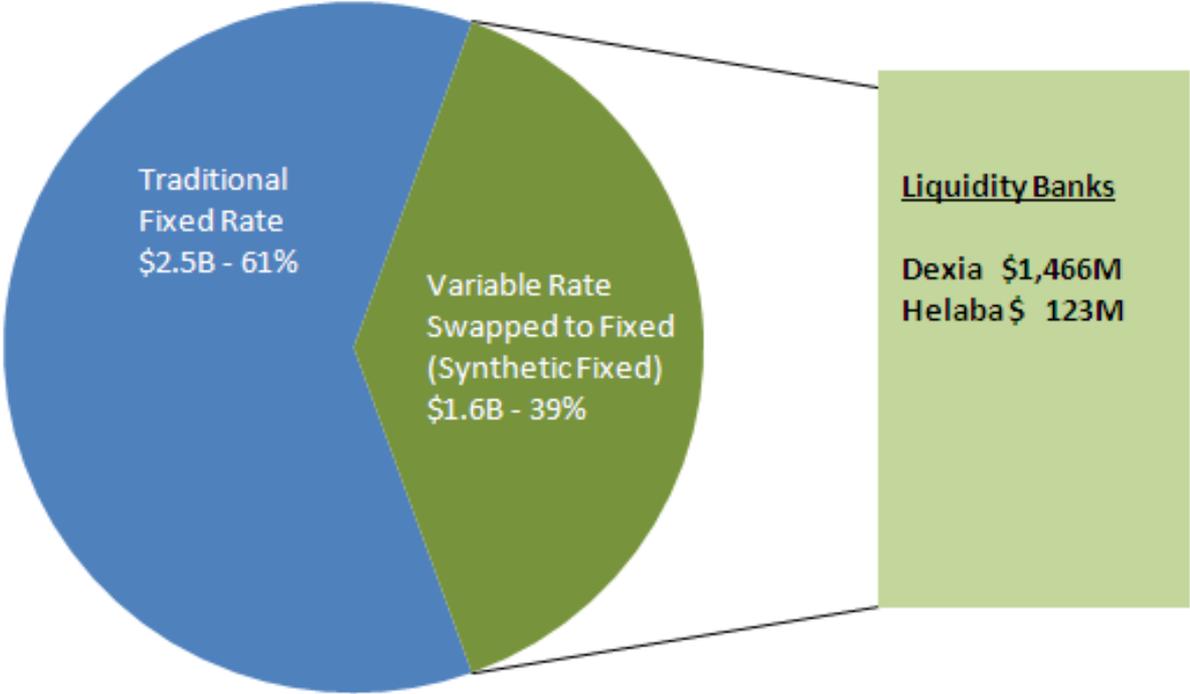




Debt Profile Update

March 24, 2011

Debt Profile As of January 2010



Total debt as of January 2010 - \$4.1 Billion



Goals (Set January 2010)

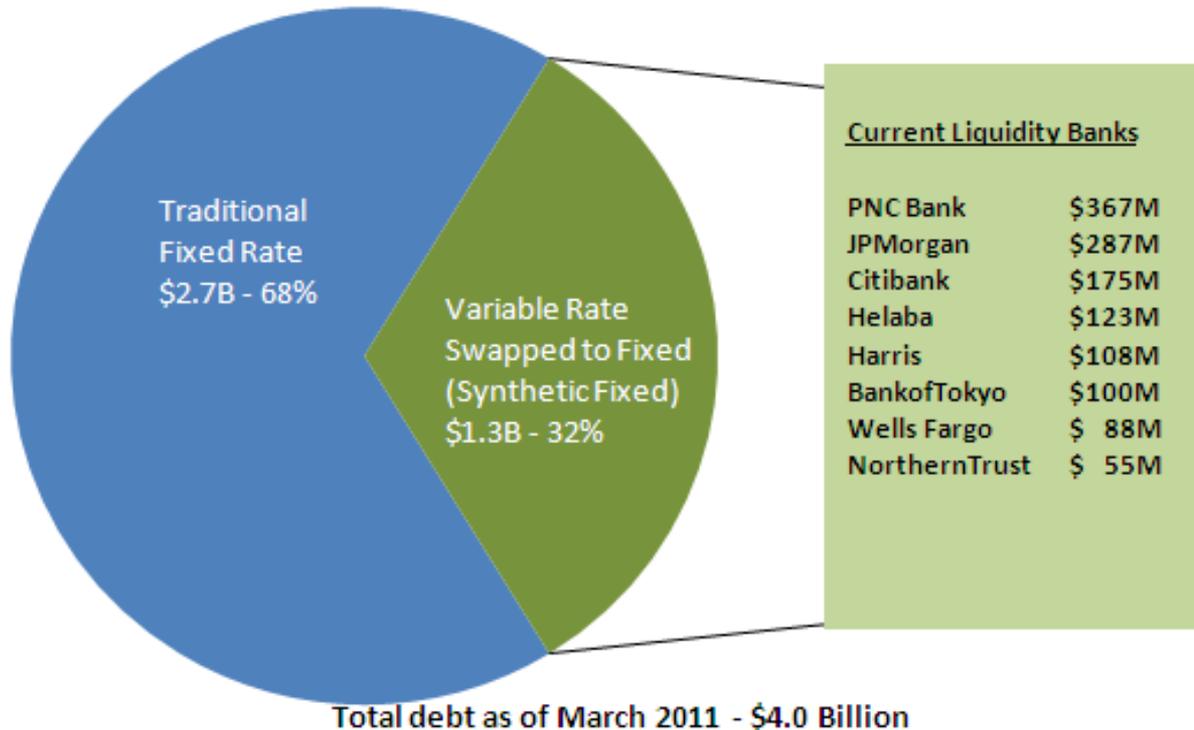
- Reduce variable rate debt (synthetic fixed rate)
- Diversify variable rate debt liquidity providers
- Debt Management Policy guideline
 - Below 25% - Total variable rate debt (hedged or un-hedged)
 - Below 15% - Un-hedged variable rate debt
The Tollway has never issued un-hedged variable rate debt

