



2014 Budget Analysis

(Unaudited)

Quarterly Financial Review

January 1 - March 31, 2014

Quarterly Financial Review March 31, 2014

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INTRODUCTION

In December 2013, the Tollway Board of Directors adopted the annual budget for 2014. 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 Finance, Administration and Operations Committee.

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.

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 first quarter of fiscal year 2014. The purpose of this analysis is to assess the actual financial performance of the Tollway relative to the 2014 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.

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

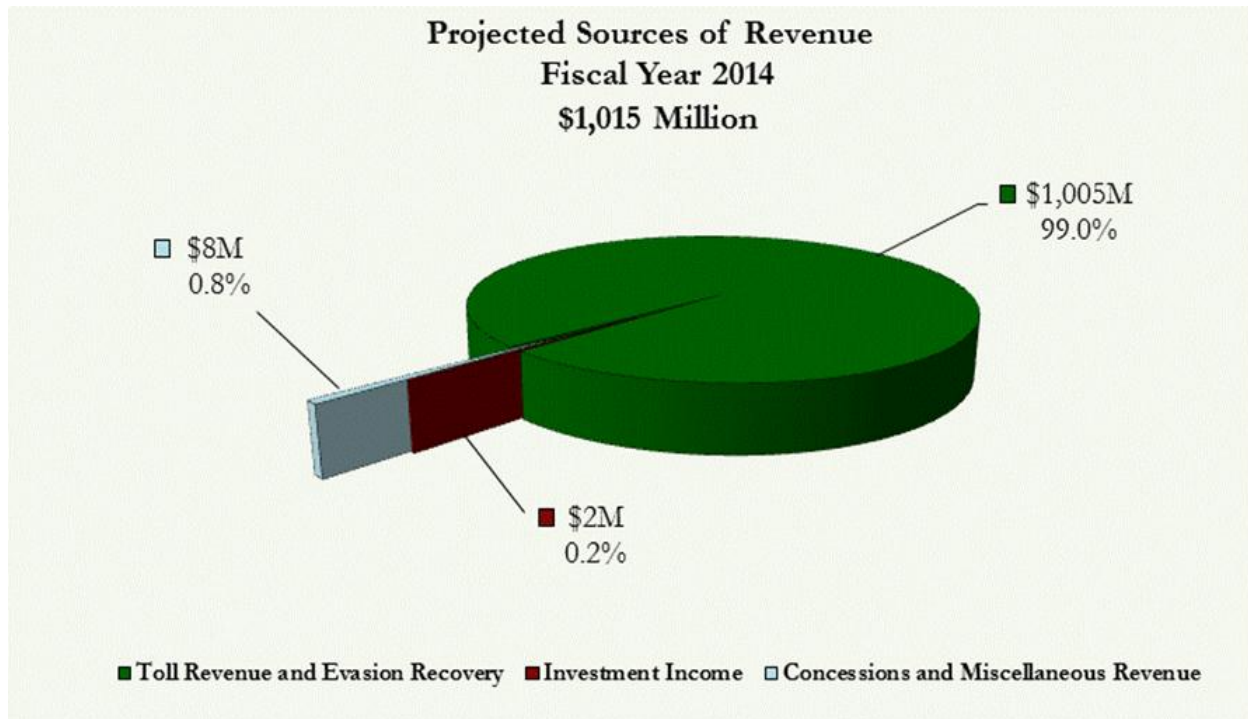
BUDGET SUMMARY

Introduction

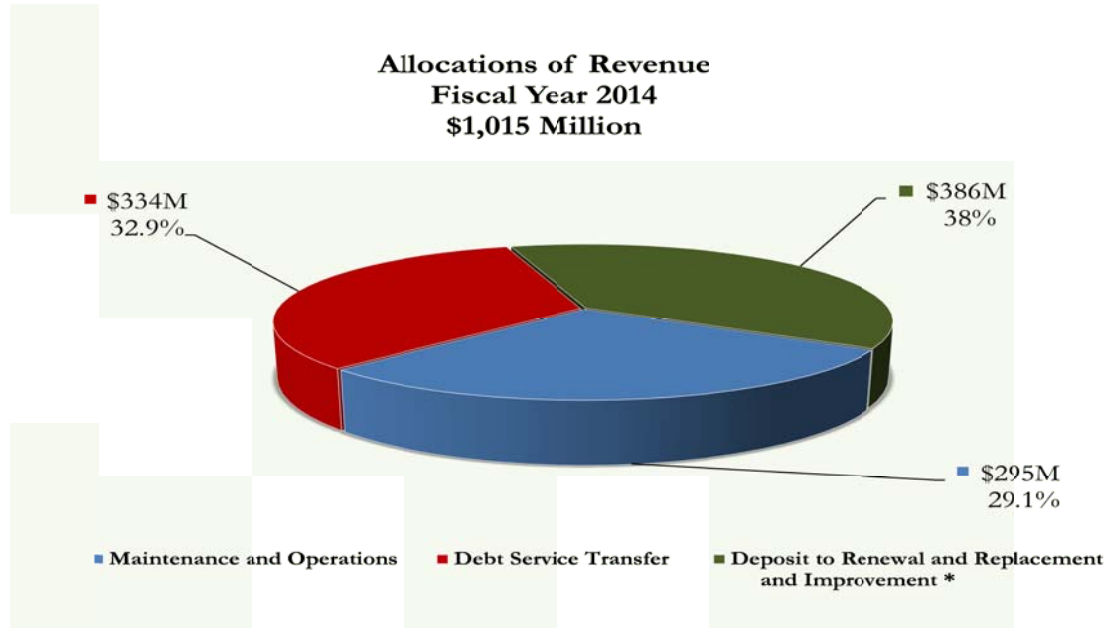
The Illinois Tollway Board of Directors on August 25, 2011, adopted the 15-year, \$12 billion capital program, *Move Illinois: The Illinois Tollway Driving the Future*, funded by bonds, and toll revenue generated through a toll rate increase for passenger vehicles in 2012 and previously approved increases for commercial vehicles beginning in 2015. The 2014 Budget, approved by the Board of Directors in December 2013, includes the maintenance and operations budget, debt service transfers and capital budget in support of the third year of the *Move Illinois* Program.

