NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS."**

In the opinion of Mayer Brown LLP, under existing law, interest on the 2014B Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming continuing compliance with the requirements of federal tax laws. Interest on the 2014B Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest on the 2014B Bonds is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax liability of certain corporations. See "TAX MATTERS" herein for a more complete discussion.

$500,000,000
THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
Toll Highway Senior Revenue Bonds, 2014 Series B

Maturities, Principal Amounts, Interest Rates, Yields and CUSIP Numbers are Shown on the Inside of the Front Cover

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This Official Statement contains information relating to The Illinois State Toll Highway Authority (the "**Authority**") and the Authority's Toll Highway Senior Revenue Bonds, 2014 Series B (the "**2014B Bonds**"). The 2014B Bonds are being issued under an Amended and Restated Trust Indenture effective as of March 31, 1999, amending and restating a Trust Indenture dated as of December 1, 1985 (as amended, restated and supplemented, the "**Indenture**") from the Authority to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "**Trustee**").

The 2014B Bonds will be issuable as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository for the 2014B Bonds. Purchasers of the 2014B Bonds will not receive certificates representing their interests in the 2014B Bonds purchased. Principal of and interest on the 2014B Bonds will be paid by the Trustee to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the 2014B Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the 2014B Bonds will be made to such registered owner, and disbursement of such payments to beneficial owners will be the responsibility of DTC and its participants. See **APPENDIX E – "BOOK-ENTRY SYSTEM."**

The 2014B Bonds will mature on January 1 of the years and in the amounts and will bear interest at the rates per annum set forth on the inside cover page of this Official Statement, payable on January 1 and July 1 of each year, commencing January 1, 2015. As described herein, the 2014B Bonds are subject to optional redemption prior to maturity. See **"DESCRIPTION OF THE 2014B BONDS – Optional Redemption of 2014B Bonds."**

All Bonds issued under the Indenture, including the 2014B Bonds, are payable solely from and secured solely by a pledge of and lien on the Net Revenues (as defined in this Official Statement) and certain other funds as provided in the Indenture. See **"SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS."**

THE 2014B BONDS AND ANY OTHER BONDS ISSUED UNDER THE INDENTURE DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE AUTHORITY OR OF THE STATE OF ILLINOIS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY OR OF THE STATE OF ILLINOIS, OR GRANT TO THE OWNERS OR HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY OR THE ILLINOIS GENERAL ASSEMBLY LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR THE INTEREST THEREON.

The 2014B Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to withdrawal and modification of the offer without notice and approval of legality by Mayer Brown LLP, Chicago, Illinois, Bond Counsel. Certain legal matters in connection with the 2014B Bonds will be passed upon for the Authority by David A. Goldberg, Esq., Assistant Attorney General and the Authority's General Counsel, and by the Authority's special counsel, Pugh, Jones & Johnson, P.C., Chicago, Illinois and for the Underwriters by their counsel, Foley & Lardner LLP, Chicago, Illinois. Certain documents to which the Authority is a party will be approved as to form and constitutionality by the Attorney General of Illinois. It is expected that the 2014B Bonds in definitive form will be available for delivery to DTC on or about June 4, 2014.

Citigroup **Barclays**

BMO Capital Markets **Ramirez & Co., Inc.**

Fifth Third Securities, Inc. **Oppenheimer** **Piper Jaffray & Co.** **Rice Financial Products Company** **Stifel**

Dated: May 8, 2014

MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

$500,000,000
The Illinois State Toll Highway Authority
Toll Highway Senior Revenue Bonds, 2014 Series B