Changes to Debt Profile (Since January 2010)

- **Refunded synthetic fixed rate bonds to fixed rate - \$287.3 million (July 1, 2010)**
 - Issued \$279 million of fixed rate bonds to refinance variable rate bonds
- **Bonds matured January 1, 2011 - \$49.9 million fixed rate**
- **Renewed/replaced liquidity agreements - \$1.3 billion (December 2010, February 2011 and March 2011)**



Current Debt Profile – March 2011



Diversification of liquidity was completed in March 2011



Review of Synthetic Fixed Rate Bond Costs

Synthetic fixed rate bonds currently performing as intended

<i>All-In Borrowing Rates - Synthetic Fixed Rate Bonds</i>			
Series	2010	2011	
	All-In Borrowing Cost	Add'l Cost for Liquidity in 2011	2010 Cost + Add'l Liquidity Cost
1998B	4.83%	0.10%	4.93%
2007A-1	4.31%	0.44%	4.75%
2007A-2	4.33%	0.46% *	4.79%
2008A-1	4.04%	0.52%	4.56%
2008A-2	4.02%	0.52%	4.54%

Target for refinancing synthetic fixed rate in 2010 was 5.0% to 5.5%

*Does not include an average 9 basis point upfront LOC fee from the 2007A-2 LOC providers. There were no upfront liquidity/LOC fees imposed by the facility providers of the other series.



Prospects for Additional Refunding

- **Cost of refunding synthetic fixed rate continues to be in the range of 5.75% - 6.25%**
 - ❑ Includes 5.0%-5.25% interest on new bonds and 0.5%-0.75% cost of terminating swaps
 - ❑ 1.0% increase in cost of borrowing on remaining authorization of \$570 million is \$5.7 million per year