Budgeted Revenue 2014

The 2014 budget estimates annual revenue totaling \$1,015 million, including \$1,005 million from toll revenue and evasion recovery, \$2 million from investment income and \$8 million from concessions revenue and miscellaneous income.



The Tollway's 2014 Budget allocates \$295 million for maintenance and operations expenses, \$334 million for debt service transfers and \$386 million for the *Move Illinois* and Congestion-Relief programs and other non-roadway capital investments (deposits to the renewal/replacement and improvement accounts).



FIRST QUARTER RESULTS SUMMARY

Revenue

Revenue for the first quarter 2014 totaled to \$226 million, or \$4.8 million less than budgeted, for the period. Toll and evasion recovery revenue totaled \$222.7 million, or \$5.7 million less than budget. Concessions revenue totaled \$531 thousand, on target with the first quarter budget. Miscellaneous income totaled \$2.6 million for the quarter, or \$1.3 million more than budget. Investment income totaled \$124 thousand, or \$376 thousand less than budgeted, for the quarter. The first quarter revenue comprises 22.3 percent of the \$1,015 million annual revenue budget.

Expenditures

The Tollway's 2014 first quarter operating expenditures totaled \$73.7 million, or \$827 thousand more than budget. The first quarter expenditures comprise 24.9 percent of the \$295 million annual maintenance and operations budget.

The Tollway's 2014 first quarter debt service transfers totaled \$75.9 million, or \$2.9 million less than the budgeted amount. The first quarter debt service transfers comprise 22.7 percent of the \$333.9 million annual debt service transfers budget.

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Capital program expenditures through March 31, 2014, totaled \$145.6 million compared to the budget projection of \$180.5 million. These capital expenditures included \$134.4 million for the *Move Illinois* Program and the Congestion-Relief Program expenses and \$11.2 million for other capital project expenses. Intergovernmental agreement (IGA) reimbursements for work performed in prior periods and other adjustments increased first quarter capital expenditures by \$41 thousand.

Outlook

First quarter results were impacted by severe winter weather conditions in January and February. As weather conditions improved and the economy started to show signs of recovery in March, toll revenue and transaction results started to show an upward trend. The Tollway anticipates the second quarter revenue results will improve as warmer weather and the economy continue to recover. The Tollway will continue to monitor such external factors and their impact on revenue.

Maintenance and operations expenses were more than budget for the first quarter as more snowy events precipitated greater expenses for salt, fuels, roadway overtime and related costs. Again, as weather conditions and the economy continue to improve, the Tollway anticipates operating expenditures to track closer to the second quarter budget. The Tollway will continue to monitor payroll/related costs and vacancies, as well as other categories that are sensitive to price fluctuations including fuels, utilities and roadway materials.

Capital program expenditures were under the budget projection by \$34.9 million for the first quarter. In advance of the sale of Illinois State Toll Highway Authority 2014 Series B Bonds, the Tollway revised downward the 2014 capital program budget projection by \$119 million in April 2014.

REVENUE SUMMARY

REVENUE
Budget vs. Unaudited Actual
First Quarter 2014
(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Toll Revenue and Evasion Recovery	\$228,422	\$222,733	(\$5,689)	-2.5%
Concessions	529	531	2	0.4%
Investment Income	500	124	(376)	-75.2%
Miscellaneous	1,296	2,585	1,289	99.5%
Total Revenue	\$230,747	\$225,974	(\$4,773)	-2.1%

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

% of BUDGET REALIZED (Unaudited)
Year-To-Date March 31, 2014
(\$ thousands)

	2014	YTD	% Budget
	Budget	Actual	Realized
Toll Revenue and Evasion Recovery	\$1,005,000	\$222,733	22.2%
Concessions	2,200	531	24.1%
Investment Income	2,000	124	6.2%
Miscellaneous	5,800	2,585	44.6%
Total Revenue	\$1,015,000	\$225,974	22.3%

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

Analysis

Revenue for the first quarter 2014 totaled \$226 million, \$4.8 million less than budgeted for the period. The first quarter revenue comprises 22.3 percent of the \$1,015 million annual revenue budget.

Toll and evasion recovery revenue totaled \$222.7 million, \$5.7 million less than budget. Toll transactions for the first quarter for all vehicle classes declined 0.3 percent compared to the same period in 2013 and were 2.9 percent less than the 2014 projection. Passenger vehicle transactions declined 0.9 percent from first quarter 2013 and were 3.4 percent less than the 2014 projection. Commercial vehicle transactions grew 4.1 percent compared to first quarter 2013 and were 0.4 percent greater than the 2014 projection.

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Concessions revenue tracked to budget and totaled \$531 thousand. Miscellaneous income totaled \$2.6 million, or \$1.3 million more than budget. The favorable variance is due to additional user fees per a fiber optic agreement. Investment income totaled \$124 thousand, or \$376 thousand less than budgeted, for the first quarter due to continued low short-term interest rate environment.

MAINTENANCE AND OPERATIONS SUMMARY

Budget vs. Unaudited Actual

First Quarter 2014

(\$ thousands)

	1st Qtr		Variance	
	Budget	Actual	\$	%
Payroll and Related Costs	\$41,241	\$42,213	(\$972)	-2.4%
Group Insurance	7,575	7,048	527	7.0%
Contractual Services	12,584	11,765	819	6.5%
Materials/Operational Supplies/Other Expenses	1,897	2,045	(148)	-7.8%
Utilities	1,546	1,486	60	3.9%
All Other Insurance	2,565	2,568	(3)	-0.1%
Parts and Fuel	1,209	2,235	(1,027)	-84.9%
Equipment/Office Rental and Maintenance	4,603	4,810	(207)	-4.5%
Professional Development	301	224	77	25.5%
Recovery of Expenses	(684)	(732)	48	7.0%
Total Maintenance and Operations Expenditures	\$72,837	\$73,664	(\$827)	-1.1%