Dated: Date of Delivery **Due: January 1, as shown below**

Maturity (January 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†] (452252)
2026	$ 7,300,000	5.000%	2.940%[C]	117.080[C]	HU6
2027	9,100,000	5.000	3.050[C]	116.084[C]	HV4
2028	9,100,000	5.000	3.160[C]	115.097[C]	HW2
2029	8,100,000	5.000	3.260[C]	114.209[C]	HX0
2030	7,700,000	5.000	3.370[C]	113.242[C]	HY8
2031	7,700,000	5.000	3.480[C]	112.284[C]	HZ5
2032	12,900,000	5.000	3.560[C]	111.594[C]	JA8
2033	14,900,000	5.000	3.650[C]	110.823[C]	JB6
2034	16,900,000	5.000	3.710[C]	110.313[C]	JC4
2035	16,700,000	5.000	3.770[C]	109.806[C]	JE0
2036	85,500,000	5.000	3.820[C]	109.385[C]	JF7
2037	89,800,000	5.000	3.850[C]	109.134[C]	JG5
2038	94,300,000	5.000	3.870[C]	108.966[C]	JH3
2039	120,000,000	5.000	3.890[C]	108.799[C]	JD2

[C] Priced to first optional redemption date of January 1, 2024 at par.

 The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2014B Bonds at the time of issuance of the 2014B Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for the accuracy of such numbers. CUSIP numbers may be changed after the issuance of the 2014B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2014B Bonds.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
2700 OGDEN AVENUE
DOWNERS GROVE, ILLINOIS 60515-1703
(630) 241-6800

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Governor of Illinois, *ex officio* director

Ann L. Schneider
Secretary of the Illinois Department of Transportation, *ex officio* director

Paula Wolff
Chair

James J. Banks
Terrence D'Arcy
Earl Dotson, Jr.
David Gonzalez
Mark Peterson
Jeffrey Redick
James Sweeney
Thomas Weisner

Lisa Madigan
Attorney General of Illinois and
ex officio Attorney for the Authority

Dan Rutherford
Treasurer of the State of Illinois and
ex officio Custodian of the Illinois State Toll Highway Authority Fund

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Mike Stone
Chief of Staff

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Assistant Attorney General
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AECOM Technical Services, Inc.
Consulting Engineer

CDM Smith Inc.
Traffic Engineer

This Official Statement, which includes the cover page and inside front cover page and appendices, is being used in connection with the offer and sale of the 2014B Bonds and may not be reproduced or be used, in whole or in part, for any other purpose. The information set forth in this Official Statement is believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. Each Underwriter has reviewed the information in this Official Statement in accordance with and as part of its respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but no Underwriter guarantees the accuracy or completeness of such information. The information and expressions of opinion contained in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information in this Official Statement pertaining to the Authority and the Tollway System as of any time subsequent to the date of such information. No dealer, sales representative or any other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering it describes and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

This Official Statement should be considered in its entirety. No information or portion of information in this Official Statement should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to such statutes, ordinances, reports or other documents for more complete information regarding the rights and obligations of parties to them, facts and opinions contained in them and their subject matters.

Neither this Official Statement nor any statement that may be made orally or in writing in connection therewith is to be construed as a contract with the registered or beneficial owners of the 2014B Bonds.

This Official Statement contains forecasts, projections and estimates that are based on current expectations or assumptions. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the amount of revenues received include, among others, changes in political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, seismic events, and various other events, conditions and circumstances, many of which are beyond the control of the Authority. These forward-looking statements include, but are not limited to, certain statements contained in the information contained under the captions **"THE TOLLWAY SYSTEM"** and in **APPENDICES B** and **C** and such statements speak only as of the date of this Official Statement. The Authority disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Official Statement to reflect any changes in the Authority's expectations with regard to such forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

IN CONNECTION WITH THE OFFERING OF THE 2014B BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014B BONDS AT LEVELS ABOVE THE LEVELS THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY FEDERAL OR STATE SECURITIES COMMISSION NOR HAS ANY FEDERAL OR STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$500,000,000
THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
Toll Highway Senior Revenue Bonds,
2014 Series B

