Illinois Tollway

Financing Update and Swap Overview

September 18, 2013

Financing Update

- **$1 billion bonds authorized for *Move Illinois***
  - ✓ $500M issued May 16th – $523M for project at all-in rate of 4.1%
  - $500M authorization remaining, expected in 1st Qtr 2014
- **$1 billion bonds authorized to advance refund 2005A/2006A**
  - ✓ $217M issued to advance refund $228M Series 2005A, producing $13.4M of present value savings
  - Continue to monitor market for additional savings opportunities
- **$850M bonds authorized to refund synthetic fixed rate debt**
  - ✓ $279.3M issued July 1, 2010 to refund portion of Series 2008A
  - $570.7M authorization remaining; continue to monitor market for refunding/restructuring opportunities on synthetic fixed rate bonds

Financing Update (cont'd)

- **Manage Liquidity/Credit Facility Agreements**
  - ✓ Completed extensions of 3 of 4 agreements expiring in 2013

    4th agreement expiring in 2013 expected to be extended in December

    6 agreements expiring in 1st Qtr of 2014; Tollway will work with its Financial Advisor to extend facilities, or to solicit replacement(s) as necessary
- **Review hedging strategies in anticipation of future bond issuances and/or future refunding opportunities**
  - ✓ Hedging options to manage market increases in interest rates, such as pre-funding future projects via early bond issuance, forward floating-to-fixed interest rate swaps, swaptions, interest rate caps

Swap Overview

- A two-party agreement by and between the Tollway and a Swap Dealer to exchange payments on the dates and per the terms specified in the swap agreement.

- Payments exchanged may be based upon fixed and floating rates or upon two different floating rates.

- In the municipal market, floating rates commonly used are the SIFMA Index (SIFMA) and the London Interbank Offered Rate (known as LIBOR).

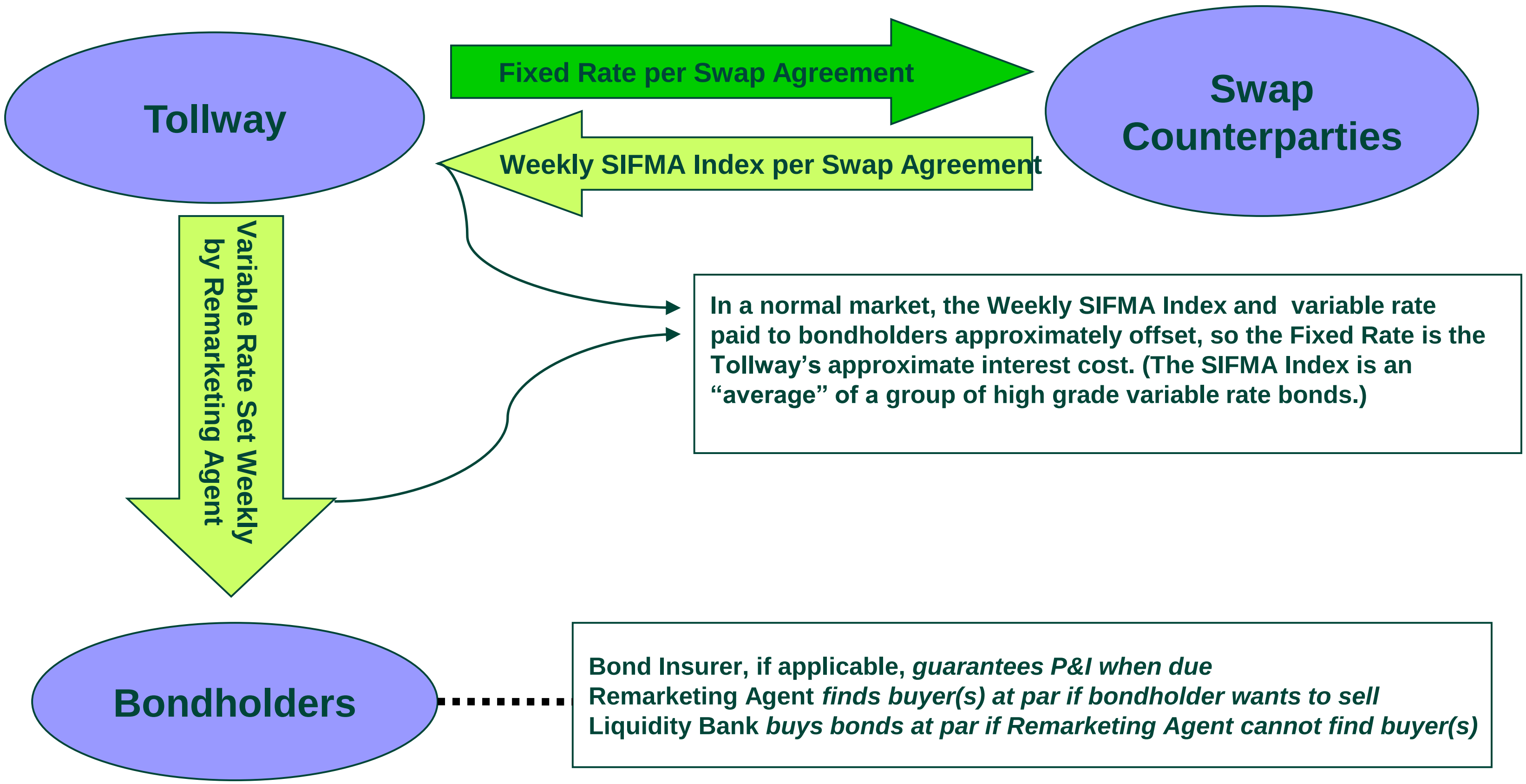
Swap Overview (Cont'd)