Notes:

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

% of BUDGET REALIZED (Unaudited)

Year-To-Date March 31, 2014

(\$ thousands)

	Budget	Actual	% Budget Realized
	Payroll and Related Costs	\$160,592	\$42,213
Group Insurance	\$30,058	\$7,048	23.4%
Contractual Services	\$59,986	\$11,765	19.6%
Materials/Operational Supplies/Other Expenses	\$7,536	\$2,045	27.1%
Utilities	\$5,950	\$1,486	25.0%
All Other Insurance	\$10,483	\$2,568	24.5%
Parts and Fuel	\$6,492	\$2,235	34.4%
Equipment/Office Rental and Maintenance	\$15,691	\$4,810	30.7%
Professional Development	\$1,079	\$224	20.8%
Recovery of Expenses	(\$2,411)	(\$732)	30.4%
Total Maintenance and Operations Expenditures	\$295,456	\$73,664	24.9%

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

Analysis

The Tollway's 2014 first quarter operating expenditures totaled \$73.7 million, representing an unfavorable variance of \$827 thousand. The first quarter expenditures comprise 24.9 percent of the \$295.5 million annual maintenance and operations budget.

The variances to budget during the first quarter of 2014 are explained below:

Payroll and related costs for the first quarter totaled \$42.2 million, \$972 thousand over budget. This unfavorable variance is attributable to the severe winter weather that continued throughout the first quarter resulting in a substantial amount of overtime incurred by snow plow drivers, as well as other support personnel, which was partially offset by vacancies in other areas in both the salary and wage categories.

Group insurance totaled \$7.0 million during the first quarter, \$527 thousand under budget. In past years, group insurance has generally been higher in January and February. In the first quarter of 2014, the variance was \$486 thousand lower than budget due in part to the State's retirees health insurance program that reduced costs to the Tollway. In addition, State Police group insurance was \$41 thousand under budget due to fewer Troopers on board than anticipated.

Contractual services for the first quarter totaled \$11.8 million, \$819 thousand under budget. The favorable variance is attributable to four items in this cost category: the Job Order Contracting (JOC) Program for building maintenance hasn't been approved yet; Customer Service Call Center expenses in Business Systems were below budget during the first quarter; the new Traffic and Incident Management System (TIMS) maintenance contract to support all intelligent transportation systems (ITS) devices was approved at February Board; and credit card fees were under budget for the quarter due to reduced revenues.

Materials/operational supplies/other expenses totaled \$2.0 million during the first quarter, \$148 thousand over budget. This variance is due to the increased use of winter roadway materials such as rock salt, calcium chloride and abrasives. Replenishment of depleted salt inventories will begin after a new contract is approved sometime in June.

Utilities, which include electricity, natural gas, water and telephone expenses, totaled \$1.5 million, \$60 thousand under budget during the first quarter. This positive variance was mainly due to reduced expenditures for electricity.

All other insurance expenses totaled \$2.6 million, \$3 thousand over the first quarter budget. This category includes expenses for property and liability insurance, as well as amounts allocated to the workers' compensation claim fund. Property, liability and workers' compensation insurance appear to be on track.

Parts and fuel expenses totaled \$2.2 million, \$1.0 million over the first quarter budget. This unfavorable variance is attributable to the harsh and prolonged winter that resulted in increased consumption of diesel fuel by snow plow trucks and gasoline usage by other Tollway vehicles including State Police squad cars. The depleted fuel storage tanks will need to be resupplied in the coming months. In addition, snow plow blades were replaced at a very high rate to keep up with the winter conditions.

Equipment/office rental and maintenance expenditures totaled \$4.8 million during the first quarter, \$207 thousand over budget. This variance is mainly due to software maintenance for

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the Tollway's electronic toll collection equipment (Toll Revenue Management and Maintenance Project - TRMMP).

Professional development expenses totaled \$224 thousand, \$77 thousand under the first quarter budget. This cost category includes travel, training, dues, books, subscriptions, uniforms and accessories.

Recovery of expenses totaled \$732 thousand, a \$48 thousand favorable variance in comparison to budget. This category includes reimbursement for services (ambulances and/or fire trucks) or damage to Tollway property caused by others.

Budget Transfers

Budget to actual comparisons in this analysis are based on the original 2014 maintenance and operations budget adopted by the Tollway Board in December 2013. During the budget year, management approves transfers from accounts that incur surpluses to those requiring additional funds due to shortfalls. These transfers do not change the dollar amount of the 2014 maintenance and operations budget.

DEBT SERVICE SUMMARY

For annual budgeting and quarterly reporting purposes, debt service consists of the sum of monthly transfers from the Revenue Account to the Trustee-held Debt Service Account, in accordance with the Indenture, to provide for 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 2014, the Tollway budgeted \$333.9 million for transfers from the Revenue Account to the Debt Service Account to provide for these payments. That budgeted amount assumed an additional source of funds of \$15.1 million from federal subsidies associated with the Tollway’s Series 2009A and Series 2009B Build America Bonds.

Following are unaudited quarterly results through March 31, 2014, with comparisons to budget.

Budget vs. Actual (Unaudited)

(\$ thousands)

	Budget	Actual	Variance	
			\$	%
Debt Service Transfers – 1 st Quarter	\$78,777	\$75,851	\$2,926	3.7%

% of Budget Realized (Unaudited)

(\$ thousands)

	Annual	YTD	Realized
	Budget	Actual	
Debt Service Transfers	\$333,860	\$75,851	22.7%

Analysis

The \$2.9 million favorable variance for the first quarter was primarily due to assumed interest expense on a new bond issuance that did not materialize because the bonds were not issued until the second quarter. The lack of new bond interest accounted for \$1.9 million of the \$2.9 million favorable variance. Approximately \$1 million of the favorable variance was due to a provision for additional debt service for refunding synthetic fixed rate bonds that did not materialize because no such refunding occurred.