INTRODUCTORY STATEMENT

This Official Statement sets forth certain information concerning The Illinois State Toll Highway Authority (the "**Authority**"), the Tollway System (as defined in this Official Statement) and the Authority's $500,000,000 Toll Highway Senior Revenue Bonds, 2014 Series B (the "**2014B Bonds**"). The 2014B Bonds will be issued pursuant to the Toll Highway Act, 605 ILCS 10/1 *et seq*., as amended (the "**Act**"), creating the Authority, a resolution adopted by the Authority on December 13, 2012, authorizing up to $1,000,000,000 aggregate principal amount of bonds for the purpose of paying costs of the *Move Illinois Program* described below, and an Eighteenth Supplemental Indenture dated as of June 1, 2014 (the "**Eighteenth Supplemental Indenture**"), supplementing and amending an Amended and Restated Trust Indenture effective as of March 31, 1999 amending and restating a Trust Indenture dated as of December 1, 1985 (the "**Trust Indenture**"), from the Authority to The Bank of New York Mellon Trust Company, N.A., as successor to J.P. Morgan Trust Company, N.A., and its predecessors, as Trustee (the "**Trustee**"), as previously supplemented and amended by the First through Seventeenth Supplemental Indentures and the 1996 Amendatory Supplemental Indenture dated as of September 1, 1996 (the "**Amendatory Supplemental Indenture**"). The Trust Indenture, as supplemented, amended and restated from time to time, including by the First through the Eighteenth Supplemental Indentures and the Amendatory Supplemental Indenture, is referred to herein as the "**Indenture**." Purchasers of the 2014B Bonds will be deemed to have consented to certain amendments to the Indenture contained in the Seventh through the Eighteenth Supplemental Indentures and defined herein as the "Transfer Amendments". See "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS – Certain Amendments to the Indenture –** *Amendments Requiring Bondholder Consent*" and **APPENDIX D –** "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants –** *Sale, Lease or Encumbrance of Property*."

Certain capitalized terms used in this Official Statement, unless otherwise defined in this Official Statement, have the meanings set forth in **APPENDIX D** – "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions**."

The 2014B Bonds are being issued under the Indenture to provide funds that will be used, together with other available funds, to (a) pay certain costs of the Move Illinois Program described herein, (b) make a deposit to the Debt Reserve Account for the Senior Bonds, and (c) pay costs of issuance in connection with the issuance of the 2014B Bonds. See "**PLAN OF FINANCE**" below.

The 2014B Bonds will be secured on a parity with other Senior Bonds of the Authority. All Outstanding Bonds of the Authority are Senior Bonds. The other Senior Bonds, which are outstanding in the aggregate principal amount of $4,245,875,000, consist of the following: (a) $74,935,000 aggregate principal amount Toll Highway Priority Refunding Revenue Bonds, 1998 Series A (the "**1998A Bonds**"), (b) $123,100,000 aggregate principal amount Toll Highway Refunding Revenue Bonds, 1998 Series B (the "**1998B Bonds**"), (c) $71,870,000 aggregate principal amount of the Authority's Toll Highway Senior Priority Revenue Bonds, 2005 Series A (the "**2005 Bonds**"), (d) $291,660,000 aggregate principal amount Toll Highway Senior Priority Revenue Bonds, 2006 Series A-1 (the "**2006 Bonds**"), (e) $350,000,000 aggregate principal amount Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-1 and $350,000,000 aggregate principal amount Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-2 (collectively, the "**2007 Bonds**"), (f) $383,100,000 aggregate principal amount Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-1 (the "**2008A-1 Bonds**") and $95,800,000 aggregate principal amount Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-2 (the "**2008A-2 Bonds**" and together with the 2008A-1 Bonds, the "**2008A Bonds**"), (g) $350,000,000 aggregate principal amount Toll Highway Senior Priority Revenue Bonds, 2008 Series B (the "**2008B Bonds**"), (h) $500,000,000 aggregate principal amount Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series A (Build America Bonds – Direct Payment) (the "**2009A Bonds**"), (i) $280,000,000 aggregate principal amount Toll

Highway Senior Priority Revenue Bonds, Taxable 2009 Series B (Build America Bonds – Direct Payment) (the "**2009B Bonds**"), (j) $279,300,000 aggregate principal amount Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1 (the "**2010A Bonds**"), (k) $500,000,000 aggregate principal amount Toll Highway Senior Revenue Bonds, 2013 Series A (the "**2013A Bonds**"), (l) $217,390,000 aggregate principal amount of the Toll Highway Senior Revenue Bonds, 2013 Series B-1 (Refunding) (the "**2013B-1 Bonds**"), and (m) $378,720,000 aggregate principal amount Toll Highway Senior Revenue Bonds, 2014 Series A (Refunding) (the "**2014A Bonds**"). After issuance of the 2014B Bonds, the Senior Bonds, including the 2014B Bonds, will be outstanding in the aggregate principal amount of $4,745,875,000.