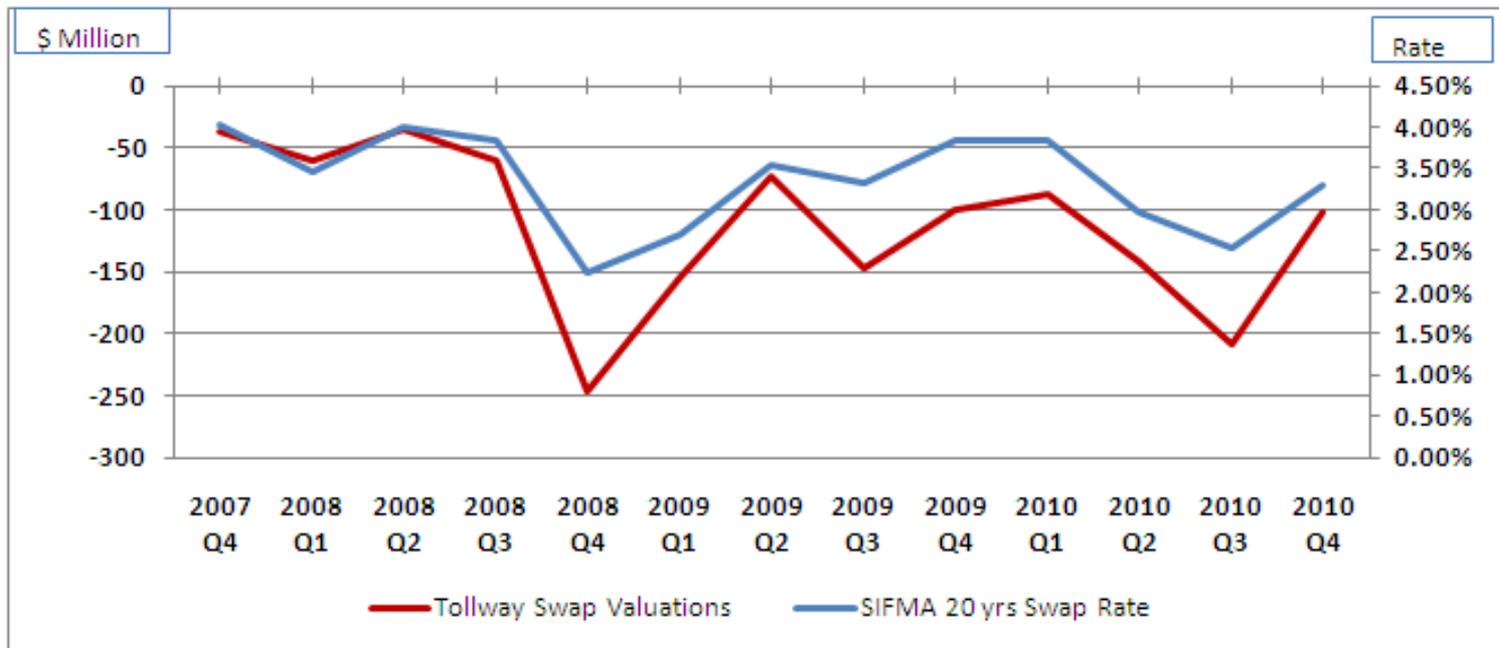
- **Cost of terminating swaps has declined, but cost of issuing new debt has increased**
 - ❑ Fewer long-term municipal investors
 - ❑ Expiration of Build America Bonds Program
 - ❑ Headlines on financial problems of state and local governments



Swap Valuations - Recent History

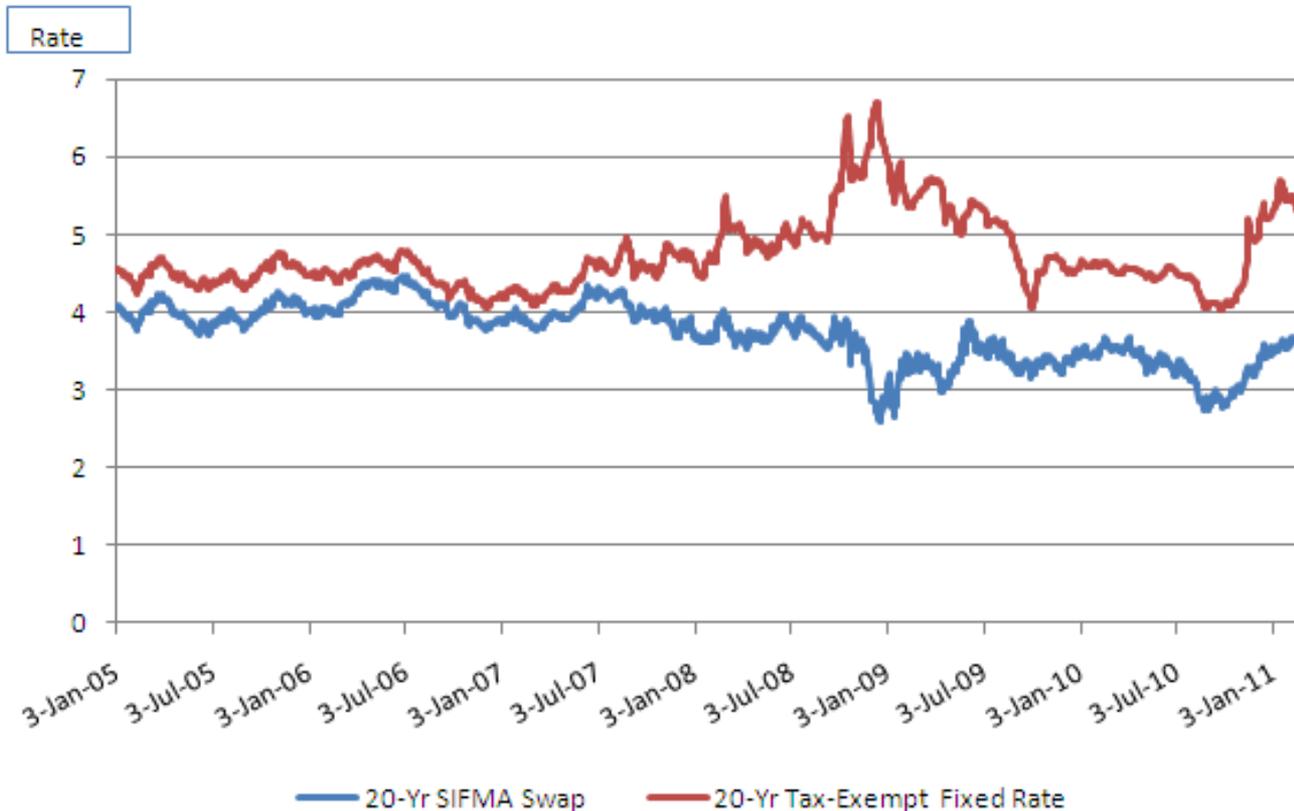
Tollway quarterly swap valuations 2007 – 2010