On February 26, 2014, the Tollway issued \$378.72 million par amount of Toll Highway Senior Revenue Bonds, 2014 Series A (Refunding) which, together with other Tollway funds, advance refunded \$436,545 million par amount of Series 2005A Bonds. This advance refunding did not

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affect first quarter 2014 debt service transfers; it will reduce transfers for debt service in the second through fourth quarters of 2014 by a total of \$12.4 million.

DERIVATIVES

The Tollway employed the use of interest rate exchange (swap) agreements and forward-starting interest rate exchange agreements (forward agreements) to hedge against increases in interest rates by providing synthetic fixed rates associated with the Tollway's variable rate bonds. The following chart presents the Tollway's swap portfolio as of quarter-end March 31, 2014. The four swap agreements related to the Series 2007A Bonds were originally entered into as forward agreements in September 2005 and became effective upon closing of Series 2007A 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 Series 2008A on February 7, 2008.

The Illinois State Toll Highway Authority Swap Portfolio as of March 31, 2014 (Note: Valuations are net of 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	(5,954)
1998 SERIES B	JP Morgan Chase Bank*	55,395	4.3250%	Actual	1/1/2017	(4,871)
1998 SERIES B TOTAL		\$123,100				(\$10,825)
2007 SERIES A-1	Citibank N.A., New York	175,000	3.9720%	SIFMA	7/1/2030	(\$26,020)
2007 SERIES A-1	Goldman Sachs Bank USA	175,000	3.9720%	SIFMA	7/1/2030	(\$26,020)
2007 SERIES A-1 TOTAL		\$350,000				(\$52,040)
2007 SERIES A-2	Bank of America, N.A.	262,500	3.9925%	SIFMA	7/1/2030	(\$39,647)
2007 SERIES A-2	Wells Fargo Bank**	87,500	3.9925%	SIFMA	7/1/2030	(\$13,216)
2007 SERIES A-2 TOTAL		\$350,000				(\$52,863)
2008 SERIES A-1	The Bank of New York	191,550	3.7740%	SIFMA	1/1/2031	(\$24,733)
2008 SERIES A-1	Deutsche Bank AG, New York Branch	191,550	3.7740%	SIFMA	1/1/2031	(\$24,733)
2008 SERIES A-1 TOTAL		\$383,100				(\$49,466)
2008 SERIES A-2	Bank of America, N.A.***	95,775	3.7640%	SIFMA	1/1/2031	(\$12,259)
2008 SERIES A-2 TOTAL		\$95,775				(\$12,259)
TOTAL		\$1,301,975				(\$177,453)

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

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

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

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

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

CAPITAL PROGRAM SUMMARY

Capital Budget 2014

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.

The capital budget is comprised of two major programs. The newest program, *Move Illinois: The Illinois Tollway Driving the Future*, was approved by the Board of Directors on August 25, 2011. The *Move Illinois* Program is a 15-year program which extends from 2012 through 2026 and includes anticipated capital investments totaling an estimated \$12 billion. The fiscal year 2014 Capital Budget allocates \$1,135.7 million to fund the third year of the *Move Illinois* Program.

The second program is the Congestion-Relief Program (CRP). The 12-year Congestion-Relief Program, which began in 2005 and will be completed by 2016, is currently estimated at \$5.7 billion. The fiscal year 2014 Capital Budget allocates \$244.7 million to fund the tenth year of the CRP. Additionally, the fiscal year 2014 Capital Budget allocates approximately \$55 million to fund "other" capital projects to support ongoing operations of the Tollway.

Finally, capital expenditures for 2013 totaled \$99 million less than the October 2013 estimate. Approximately \$2.8 million was credited to realized project savings, \$34.7 million was due to schedule changes and \$49.7 million was due to timing of right-of-way acquisition. The Tollway estimates, based on 2014 first quarter results, the rescheduled work from 2013 can be accommodated within the 2014 Capital Budget of \$1,435.4 million.

2013 Estimate and Expenditures; 2014 Approved Budget

(\$ millions)

	2013 October Estimate	2013 Expenditure	2014 Budget
Tri-State Tollway (I-94/I-294/I-80)	\$46.4	\$41.7	\$9.4
Reagan Memorial Tollway (I-88)	7.9	7.7	10.6
Jane Addams Memorial Tollway (I-90)	323.8	298.9	729.2
Veterans Memorial Tollway (I-355)	17.5	20.9	10.2
Open Road Tolling (ORT)	2.7	3.4	4.0
Systemwide Improvements	133.8	106.6	249.2
I-294/I-57 Interchange	43.4	55.4	80.1
Elgin O'Hare Western Access	95.6	53.1	282.8
Illinois Route 53/120/Other Planning Studies	0.8	1.0	5.0
Move Illinois and CRP Subtotal	\$671.8	\$588.7	\$1,380.4
Other Capital Projects	47.2	43.1	55.0
Capital Program Subtotal	\$719.0	\$631.8	\$1,435.4
Intergovernmental Agreement Reimbursements	(9.2)	(12.2)	-
Total Capital Program	\$709.7	\$620.0	\$1,435.4

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

Revised Estimate 2014

Revisions to expenditure projections are made during the course of the year. In advance of the sale of Illinois State Toll Highway Authority 2014 Series B Bonds, the Tollway revised the 2014 *Move Illinois* and CRP portion of the capital program downward from \$1,380 million to \$1,261 million. The other capital projects estimate remains at \$55 million.

For the purpose of the first quarter 2014 review, the capital program actual expenditures are compared to the original budget approved at the December 2013 Board meeting.

Allocation of Capital Budget 2014

CORRIDOR

2014 Budget

The Tri-State Tollway (I-94/I-294/I-80)

\$9.5 Million

The *Move Illinois* Program capital budget for the Tri-State Tollway corridor is \$3.7 million which entails ramp reconstruction, as well as utilities/right-of-way support throughout the corridor.

The CRP budget for the Tri-State Tollway corridor is \$5.8 million to complete the right-of-way acquisitions for the new I-294/I-57 Interchange that is being constructed under *Move Illinois*.

The Reagan Memorial Tollway (I-88)

\$10.6 Million

The 2014 budget of \$3.5 million for this corridor is for design work for roadway reconstruction east of York Road, both on the connector road to the Tri-State Tollway (I-294) and the east segment ending at I-290, as well as to complete the ramp reconstruction at York Road, Spring Road and Highland Avenue along with various utility relocations.