- Swap payments are calculated based on a "Notional Amount" specified in the swap agreement, which often matches principal amount/amortization; the Notional Amount is not, however, exchanged by the parties.

- Swaps are executed under the terms of a Master Agreement, using documents published by the International Swaps and Derivatives Association, Inc. (ISDA).

Swap Overview – Synthetic Fixed Rate Mechanics

Variable Rate Bonds Combined with a Floating-to-Fixed Rate Swap



Tollway Swap Portfolio – Need for "Qualified Independent Representative"

- Per the Dodd-Frank Act, new Business Conduct Rules promulgated by the CFTC impose significant requirements on Swap Dealers conducting business with "special entities" (federal agencies, states, state agencies, cities, counties, governmental plans, employee benefit plans, endowments).

- Among many of the requirements, Swap Dealers will request the Tollway to designate one or more "Qualified Independent Representative(s)" capable of independently evaluating risks with regard to swap transactions.

- Authorization is requested to designate the four firms currently under contract as Tollway financial advisors as such Qualified Independent Representatives.

Tollway Debt Portfolio

	Bonds Outstanding	
Fixed Rate	$3,094,555,000	*(70%)*
Synthetic Fixed Rate*	1,302,000,000	*(30%)*
Total	$4,396,555,000	

*Each of the Tollway's Synthetic Fixed Rate bond issues consists of:

(i) variable rate bonds supported by bank liquidity facilities; and

(ii) associated swap agreements with one to several swap counterparties which "swap" a variable interest rate intended to match or approximate the variable rate on the bonds for a fixed interest rate.

Tollway Swap Portfolio - Current Synthetic Fixed Rate Costs

CURRENT (9/15/2013) ALL-IN BORROWING RATES - SYNTHETIC FIXED RATE BONDS

	A	B	C = A - B	D	E	C + D + E
Series	Variable Rate to Bondholders	Less Var. SIFMA Rate from Swaps	Tollway Net Variable Rate	Plus Fixed Rate to Swaps	Plus Liquidity and Remarketing	Tollway All-in Borrowing Cost
*1998B**	0.600%	0.600%*	0.000%*	4.325%	0.575%	**4.900%**
2007A-1	0.065%	0.060%	0.005%	3.972%	0.800%	**4.777%**
2007A-2	0.057%	0.060%	-0.003%	3.9925%	0.780%	**4.769%**
2008A-1	0.200%	0.060%	0.140%	3.774%	0.655%	**4.569%**
2008A-2	0.200%	0.060%	0.140%	3.764%	0.560%	**4.464%**

* The variable rate portion of the Series 1998B swaps is the interest rate on the Series 1998B Bonds, as opposed to the basis for the variable rate portion of the Series 2007A and Series 2008A swaps, which is the 7-day SIFMA Index. Under certain circumstances the 1998B swap counterparties may change the variable rate basis for the variable rate portion of the swap from the actual bond rate to the SIFMA Index plus 8 basis points.

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Tollway Swap Portfolio *(as of September 15, 2013)*

(Thousands of $)

Series	Provider	Notional Amount	Fixed Rate Paid	Variable Rate Rec'd	Maturity	Valuation
1998 B	Goldman Sachs Mitsui Marine	67,705	4.325%	Actual	1/1/2017	(6,971)
1998 B	JP Morgan Chase Bank	55,395	4.325%	Actual	1/1/2017	(5,704)
	1998 SERIES B Total	123,100				(12,675)
2007 A-1	Citibank N.A., New York	175,000	3.972%	SIMFA	7/1/2030	(21,683)
2007 A-1	Goldman Sachs Bank USA	175,000	3.972%	SIMFA	7/1/2030	(21,683)
	2007 SERIES A-1 Total	350,000				(43,366)
2007 A-2	Bank of America, N.A.	262,500	3.9925%	SIMFA	7/1/2030	(33,151)
2007 A-2	Wells Fargo Bank**	87,500	3.9925%	SIMFA	7/1/2030	(11,050)
	2007 SERIES A-2 Total	350,000				(44,201)
2008 A-1	The Bank of New York	191,550	3.774%	SIMFA	1/1/2031	(20,164)
2008 A-1	Deutsch Bank AG, New York Branch	191,550	3.774%	SIMFA	1/1/2031	(20,164)
	2008 SERIES A-1 Total	383,100				(40,328)
2008 A-2	Bank of America, N.A.	95,775	3.764%	SIMFA	1/1/2031	(9,972)
	2008 SERIES A-2 Total	95,775				(9,972)
TOTAL		**1,301,975**				**(150,543)**