- As interest rate increases, cost of terminating swap declines



Prospects for Additional Refunding

Refunding prospects improve as spread between yield curves declines



Debt Considerations for 2011

- **Adjust target for refunding synthetic fixed rate bonds to between 5.5% and 6.0%**
Requires: (A) Refunding the variable rate bonds
(B) Terminating like amount of the swaps
- **Monitor market for liquidity for opportunities to reduce costs in 2012**
- **Convene team for refunding of synthetic fixed rate bonds**
- **Increased reporting requirements**



Appendix

Annual Debt Service Requirements

Set forth below is a schedule of the annual debt service associated with the Authority's Bonds Outstanding, all of which are Senior Bonds, for the years ended January 1, 2012 through January 1, 2035.

<u>Year Ending January 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	\$ 53,040,000	\$ 196,885,141	\$ 249,925,141
2013	56,365,000	193,558,831	249,923,831
2014	92,855,000	190,458,756	283,313,756
2015	97,795,000	185,518,681	283,313,681
2016	102,910,000	180,315,256	283,225,256
2017	107,850,000	175,472,581	283,322,581
2018	111,315,000	170,547,181	281,862,181
2019	137,785,000	165,029,096	302,814,096
2020	144,640,000	158,125,162	302,765,162
2021	150,695,000	151,777,415	302,472,415
2022	157,980,000	144,249,178	302,229,178
2023	165,615,000	136,352,409	301,967,409
2024	173,660,000	128,083,209	301,743,209
2025	173,605,000	118,411,020	292,016,020
2026	181,350,000	110,656,829	292,006,829
2027	196,565,000	103,107,412	299,672,412
2028	206,045,000	94,071,482	300,116,482
2029	215,850,000	85,683,766	301,533,766
2030	225,550,000	76,819,631	302,369,631
2031	235,295,000	67,501,548	302,796,548
2032	237,545,000	60,368,800	297,913,800
2033	249,790,000	46,843,972	296,633,972
2034	262,665,000	32,626,004	295,291,004
2035	<u>280,000,000</u>	<u>16,382,800</u>	<u>296,382,800</u>
Total	\$4,016,765,000	\$2,988,846,160	\$7,005,611,160



Review of Synthetic Fixed Rate Bond Performance

Performance in 2010 (and pro-forma for 2011)

- Synthetic fixed rate bonds currently performing as intended

ALL-IN BORROWING RATES - SYNTHETIC FIXED RATE BONDS

FULL YEAR 2010 (ALL-IN ANNUAL COST)

	<u>A</u>	<u>B</u>	<u>C = A - B</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>C+D+E+F</u>
Series	Rate to Bondholders	Less SIFMA Rate from Swaps	Rate Premium	Plus Fixed Rate to Swaps	Plus Liquidity Fee	Plus Remarketing Fee	All-in Borrowing Cost
1998B*	0.273%	na	0.000%	* 4.3250%	0.50%	0.04%	4.83%
2007A-1	0.289%	0.263%	0.026%	3.9720%	0.31%	0.05%	4.31%
2007A-2	0.289%	0.263%	0.026%	3.9925%	0.31%	0.05%	4.33%
2008A-1	0.296%	0.263%	0.033%	3.7740%	0.23%	0.05%	4.04%
2008A-2	0.289%	0.263%	0.026%	3.7640%	0.23%	0.05%	4.02%