The CRP budget allocates \$7.1 million to design the resurfacing between Illinois Route 251 and U.S. Route 30.

The Jane Addams Memorial Tollway (I-90)

\$729.2 Million

The *Move Illinois* Program budget allocates \$593 million to reconstruct and widen the westbound section from Mill Road to the Elgin Toll Plaza, including several mainline bridges. In advance of mainline reconstruction and widening the east section from the Elgin Toll Plaza to the Kennedy Expressway, retaining wall and noisewall installation will begin in 2014. Construction will begin on interchange improvements at Lee Street, bridge reconstruction will occur at Meacham Road and Bartlett Road along with bridge and ramp reconstruction at Illinois Route 25. The budget will also fund multi-year bridge reconstruction projects at Barrington Road, Higgins Road, Roselle Road and the Fox River Bridge, as well as wetland mitigation efforts, intelligent transportation system (ITS) equipment relocations and advanced ramp toll plaza modifications at I-290/Illinois Route 53 (Plaza 15A) and Arlington Heights Road (Plaza 18). Right-of-way acquisition efforts will continue in anticipation of mainline reconstruction and widening to begin in 2015. Utility relocations will also be critical work ahead of the mainline.

The CRP budget of \$136.2 million for this corridor is required for the first year of reconstruction and widening from the Kennedy Expressway to the Elgin Toll Plaza (Plaza 9), including retaining wall and noisewall installation from I-294 to Illinois Route 53.

The Veterans Memorial Tollway (I-355)

\$10.2 Million

The *Move Illinois* Program capital budget for this corridor is \$9.2 million to complete the pavement resurfacing from I-55 to Army Trail Road.

The CRP budget for this corridor is \$933 thousand, mainly to fund the southbound resurfacing and widening from 71st Street to 75th Street.

Open Road Tolling

\$4 Million

The 2014 Capital Budget allocates \$4 million for upgrades and enhancement for the Tollway's electronic toll collection equipment - Traffic Revenue Management and Maintenance Project (TRMMP).

Systemwide

\$249.2 Million

The *Move Illinois* Program capital budget allocates \$158.4 million on systemwide improvements, including bridge, pavement and safety improvements; toll collection and IT related projects; maintenance facility upgrades, which includes the reconstruction of the (M-1) maintenance site in Alsip; and to close-out the construction of the interchange at I-90 and Illinois Route 47. Additionally, funds will be spent on program support activities, including support staff, project management, materials, engineering and land acquisition support services.

The CRP budget allocates \$90.8 million for systemwide improvements including pavement improvements to ensure the integrity of the system, bridge improvements and environmental projects, landscaping, program management and other related projects.

Tri-State Tollway (I-294/I-57) Interchange

\$80.1 Million

The budget for this corridor is \$80.1 million to complete the first phase of construction of a new interchange at the Tri-State Tollway (I-294) and I-57, allowing movements from northbound I-57 to I-294 and from I-294 to southbound I-57, as well as a new access to 147th Street from I-294. In addition, construction will continue of a new flyover ramp from northbound I-57 to northbound I-294 and a new ramp from southbound I-294 to southbound I-57.

Elgin O'Hare Western Access Project

\$282.8 Million

The 2014 budget for this corridor will fund the final design services for the I-290 Interchange, as well as construction for the lane widening west of Meacham Road to Irving Park Road, completion of the noisewalls east of Roselle Road to Plum Grove Road, start of construction of the I-290 Interchange, new bridges at the Elmhurst Road Interchange at I-90 and advance construction work from Arlington Heights Road to Illinois Route 83. Tolling facilities costs have been included in the corresponding construction packages for each project. Also included in the budget is funding for a number of right-of-way land purchases along the corridor and utility relocations to support future construction.

Illinois Route 53/120 Project/Other Planning Studies

\$5.0 Million

The 2014 budget for this corridor will fund feasibility and planning studies on the extension of Illinois Route 53 from Lake Cook Road north into Lake County and other planning studies.

Other Capital Projects

\$55 Million

In addition to the *Move Illinois* and CRP, other projects are needed to support ongoing operations of the Tollway and to ensure that the existing roadway network is maintained and safe for travel. While the *Move Illinois* and CRP are the major components of the Tollway's capital program, other elements include new technologies to manage congestion, reduce travel times and provide enhanced customer service, improvements to maintenance buildings and other structures to maintain Tollway assets and additional equipment for the Illinois State Police

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District 15 and maintenance staff to improve efficiency and enhance public safety. The 2014 Budget anticipates spending \$55 million for other capital projects.

Capital Program Expenditures

Projection vs. Unaudited Actual
First Quarter 2014
(\$ thousands)

	1st Qtr		Variance	
	Projection	Actual ⁽¹⁾	\$	%
Tri-State Tollway (I-94/I-294/I-80)	\$4,277	\$2,223	\$2,054	48.0%
Reagan Memorial Tollway (I-88)	2,261	176	2,084	92.2%
Jane Addams Memorial Tollway (I-90)	84,650	64,802	19,848	23.4%
Veterans Memorial Tollway (I-355)	3,469	27	3,442	99.2%
Open Road Tolling (ORT)	646	12	634	98.2%
Systemwide Improvements	32,153	20,041	12,113	37.7%
Tri-State Tollway (I-294)/I-57 Interchange	14,575	6,446	8,129	55.8%
Elgin O'Hare Western Access	25,124	40,353	(15,230)	-60.6%
Illinois Route 53/120/Other Planning Studies	1,247	314	933	74.8%
Move Illinois and CRP Subtotal	\$168,402	\$134,394	\$34,008	20.2%
"Other" Capital Projects	12,100	11,180	920	7.6%
Capital Program Subtotal	\$180,502	\$145,574	\$34,928	19.4%
Intergovernmental Agreements Reimbursement and Other Adjustments ⁽²⁾	-	41	(41)	N/A
Total Capital Program Expenditures	\$180,502	\$145,615	\$34,887	19.3%

⁽¹⁾ Capital Program Actual included accrued expenses for which payments have not been made as of March 31, 2014.

