2013 DEBT ISSUANCE AND MANAGEMENT

December 2012

Funding the *Move Illinois* Program

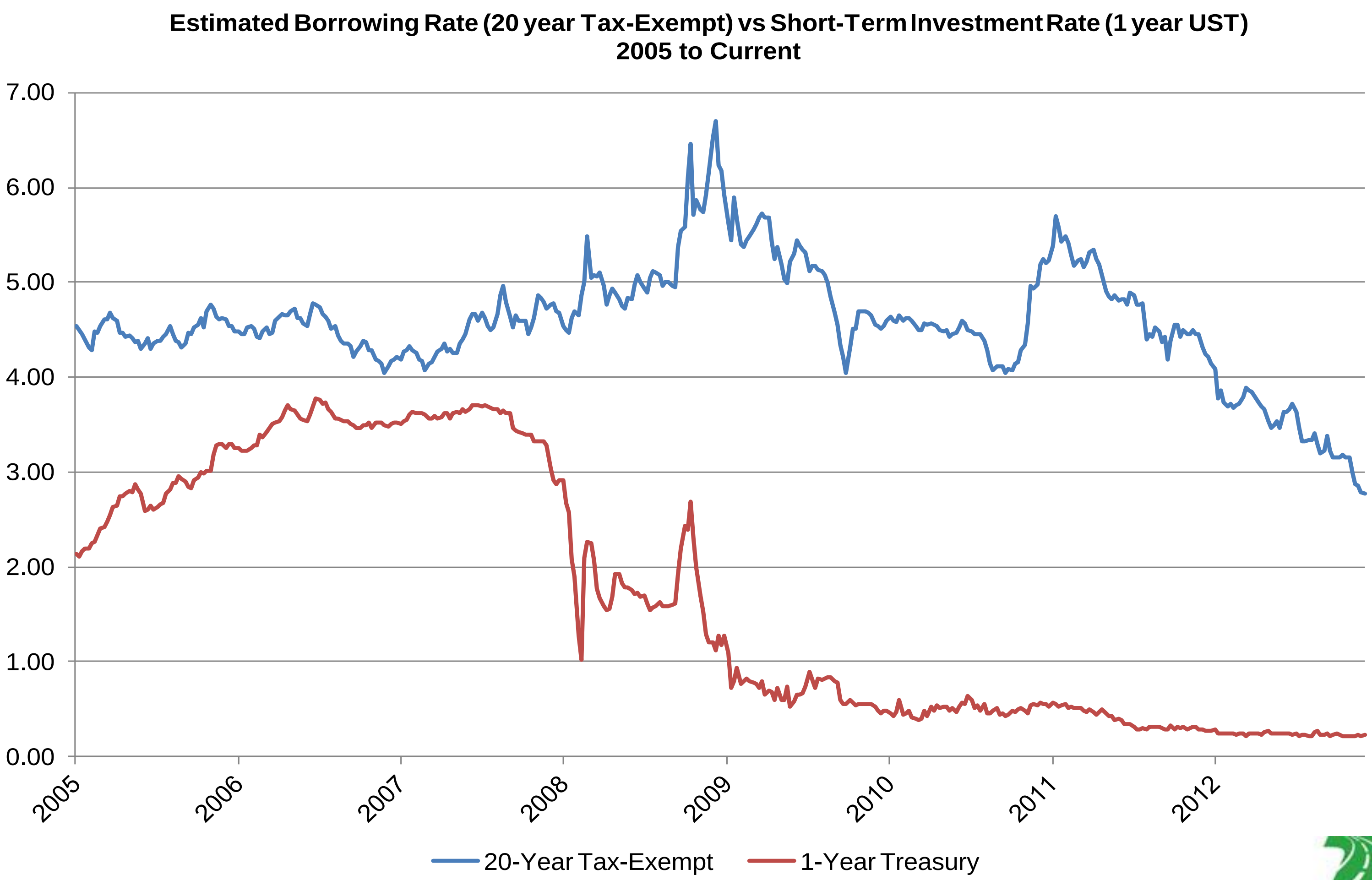
- $12.1 billion over 15 years for *Move Illinois*
- Estimated $5 billion will be financed with debt
- Plan calls for $3 billion debt to be issued between 2013–2016
- Cost of borrowing planned to be in 5-6 percent range
- Current revenues finance remaining costs of the program

