 1999A Bonds to be redeemed, (ii) interest accrued thereon to the redemption date, and (iii) the make-whole premium, if any, determined in accordance with the First Supplemental.

Interest accrues on the 1999B Bonds and compounds semi-annually on each February 15 and August 15, at rates ranging from 6.1% to 7.3%, such interest to be paid only at maturity or redemption. Scheduled maturities of the 1999B Bonds are $19.1 million in 2008, $23.5 million in 2009, $25.1 million in 2010, $26.6 million in 2011, $29.3 million in 2012 and $1.1348 billion maturing in years 2013 through 2035. The 1999B Bonds are subject to early redemption at the option of the Partnership, in whole or in part at any time, at a redemption price equal to the sum of (i) an amount equal to the accreted value of the 1999B Bonds to be redeemed (calculated through the redemption date in accordance with the First Supplemental) plus (ii) the make-whole premium with respect to such accreted value, if any, determined in accordance with the First Supplemental.

Original issue discounts on the 1999A and 1999B Bonds are being amortized over the life of the bonds to maintain an effective rate of 7.125% and 7.142%, respectively. Adjustments to the face value of the bonds and the related original issue discount are made if and when scheduled mandatory payments are made. Accretion of these discounts totaling $32,228,743 and $31,116,537 was added to the amount of 1999 Senior Bonds outstanding and included in interest expense at December 31, 2007 and 2006, respectively. The remaining unamortized discount on the 1999A and 1999B bonds was $62,091 and $789,502,611, respectively, as of December 31, 2007.

The 1999 Senior Bonds are insured by two financial guaranty insurance policies (collectively, the "MBIA Policy") issued by MBIA Insurance Corporation ("MBIA"). The MBIA Policy covers the payment of scheduled principal and interest payments on the 1999 Senior Bonds. The MBIA Policy does not cover any make-whole premium as defined by the Indenture or optional redemption payments. The 1999 Senior Bonds are further collateralized by all of the assets of the Partnership.

On March 2, 2005, the Partnership issued an aggregate original principal amount of $162,438,434 of Senior Callable Zero Coupon Insured Dulles Greenway Project Revenue Bonds, Series 2005A, due 2045 (the "2005A Bonds"), $53,761,686 of Senior Callable Zero Coupon Insured Dulles Greenway Project Revenue Bonds, Series 2005B, due 2043 (the "2005B Bonds") and $174,402,930 of Senior Zero Coupon Insured Dulles Greenway Project Revenue Bonds, Series 2005C, due each February 15 from 2036 through 2056 (the "2005C Bonds") collectively the "2005 Senior Bonds".

Interest accrues on the 2005A Bonds and compounds semi-annually on each February 15 and August 15 at rates that will produce yields to maturity of approximately 5.425%, such interest to be paid only at maturity or prior redemption. For any year from 2006 through 2021 in which the Partnership has sufficient cash available in the early redemption fund, the 2005A Bonds are subject to mandatory early redemption, in part, by the Partnership on February 15 in each year, beginning February 15, 2006 and ending February 15, 2021, in accordance with and as described in the Fourth Supplemental.

Interest accrues on the 2005B Bonds and compounds semi-annually on each February 15 and August 15 at a rate to produce a 5.7% yield to maturity, such interest to be paid only at maturity or prior redemption. For any year from 2022 through 2035 in which the Partnership has sufficient cash available in the early redemption fund, the 2005B Bonds are subject to mandatory early redemption, in part, by the Partnership on February 15 in each year, beginning February 15, 2022 and ending February 15, 2035, as described in the Fourth Supplemental.

Interest accrues on the 2005C Bonds and compounds semi-annually on each February 15 and August 15 at rates ranging from 5.55% to 5.65%, such interest to be paid only at maturity or prior redemption.

Original issue discounts on the 2005A, 2005B and 2005C Bonds are being amortized over the life of the issues at 5.425%, 5.7% and 5.568%, respectively. Adjustments to the face value of the bonds and the related original issue discount are made if and when scheduled mandatory payments are made. Accretion of these discounts totaling $23,012,850 and $22,413,709 was added to the amount the 2005 Senior Bonds outstanding and included in interest expense at December 31, 2007 and 2006, respectively. The remaining unamortized discount on the 2005A, 2005B, and 2005C bonds was $1,032,666,033, $390,770,368, and $1,410,442,061, respectively, as of December 31, 2007.