All references in this Official Statement to laws, agreements and documents are qualified in their entirety by reference to such laws, agreements and documents, and all references in this Official Statement to the 2014B Bonds and the Indenture are further qualified in their entirety by reference to their complete terms and the information with respect to them in the Indenture.

PLAN OF FINANCE

In August, 2011, the Authority approved a fifteen-year $12.1 billion capital improvement plan known as "*Move Illinois: The Illinois Tollway Driving the Future*" (the "**Move Illinois Program**") which established a guide for infrastructure and other capital investments to be made to the Tollway System by the Authority beginning in 2012 through 2026, and also approved an increase in passenger vehicle toll rates effective January 1, 2012 and affirmed a previously approved increase in commercial vehicle toll rates, the primary portion of which will be phased in over January 1, 2015-2017, after which an annual inflator will be applied, beginning on January 1, 2018, based on the Consumer Price Index for All Urban Consumers as defined by the United States Department of Labor Bureau of Labor Statistics. See "**THE TOLLWAY SYSTEM – Toll Rates**" herein. The Move Illinois Program is designed to fund necessary improvements to maintain the existing Tollway System in a state of good repair and fund new projects to enhance regional mobility. For additional detail on the projects included as part of the Move Illinois Program, see "**THE CAPITAL PROGRAMS – The Move Illinois Program**" herein. On May 16, 2013, the Authority issued the 2013A Bonds in the aggregate principal amount of $500 million to pay costs of the Move Illinois Program. It is currently expected that additional costs of the Move Illinois Program will be funded with proceeds from an estimated $4.6 billion aggregate principal amount of Additional Bonds, including the 2014B Bonds, and other Authority funds.

The 2013A Bonds were, and the 2014B Bonds are being, issued pursuant to the resolution adopted by the Authority on December 13, 2012 authorizing up to $1 billion aggregate principal amount of senior lien fixed rate bonds to fund a portion of the cost of the Move Illinois Program. The Authority currently expects to issue an additional approximately $400 million of bonds in 2014 (excluding the 2014B Bonds), approximately $1.7 billion of bonds during the years 2015-2016 and approximately $2.0 billion of bonds during the years 2019-2022. Amounts and timing are estimated and subject to change.

The Authority has authorized the issuance of up to $570.7 million in aggregate principal amount of senior lien or junior lien fixed rate refunding bonds to refund a portion of the Authority's $1.302 billion of Series 1998B, 2007A and/or 2008A variable rate bonds, which authorization by its terms expires on December 31, 2015. In addition to refunding its variable rate bonds, the Authority may also consider replacement of one or more of its credit/liquidity providers for its variable rate bonds or interest rate mode conversions of one or more series of its variable rate bonds. See "**FINANCIAL INFORMATION—Liquidity and Credit Facilities**" herein. As of the date hereof, the full $570.7 million of this authorization remains available to be issued.

The Authority has authorized the issuance of up to $1 billion in aggregate principal amount of senior lien fixed rate refunding bonds to refund certain of the outstanding 2005 Bonds and the 2006 Bonds. As of the date hereof, $403.9 million of this authorization remains available to be issued.

The Authority may take action from time to time in the future to extend or supplement the authorizations described in the preceding paragraphs or adopt new authorizations for additional indebtedness. Issuance of additional indebtedness will be subject to compliance with the requirements for additional indebtedness set forth in the Indenture. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness**."

The Authority may enter into hedging instruments in connection with the issuance of future bonds. The Authority has entered into hedging agreements in connection with certain of its existing bonds. See "**FINANCIAL INFORMATION—Swap Agreements**" herein.