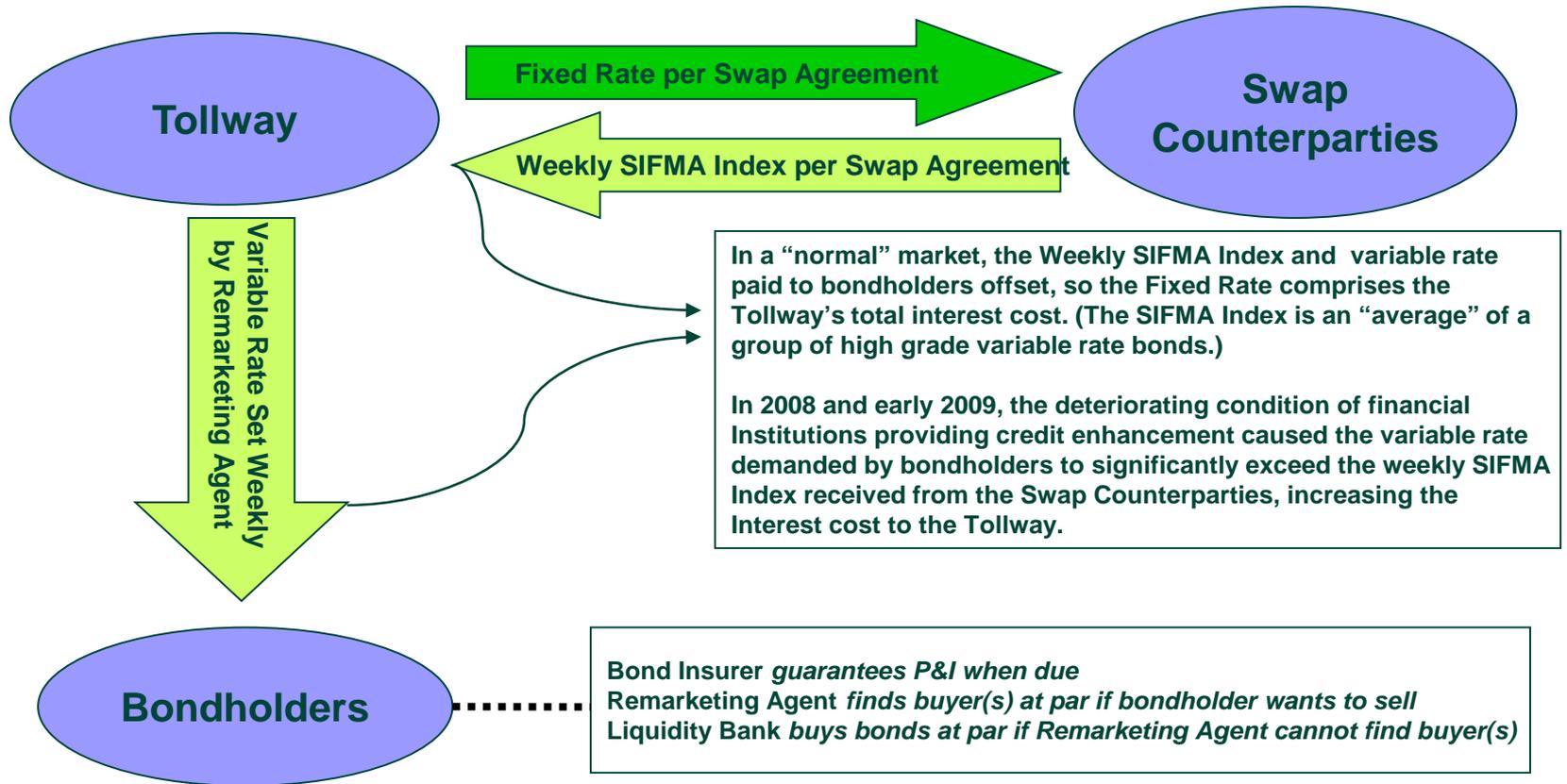
2011	
Add'l Cost for Liquidity in 2011	2010 Cost + Add'l Liq Cost
0.10%	4.93%
0.44%	4.75%
0.46%	4.79%
0.52%	4.56%
0.52%	4.54%

* The swap providers for Series 1998B pay the actual bond rate, so no adjustment versus SIFMA rates on Series 1998B.



Mechanics of the Synthetic Fixed Rate Structure

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





THANK YOU