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Tollway Swap Portfolio (Cont'd)

- Tollway swap mark-to-market valuations typically decline in value 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, it is possible (although not certain) that such a realized loss would be mitigated by a lower cost of capital expected to be available in that lower-interest rate market.

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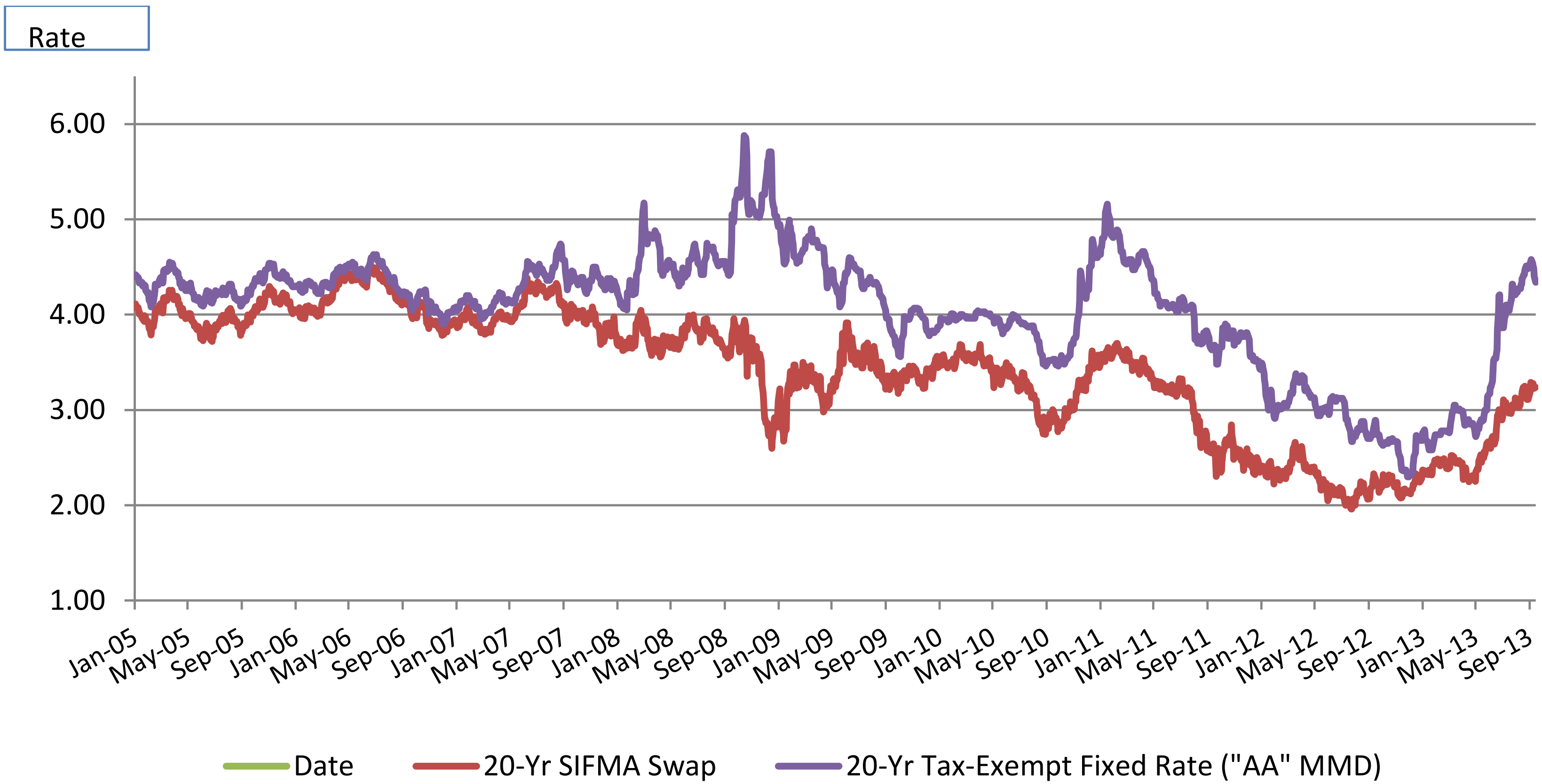
Refunding Synthetic Fixed Rate Bonds

Refunding prospects improve as spread between yield curves declines.



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THANK YOU