ESTIMATED SOURCES AND APPLICATIONS OF FUNDS

The estimated sources and applications of the 2014B Bonds and other available funds are set forth below:

SOURCES		
Principal Amount of 2014B Bonds		$500,000,000.00
Original Issue Premium		48,929,739.00
	Total	$548,929,739.00
APPLICATIONS		
Deposit to 2014B Construction Sub-account		$516,165,729.64
Deposit to Debt Reserve Account		30,639,399.87
Costs of Issuance[1]		2,124,609.49
	Total	$548,929,739.00

[1] Includes Underwriters' Discount.

DESCRIPTION OF THE 2014B BONDS

General

The 2014B Bonds will be issued in the aggregate principal amount of $500,000,000, will be dated the date of issuance thereof, and will bear interest at the rates per annum shown on the inside front cover page of this Official Statement to the maturity dates shown on the inside front cover page of this Official Statement, subject to earlier redemption as set forth below.

Interest on the 2014B Bonds; Payment; Authorized Denominations

The 2014B Bonds shall bear interest at the rates per annum set forth on the inside front cover page hereof (computed on the basis of a 360-day year composed of twelve 30-day months), payable on each January 1 and July 1, commencing January 1, 2015.

The principal and Redemption Price of the 2014B Bonds shall be payable in lawful money of the United States of America upon surrender of such 2014B Bonds to the Trustee. Interest on the 2014B Bonds shall be payable by check or bank draft mailed or delivered by the Trustee to the Registered Owners as the same appear on the registration books of the Authority maintained by the Trustee as of the applicable Record Date or, in the case of a Registered Owner of $1,000,000 or more in aggregate principal amount of bonds who so elects, by wire transfer of funds.

The 2014B Bonds will be issued in denominations of $5,000 and integral multiples thereof (an "**Authorized Denomination**").

Optional Redemption of 2014B Bonds

The 2014B Bonds are subject to redemption at the option of the Authority on or after January 1, 2024, in whole or in part, and if in part in Authorized Denominations, and in any order of maturity designated by the Authority, at a redemption price equal to 100% of the principal amount of the 2014B Bonds called for redemption plus accrued interest, if any, to the redemption date.

Selection of Bonds for Redemption; Notice of Redemption

If less than all of the 2014B Bonds of a single maturity are to be redeemed, the particular 2014B Bonds or portions of 2014B Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee may determine and shall be in a principal amount equal to an Authorized Denomination.

Notice of any redemption of 2014B Bonds will be given by the Trustee by registered or certified mail, postage prepaid, to the Registered Owner of any 2014B Bonds to be redeemed not fewer than 30 days prior to the redemption date. Neither failure to give notice by mail nor defect in any notice so mailed in respect of any 2014B Bond will affect the validity of any proceedings for redemption of any other 2014B Bonds with respect to which notice was properly given. No further interest will accrue on the principal of any 2014B Bonds properly called for redemption after the redemption date if payment of the Redemption Price thereof has been duly provided for, and the Registered Owners of such 2014B Bonds will have no rights with respect to such 2014B Bonds nor will they be entitled to the benefits of the Indenture except to receive payment of the Redemption Price thereof and unpaid interest accrued to the date fixed for redemption.

Bond Registration and Transfers

For a description of the procedure to transfer ownership of a 2014B Bond while in the book-entry only system, see **APPENDIX E – "BOOK-ENTRY SYSTEM**." Subject to the limitations described below, the 2014B Bonds are transferable upon surrender thereof at the Principal Office of the Trustee, accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the Bondholder or such Bondholder's attorney duly authorized in writing. Any 2014B Bond, upon surrender of such 2014B Bond at the Principal Office of the Trustee, shall be exchanged for an equal aggregate principal amount of 2014B Bonds of any Authorized Denomination of the 2014B Bond being surrendered. The Trustee may charge a fee sufficient to cover any tax, fee or other governmental charge in connection with any exchange or transfer of any Bond.

The Trustee is not required to make any transfer or exchange of any 2014B Bond during the period between each Record Date and the next succeeding Interest Payment Date of such 2014B Bonds, or after such 2014B Bond has been called for redemption or in the case of any proposed redemption of 2014B Bonds during the 15 days next preceding the date of giving notice for such redemption.