Market Considerations

- The Tollway needs to issue in first quarter of 2013 to accommodate cash flow needs of the *Move Illinois* Program
- Long-term tax-exempt borrowing rates are near historic lows; estimated current Tollway rate for 25-year bonds is 3.00-3.50 percent
- Short-term investment rates are very low, making it less attractive to issue bonds earlier than required by project schedules and cash flow needs
- Changing regulatory environment will impact cost and availability of liquidity/credit support for variable rate bonds
- Seeking authorization to issue as much as $1 billion of fixed rate bonds during 2013

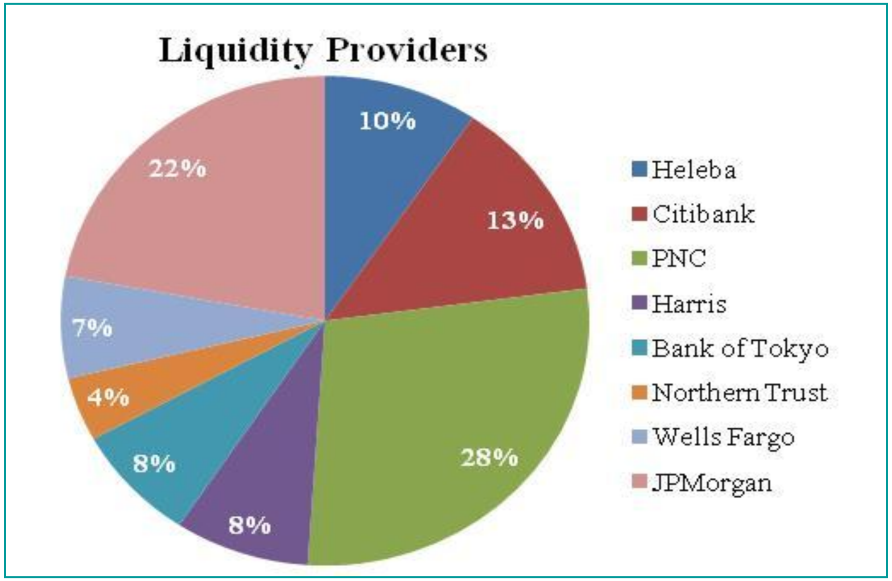
Low Investment Returns

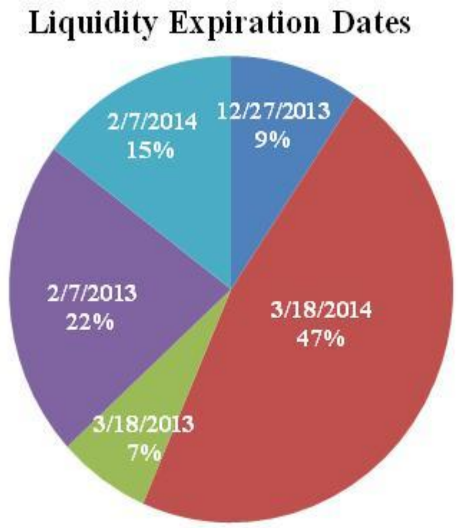
Low investment return increases cost of issuing in advance of need ("negative arbitrage")



Manage Liquidity Agreement Extensions/Replacements

Series	Provider	Expiration	Principal	Fee	Annual Fee
1998B	Heleba	12/27/2013	$123,100,000	0.60%	$786,814
2007A-1	Citibank	1/31/2014	175,000,000	0.75%	1,358,073
2007A-1	PNC	3/18/2014	175,000,000	0.75%	1,355,339
2007A-2	Harris	3/18/2014	107,500,000	0.75%	821,160
2007A-2	Bank of Tokyo	3/18/2014	100,000,000	0.75%	763,870
2007A-2	Northern Trust	3/18/2014	55,000,000	0.70%	392,120
2007A-2	Wells Fargo	3/18/2013	87,500,000	0.85%	768,025
2008A-1	JPMorgan	2/7/2013	191,500,000	0.75%	1,472,954
2008A-1	PNC	2/7/2014	191,600,000	0.75%	1,453,063
2008A-2	JPMorgan	2/7/2013	95,800,000	0.75%	736,862
			$1,302,000,000		**$9,928,461**