⁽²⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

Analysis

Capital program expenditures are reported on an accrual basis. For the quarter ending March 31, 2014, unaudited capital program expenditures totaled \$145.6 million. This amount included expenses paid during the first quarter, as well as \$95.5 million of work completed during the quarter and/or in prior periods for which payments have not been made as of March 31, 2014. *Move Illinois* and CRP expenditures totaled \$134.4 million and other capital project expenditures totaled \$11.2 million. In addition, other adjustments made during the quarter totaled \$41 thousand.

The first quarter favorable variance of \$34.9 million for the capital program can be attributed to:

- Savings/lower cost of construction – an estimated \$4.4 million
- Scheduling changes – an estimated \$30.5 million

CORRIDOR

2014 First Quarter Expenditures

The Tri-State Tollway (I-94/I-294/I-80)

\$2.2 million

During the first quarter, closeout efforts continued for ramp reconstruction at I-55, I-90/I-190/River Road, U.S. Route 20/Lake Street, and Illinois Route 120 (Belvidere Road).

The favorable variance of \$2.1 million is attributed to right-of-way payments awaiting final closeout for the I-294/I-57 Interchange.

The Reagan Memorial Tollway

\$176 thousand

During the first quarter, design began for roadway resurfacing from U.S. Route 30 to Illinois Route 251. Ramp reconstruction at York Road, Spring Road and Highland Avenue continued toward spring completion.

The favorable variance of \$2.1 million was primarily due to slower than anticipated spending caused by the pending closeout of the ramp reconstruction contracts and the lower than expected spending for design contracts.

The Jane Addams Memorial Tollway (I-90)

\$64.8 million

Reconstruction and widening along the west section from Mill Road to Elgin Plaza (Plaza 9) began in the westbound direction. Bridge reconstruction continued at U.S. Route 20, the Kishwaukee River and several local crossroads. Installation of an intermediate power distribution system began that will provide power for corridor lighting and ITS equipment.

Construction of retaining walls and noisewalls in advance of mainline reconstruction and widening began on the east section from Elgin Plaza (Plaza 9) to the Tri-State Tollway (I-294). Construction began on interchange improvements at Lee Street. A multi-year bridge reconstruction contract began at Higgins Road. Right-of-way acquisition and utility relocation efforts have continued in earnest.

The favorable variance of \$19.8 million for this corridor was mostly due to schedule changes from projections in four areas: continuing design contracts representing \$2.3 million, slower construction starts of \$6.5 million (primarily the Fox River Bridge), right-of-way acquisitions of \$4 million and \$2.6 million in utility payments. In addition, \$4.3 million in bid savings was realized this quarter on the westbound contracts from Mill Road to the Elgin Toll Plaza, retaining wall and noisewall contracts from Elgin Plaza to the Kennedy Expressway and several mainline and local crossroad bridges.

The Veterans Memorial Tollway (I-355)

\$27 thousand

During the first quarter, closeout efforts on the resurfacing from I-55 to Army Trail Road began only minimally and are expected to occur now in the second quarter.

The favorable variance of \$3.4 million can largely be attributed to the extended closeout schedule of the resurfacing projects due to weather conditions.

Open Road Tolling (ORT)

\$12 thousand

The favorable variance of \$634 thousand was primarily due to slower spending than projected on the Traffic Revenue Management and Maintenance Project (TRMMP).

Systemwide

\$20 million

During the first quarter, completion and closeout of the interchange construction at I-90 and Illinois Route 47 continued. Design efforts on the maintenance facilities program progressed to finalize plans for the reconstruction of the M-1 maintenance site facility in Alsip, which will begin later in 2014. Various pavement, bridge, and ramp repair contracts also progressed.

The favorable variance of \$12.1 million for this corridor was primarily due to slower spending than anticipated on various construction and program management contracts, including \$6.3 million due to schedule changes in Business Systems and IT projects and \$1.9 million for oases parking lot repair and pavement work.

The Tri-State Tollway (I-294/I-57) Interchange \$6.4 million

During the first quarter, progress continued on ramp construction from northbound I-57 to northbound I-294 and from southbound I-294 to southbound I-57. Reconstruction efforts along 147th Street also continued.

The favorable variance of \$8.1 million for this corridor is mainly due to changes in expenditures from projections for utility and fiber optic work as well as construction spending.

The Elgin O'Hare Western Access Project \$40.4 million

EOWA first quarter expenditures got off to a strong start in 2014 with totals reaching just over \$40 million. Work included right-of-way land acquisitions needed for near-term construction projects associated with the Elmhurst Road Interchange at I-90, the I-290 Interchange and the Rohlwing Road Interchange. Construction continued on the Rohlwing Road Interchange, widening of Illinois Route 390 (the existing Elgin O'Hare Expressway) from Roselle Road to Meacham Road, noisewall installation from Roselle Road to Plum Grove Road, Elmhurst Road Bridge over I-90 reconstruction, Devon Avenue Bridge over I-290 bridge reconstruction. In addition, mobilization occurred on the removal of the Des Plaines Oasis. Design for Illinois Route 390 (including the existing Elgin O'Hare Expressway and the extension to the east) also progressed during this quarter.

An unfavorable variance of \$15.2 million was due to right-of-way land acquisition which exceeded the plan by \$11.5 million and better than anticipated construction performance that exceeded projections by \$3.3 million. Design tracked slightly above projections by a total of \$1.3 million. Construction management and utilities spending was lower than expected by a combined \$6 million.

Illinois Route 53/120 Project/Other Planning Studies \$314 thousand

Feasibility studies continued in the first quarter for the possible extension of Illinois Route 53 north of Lake Cook Road. The favorable variance of \$933 thousand was due to delayed task assignments in 2013.