The regularly scheduled payment of principal (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest when due on the 2005 Senior Bonds are insured by separate financial guaranty insurance policies issued by MBIA (collectively, the "2005 MBIA Policy"). The 2005 MBIA Policy does not cover redemption payments under the Fourth Supplemental other than mandatory sinking fund payments. The 2005 MBIA policy does not cover any make-whole premium as defined by the Fourth Supplemental or optional redemption payments. Further, each series of the 2005 Senior Bonds is collateralized ratably with the other 2005 Senior Bonds and other senior secured indebtedness of the Partnership by substantially all of the Partnership's property and by a pledge of all Partnership interests.

Bond issue costs of $8,812,323 and $11,750,386 related to the 1999 Senior Bonds and 2005 Senior Bonds were incurred and capitalized as deferred bond issue costs, respectively. Prepaid bond insurance costs of $28,953,000 and $57,090,885 related to the 1999 Senior Bonds and 2005 Senior Bonds were incurred and capitalized as prepaid bond insurance costs, respectively.

Amortization of deferred bond issue costs on the 1999 Senior Bonds and 2005 Senior Bonds totaled $378,788 and $352,955 for the years ended December 31, 2007 and 2006, respectively. Amortization of prepaid bond insurance on the 1999 Senior Bonds and 2005 Senior Bonds totaled $1,382,129 and $1,310,166 for the years ended December 31, 2007 and 2006, respectively.

Interest expense incurred for all debt, including accretion of bond discount, was $58,018,496 and $56,044,729 for the years ending 2007 and 2006, respectively net of $1,477,764 and $1,646,788, which was capitalized as a cost of the Project Investment for the years ended 2007 and 2006, respectively.

The funds held in escrow with the Trustee pursuant to the requirements of the Indenture, as detailed below, totaled $153,496,214 and $156,901,764 at December 31, 2007 and 2006, respectively.

	2007	2006
Revenue Fund	$ 10,475,702	$ 808,419
Operating Reserve Fund	7,436,521	7,189,044
Improvement Fund	3,000,294	9,000,000
Senior Debt Service Fund	20,347,216	18,646,872
Senior Debt Service Reserve Fund	39,700,487	39,700,000
2005 Bond Proceeds Improvement Account	16,085,553	27,007,429
Early Redemption Fund	14,100,137	12,200,000
Early Redemption Reserve Fund	42,350,304	42,350,000
	$ 153,496,214	$ 156,901,764

Concurrently with the closing of the 2005 Senior Bonds, the Partnership exercised an existing right under the Indenture to release $45 million in cash that was previously held in escrow by substituting a surety bond (the "Surety Bond") in an equal amount insuring that the released cash will be available as and when needed. The Surety Bond was issued by MBIA. The Partnership maintains other small escrow accounts as part of the normal course of business not associated with the Indenture.

7. Partners' Deficit

Under the Amended Partnership Agreement, income and losses are allocated among the Partners according to their percentage interest in the Partnership. Distributions will be made in accordance with each Partner's interest. The General Partner may declare distributions when permitted by the Indenture (see Note 6).

8. Related Party Transactions

The Partnership has a consulting contract with Magalen Bryant, an officer of Shenandoah LP and Shenandoah I LLC. Under this agreement Mrs. Bryant provides consulting services to the Partnership for a fee of $15,000 per month. Mrs. Bryant and certain other employees of the Partnership continue to have positions and ownership interests in Shenandoah LP and Shenandoah I LLC. These persons do not individually or collectively have control over the Partnership.

9. Commitments and Contingent Liabilities

The Partnership is party to an agreement with the Metropolitan Washington Airports Authority (MWAA) for easements over Washington Dulles International Airport property necessary for the Partnership to construct, operate and maintain the Project. The Partnership incurred expenses of $1,065,353 in 2007 and $883,291 in 2006 related to the easements. Future minimum annual cash payments due under the agreement are $500,000 for 2008-2010, $600,000 for 2011-2036, and $2,000,000 thereafter through 2056. Additional payments may be due under the agreement should the Project exceed certain specified traffic volumes. The minimum annual payments are recorded to expense using the straight-line method based upon the total minimum payments to be made over the term of the agreement.

In accordance with the Act the Partnership entered into the Comprehensive Agreement with the Virginia Department of Transportation pursuant to which the Partnership was required to make a number of improvements to the project including:

- construction of interchanges at Exit 2 (Route 654) and Exit 3 (Route 653);
- construction of a dedicated ramp, Ramp E, for access to Dulles International Airport;
- improvements to the interchange at Exit 8 (Route 606);
- widening and improvements to Exit 6 interchange (Route 772);
- completion of the widening of the entire Dulles Greenway from 4 to 6 lanes; and
- expansion of the mainline plaza to 18 lanes.

These projects are largely completed. At December 31, 2007, $1,978,623 remained to be spent.