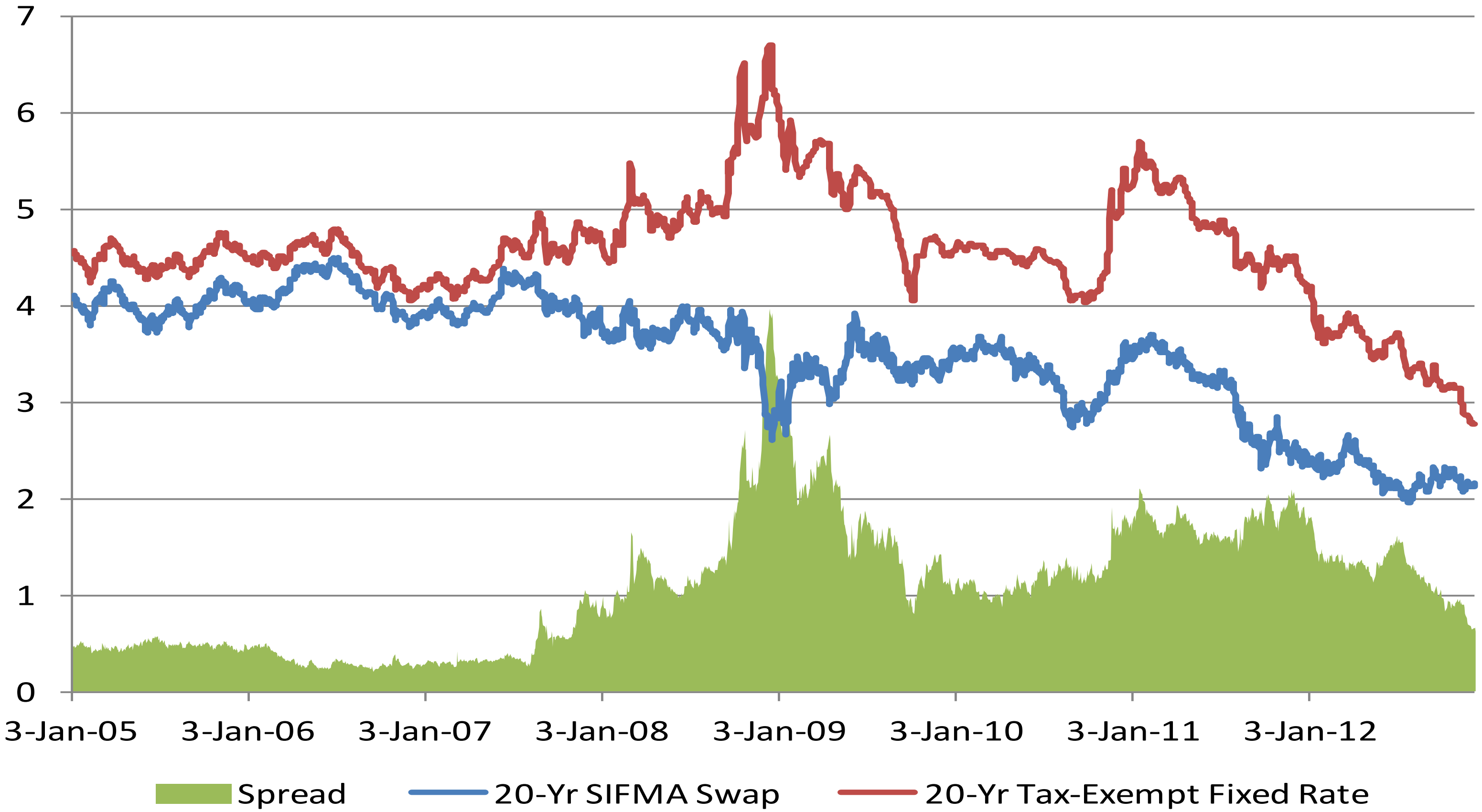




Presented by Mike Colsch on December 12, 2012

Prospects for Refunding Additional Synthetic Fixed Rate

Refunding prospects improve as spread between yield curves declines



Hedging Considerations

- Long-term tax-exempt rates are near historic lows; estimated current Tollway rate for 25-year bonds is 3.00-3.50 percent
- The Tollway's financial plan is currently un-hedged and exposed to interest rate risk
    - Assuming $5 billion in bond financings with an average life of 29 years, each 1 basis point rise in rates would increase the present value of debt by approximately $7 million

Actions Proposed for 2013

- Issue $1 billion of traditional fixed rate tax-exempt bonds to finance *Move Illinois* projects (two series – first and third quarters)
- Manage extension or replacement of bank liquidity agreements supporting 1998 Series B, 2007 Series A and 2008 Series A Bonds. Current agreements expire between December 2012 and March 2014.
- Continue to monitor opportunities to refinance or restructure synthetic fixed rate 1998 Series B, 2007 Series A and 2008 Series A Bonds into traditional fixed rate or other structures that reduce risks associated with third-party liquidity/credit agreements
- Review opportunities to hedge future borrowing costs for *Move Illinois* Program

Illinois Tollway

THANK YOU