Other Capital Projects \$11.2 million

Expenditures in this corridor included purchases for fleet, transponders, police equipment, production printer and other small capital equipment. In addition, first quarter expenditures funded other projects including general engineering, traffic consultant and other consulting services, Traffic Incident Management System (TIMS), intelligent transportation systems (ITS), systemwide signage, computer infrastructure upgrades and fuel stations rehabilitation. The favorable variance of \$920 thousand is attributed to slower than anticipated spending.

Financial Summaries

Quarterly Financial Review March 31, 2014

ILLINOIS TOLLWAY					
BUDGET vs. UNAUDITED ACTUAL					
First Quarter Ending March 31, 2014					
		1st Quarter		Variance	
	Budget	Actual	\$	%	
REVENUE					
Toll Revenue and Evasion Recovery	\$228,422,000	\$222,733,126	(\$5,688,874)		-2.5%
Concessions	529,000	531,124	2,124		0.4%
Investment Income	500,000	124,223	(375,777)		-75.2%
Miscellaneous	1,296,000	2,585,151	1,289,151		99.5%
Total Revenue	\$230,747,000	\$225,973,624	(\$4,773,376)		-2.1%
Maintenance and Operations (M and O) Expenditures					
Payroll and Related Costs	\$41,241,035	\$42,212,937	(\$971,902)		-2.4%
Group Insurance	7,574,717	7,048,086	526,632		7.0%
Contractual Services	12,584,453	11,765,387	819,066		6.5%
Materials/Operational Supplies/Other Expenses	1,897,203	2,045,430	(148,227)		-7.8%
Utilities	1,545,907	1,485,768	60,140		3.9%
All Other Insurance	2,565,023	2,568,318	(3,295)		-0.1%
Parts and Fuel	1,208,842	2,235,493	(1,026,651)		-84.9%
Equipment/Office Rental and Maintenance	4,603,146	4,810,116	(206,970)		-4.5%
Professional Development	300,721	223,929	76,792		25.5%
Recovery of Expenses	(683,965)	(731,880)	47,915		7.0%
Total Maintenance and Operations Expenditures	\$72,837,082	\$73,663,582	(\$826,500)		-1.1%
Net Revenue					
Revenue Less M and O Expenditures	\$157,909,918	\$152,310,042	(\$5,599,876)		-3.5%
Debt Service Transfers					
Existing Debt	\$76,902,500	\$75,851,296	\$1,051,204		1.4%
New Debt	1,875,000	-	1,875,000		100.0%
Total Debt Service Transfers	\$78,777,500	\$75,851,296	\$2,926,204		3.7%
Net Revenue Less Debt Service Transfers	\$79,132,418	\$76,458,746	(\$2,673,672)		-3.4%

Quarterly Financial Review March 31, 2014

ILLINOIS TOLLWAY				
ORIGINAL PROJECTION vs. UNAUDITED ACTUAL				
First Quarter Ending March 31, 2014				
	First Quarter		Variance	
	Projection	Actual ⁽²⁾	\$	%
Capital Program ⁽¹⁾				
Tri-State Tollway (I-94/I-294/I-80)	4,277,164	2,223,122	\$2,054,042	48.0%
Reagan Memorial Tollway (I-88)	2,260,504	176,341	2,084,163	92.2%
Jane Addams Memorial Tollway (I-90)	84,649,681	64,802,067	19,847,614	23.4%
Veterans Memorial Tollway (I-355)	3,469,442	27,113	3,442,330	99.2%
Open Road Tolling (ORT)	646,130	11,941	634,189	98.2%
Systemwide Improvements	32,153,484	20,040,592	12,112,892	37.7%
Tri-State Tollway (I-294)/I-57 Interchange	14,574,683	6,445,605	8,129,079	55.8%
Elgin O'Hare Western Access	25,123,573	40,353,366	(15,229,793)	-60.6%
Illinois Route 53/120/Other Planning Studies	1,247,297	314,112	933,185	74.8%
Move Illinois and CRP Subtotal	\$168,401,959	\$134,394,258	\$34,007,700	20.2%
"Other" Capital Projects	12,100,000	11,180,128	919,872	7.6%
Capital Program Subtotal	\$180,501,959	\$145,574,386	\$34,927,573	19.4%
Intergovernmental Agreement Reimbursements ⁽³⁾ and Other Adjustments	-	40,987	(40,987)	N/A
Total Capital Program Expenditures	\$180,501,959	\$145,615,373	\$34,886,586	19.3%

⁽¹⁾ Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.

⁽²⁾ Capital Program Actual included accrued expenses for which payments have not been made as of March 31, 2014.

⁽³⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

Quarterly Financial Review March 31, 2014

ILLINOIS TOLLWAY			
% of BUDGET REALIZED (UNAUDITED)			
Year-To-Date March 31, 2014			
	2014 Budget	YTD Actual	% Budget Realized
Toll Revenue and Evasion Recovery	\$1,005,000,000	\$222,733,126	22.2%
Concessions	2,200,000	531,124	24.1%
Investment Income	2,000,000	124,223	6.2%
Miscellaneous	5,800,000	2,585,151	44.6%
Total Revenue	\$1,015,000,000	\$225,973,624	22.3%
Maintenance and Operations (M and O) Expenditures			
Payroll and Related Costs	\$160,591,651	\$42,212,937	26.3%
Group Insurance	30,058,400	7,048,086	23.4%
Contractual Services	59,985,904	11,765,387	19.6%
Materials/Operational Supplies/Other Expenses	7,535,815	2,045,430	27.1%
Utilities	5,950,085	1,485,768	25.0%
All Other Insurance	10,482,500	2,568,318	24.5%
Parts and Fuel	6,492,308	2,235,493	34.4%
Equipment/Office Rental and Maintenance	15,691,205	4,810,116	30.7%
Professional Development	1,078,700	223,929	20.8%
Recovery of Expenses	(2,411,000)	(731,880)	30.4%
Total Maintenance and Operations Expenditures	\$295,455,568	\$73,663,582	24.9%
Net Revenue			
Revenue Less M and O Expenditures	\$719,544,432	\$152,310,042	21.2%
Debt Service Transfers			
Existing Debt	\$307,610,000	\$75,851,296	24.7%
New Debt	26,250,000	-	0.0%
Total Debt Service Transfers	\$333,860,000	\$75,851,296	22.7%
Net Revenue Less Debt Service Transfers	\$385,684,432	\$76,458,746	19.8%