Pursuant to the MWAA agreement, and as a result of the Project attaining certain specified traffic levels, the Partnership was obligated to build a dedicated ramp, Ramp E, for access to Dulles International Airport. On September 28, 2007 the Partnership entered into an agreement with MWAA transferring responsibility of the obligation to construct Ramp E to MWAA in exchange for a payment of $3,208,244. This payment will be due when MWAA delivers a Notice to Proceed to their contractors to begin work on the project at which time the Partnership will have no remaining obligation related to this project. All payments associated with the Ramp E project will be amortized straight-line over the term of the agreement.

The Partnership remains obligated under the Comprehensive Agreement to widen the Route 659 overpass at Exit 4 and make certain ancillary ramp improvements when it is economically feasible to do so and traffic levels support the expansion. Based on projected levels of traffic the project is not currently scheduled for construction and the amount and timing of the Partnership's obligation is uncertain.

The Partnership has an agreement with an adjacent landowner to construct a 4 lane bridge over the Dulles Greenway when development of a secondary road on either side of the Greenway is completed and construction of the bridge is necessary to connect the road. Because there has been no development activity to date by the property owner the project is not currently scheduled for construction and the amount and timing of the Partnership's obligation is uncertain.

The Partnership leases office space in Sterling, Virginia. Future minimum payments under this lease are $124,109 in 2008, $127,832 in 2009, $131,667 in 2010, $135,617 in 2011, $139,685 in 2012, and $654,844 thereafter until 2017. Total rental expense, including operating expenses, was $163,381 and $156,276 for the periods ended December 31, 2007 and 2006, respectively.

10. Employee Benefit Plan

The Partnership has a fully funded, defined contribution Simplified Employee Pension Plan (the "Plan") for its employees. Under the Plan, the Partnership contributes 8% of employees' salaries which vest immediately. The Partnership incurred $106,603 and $103,095 in expenses related to the Plan for the years ended December 31, 2007 and 2006, respectively.

11. Estimated Fair Values

Cash and cash equivalents – The estimated fair value approximates the recorded carrying value.

Funds held in escrow – The estimated fair value is determined based on quoted prices, excluding accrued interest, as of the last business day of the year and approximates carrying value.

Accrued interest receivable and payable – The estimated fair value approximates the recorded carrying value.

Bonds payable:
Series 1999A and 1999B bonds: The estimated fair value of the Series A and B bonds as detailed below is based on quoted prices, excluding accrued interest, as of the last business day of the year as detailed below.

Series 2005A, 2005B and 2005C bonds: The estimated fair value of the Series A, B and C bonds as detailed below is based on quoted prices, excluding accrued interest, as of the last business day of the year as detailed below.

The fair values of financial instruments of the Partnership as of December 31, 2007 are as follows:

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Assets:				
Cash	$ 2,524,296	-	-	$ 2,524,296
Funds held in escrow	153,542,920	-	-	153,542,920
Accrued interest receivable	996,254	-	-	996,254
Liabilities:				
Accrued interest payable	935,156	-	-	935,156
Series 1999A bonds	34,937,909	-	3,387,091	38,325,000
Series 1999B bonds	468,897,389	-	39,880,751	508,778,140
Series 2005A bonds	164,055,188	-	5,249,172	169,304,360
Series 2005B bonds	63,029,632	8,301,352	-	54,728,280
Series 2005C bonds	203,857,939	56,200,299	-	147,657,640
Total bonds payable	$ 934,778,057	$ 64,501,651	$ 48,517,014	$ 918,793,420

The fair values of financial instruments of the Partnership as of December 31, 2006 are as follows:

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Assets:				
Cash	$ 2,220,616	-	-	$ 2,220,616
Funds held in escrow	156,948,470	-	-	156,948,470
Accrued interest receivable	1,273,211	-	-	1,273,211
Liabilities:				
Accrued interest payable	935,156	-	-	935,156
Series 1999A bonds	34,935,623	-	4,284,327	39,219,950
Series 1999B bonds	454,070,932	-	101,310,225	555,381,157
Series 2005A bonds	167,624,038	6,908,979	-	160,715,059
Series 2005B bonds	59,584,870	368,508	-	59,216,362
Series 2005C bonds	192,921,001	2,252,536	-	190,668,465
Total bonds payable	$ 909,136,464	$ 9,530,023	$ 105,594,552	$ 1,005,200,993

12. Subsequent Events

On February 15, 2008, the Partnership redeemed $14,100,000 of the 2005A Bonds in accordance with the mandatory early redemption clause contained in the Fourth Supplemental. This amount is included in the current portion of long-term debt on the balance sheet as of December 31, 2007.