Quarterly Financial Review March 31, 2014

ILLINOIS TOLLWAY			
% of PROJECTION REALIZED (UNAUDITED)			
YTD March 31, 2014			
	YTD		% Projection
	Projection	Actual ⁽²⁾	Realized
Capital Program ⁽¹⁾			
Tri-State Tollway (I-94/I-294/I-80)	\$9,448,266	2,223,122	23.5%
Reagan Memorial Tollway (I-88)	10,569,435	176,341	1.7%
Jane Addams Memorial Tollway (I-90)	729,153,338	64,802,067	8.9%
Veterans Memorial Tollway (I-355)	10,163,536	27,113	0.3%
Open Road Tolling (ORT)	3,977,221	11,941	0.3%
Systemwide Improvements	249,167,001	20,040,592	8.0%
Tri-State Tollway (I-294)/I-57 Interchange	80,107,849	6,445,605	8.0%
Elgin O'Hare Western Access	282,786,234	40,353,366	14.3%
Illinois Route 53/120/Other Planning Studies	5,000,191	314,112	6.3%
Move Illinois and CRP Subtotal	\$1,380,373,070	134,394,258	9.7%
"Other" Capital Projects	55,000,000	11,180,128	20.3%
Capital Program Subtotal	\$1,435,373,070	145,574,386	10.1%
Intergovernmental Agreement Reimbursements and Other Adjustments ⁽³⁾	-	40,987	N/A
Total Capital Program Expenditures	\$1,435,373,070	\$145,615,373	10.1%

⁽¹⁾ Capital Program expenses are financed by funds available in the Renewal/ Replacement and Improvement accounts.

⁽²⁾ Capital Program Actual included accrued expenses or which payments have not been made as of March 31, 2014.

⁽³⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods.

Quarterly Financial Review March 31, 2014

ILLINOIS TOLLWAY				
2014 vs. 2013 Unaudited Actual				
First Quarter Ending March 31st				
	First Quarter		Variance	
	2013	2014	\$	%
REVENUE				
Toll Revenue and Evasion Recovery	\$226,755,222	\$222,733,126	(\$4,022,095)	-1.8%
Concessions	549,913	531,124	(18,789)	-3.4%
Investment Income	290,517	124,223	(166,294)	-57.2%
Miscellaneous	934,059	2,585,151	1,651,092	176.8%
Total Revenue	\$228,529,711	\$225,973,624	(\$2,556,087)	-1.1%
Maintenance and Operations (M and O) Expenditures				
Payroll and Related Costs	\$38,402,854	\$42,212,937	(\$3,810,083)	-9.9%
Group Insurance	6,760,450	7,048,086	(\$287,635)	-4.3%
Contractual Services	7,729,933	11,765,387	(\$4,035,454)	-52.2%
Materials/Operational Supplies/Other Expenses	1,958,392	2,045,430	(\$87,038)	-4.4%
Utilities	1,559,095	1,485,768	\$73,327	4.7%
All Other Insurance	2,305,136	2,568,318	(\$263,181)	-11.4%
Parts and Fuel	1,711,846	2,235,493	(\$523,647)	-30.6%
Equipment/Office Rental and Maintenance	4,496,523	4,810,116	(\$313,593)	-7.0%
Professional Development	251,561	223,929	\$27,632	11.0%
Recovery of Expenses	(707,789)	(731,880)	\$24,091	3.4%
Total Maintenance and Operations Expenditures	\$64,468,002	\$73,663,582	(\$9,195,580)	-14.3%
Net Revenue				
Revenue Less M and O Expenditures	\$164,061,709	\$152,310,042	(\$11,751,667)	-7.2%
Debt Service Transfers				
Existing Debt	\$68,666,573	\$75,851,296	(\$7,184,723)	-10.5%
New Debt	-	-	-	N/A
Total Debt Service Transfers	\$68,666,573	\$75,851,296	(\$7,184,723)	-10.5%
Net Revenue Less Debt Service Transfers	\$95,395,136	\$76,458,746	(\$18,936,390)	-19.9%

Quarterly Financial Review March 31, 2014

ILLINOIS TOLLWAY				
2014 Actual vs. 2013 Unaudited Actual				
First Quarter Ending March 31st				
	1st Quarter QUARTER		Variance	
	2013	2014	\$	%
Capital Program				
Tri-State Tollway (I-94/I-294/I-80)	\$11,200,606	\$2,223,122	\$8,977,484	80%
Reagan Memorial Tollway (I-88)	3,018,361	176,341	2,842,020	94%
Jane Addams Memorial Tollway (I-90)	32,645,579	64,802,067	(32,156,488)	-99%
Veterans Memorial Tollway (I-355)	242,267	27,113	215,155	89%
Open Road Tolling (ORT)	226,007	11,941	214,066	95%
Systemwide Improvements	12,512,034	20,040,592	(7,528,558)	-60%
Tri-State Tollway (I-294)/I-57 Interchange	2,780,034	6,445,605	(3,665,570)	-132%
Elgin O'Hare Western Access	8,258,976	40,353,366	(32,094,390)	-389%
Illinois Route 53/120/Other Planning Studies	-	314,112	(314,112)	N/A
Move Illinois and CRP Subtotal	\$70,883,864	\$134,394,258	(\$63,510,394)	-90%
"Other" Capital Projects	7,891,516	11,180,128	(3,288,611)	-42%
Capital Program Subtotal	\$78,775,381	\$145,574,386	(\$66,799,005)	-85%
Intergovernmental Agreement Reimbursements and Other Adjustments ⁽¹⁾	147,510	40,987	106,523	72%
Total Capital Program Expenditures	\$78,922,890	\$145,615,373	(\$66,692,483)	-85%

⁽¹⁾ Intergovernmental Agreement Reimbursements were for work performed in prior periods, and Other Adjustments were accounting adjustments made for the quarter.