Mutilated, Lost, Stolen or Destroyed Bonds

If any 2014B Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and the Trustee shall authenticate a new 2014B Bond; provided, however, that the Authority and the Trustee shall require satisfactory indemnification prior to authenticating a new 2014B Bond and the Trustee shall require satisfactory evidence of the ownership and the loss, theft or destruction of the affected 2014B Bond. The expense of issuing a substitute 2014B Bond in place of a mutilated, lost, stolen or destroyed 2014B Bond shall be borne by the Registered Owner.

SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS

The following is a summary of certain provisions of the Indenture relating to the 2014B Bonds and other Bonds issued under the Indenture. A more detailed summary of such provisions is included in **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**."

Pledge of Revenues and Funds

All Bonds issued under the Indenture, including the 2014B Bonds, are payable solely from and secured solely by a pledge of and lien on the Net Revenues of the Tollway System and certain other funds as provided in the Indenture.

THE 2014B BONDS AND ANY OTHER BONDS ISSUED UNDER THE INDENTURE DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE AUTHORITY OR OF THE STATE OF ILLINOIS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR A PLEDGE OF THE

FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF ILLINOIS, OR GRANT ANY RIGHT TO HAVE THE AUTHORITY OR THE ILLINOIS GENERAL ASSEMBLY LEVY ANY TAXES OR APPROPRIATE ANY FUNDS FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST WITH RESPECT THERETO. The Act provides that neither the directors of the Authority nor any person executing the 2014B Bonds shall be liable personally on the 2014B Bonds or be subject to any personal liability or accountability by reason of the issuance of the 2014B Bonds.

Toll Covenant

The Authority covenants in the Indenture that in each Fiscal Year tolls will at all times be set so that Net Revenues will at least equal the Net Revenue Requirement for such Fiscal Year, comprised of the amount necessary to cure deficiencies, if any, in all debt service accounts and debt reserve accounts established under the Indenture, plus the greater of (i) the sum of Aggregate Debt Service (defined to include all debt service on Senior Bonds), the Junior Bond Revenue Requirement and the Renewal and Replacement Deposit for such period or (ii) 1.3 times the Aggregate Debt Service for such period. Under the Act, the Authority has the exclusive right to determine, fix, impose and collect tolls for the use of the Tollway System. Such tolls are required under the Act to be fixed at rates calculated to provide the lowest reasonable toll rates to provide funds that will be sufficient, together with other revenues of the Authority, to pay the costs of any authorized new construction and the reconstruction, major repairs or improvements to the Tollway System and the costs of operating and maintaining the Tollway System and paying debt service on all Outstanding Bonds. There is no other State of Illinois executive, administrative or regulatory body or regional or local governmental or regulatory body with the authority to limit or restrict such rates and charges.

Certain Amendments to the Indenture

Amendments Requiring Bondholder Consent. Each Supplemental Indenture of the Authority, beginning with the Seventh Supplemental Indenture through the Eighteenth Supplemental Indenture, amends the Indenture, subject to receipt of consent of (i) the owners of the requisite principal amount of Bonds Outstanding on the date of such consent (as described below) and (ii) certain Providers, to permit the Authority to sell or otherwise transfer all or a portion of the Tollway System (a "**Transfer**") upon delivery to the Trustee of, among other items, (i) an opinion of bond counsel to the effect that the Transfer complies with the provisions of the Act and the Indenture and will not cause interest on any Senior Bonds or Junior Bonds Outstanding immediately prior to the Transfer or on any Subordinated Indebtedness to become subject to Federal income taxation, (ii) evidence that the Transfer will not adversely affect the rating on any Bonds Outstanding immediately prior to the Transfer, (iii) a certificate of the Traffic Engineers estimating toll receipts for the portion of the Tollway System that has not been conveyed (the "**Remaining Tollway System**"), (iv) a certificate of the Consulting Engineers estimating Operating Expenses and Renewal and Replacement Deposits for the Remaining Tollway System, and (v) a certificate of the Authority based upon the certificates of the Traffic Engineers and the Consulting Engineers stating, among other things, that for the then current and each of the next ten Fiscal Years the Net Revenues allocable to the Remaining Tollway System will be not less than the greater of (A) one and one-half (1.5) times the Aggregate Debt Service and the Junior Bond Revenue Requirement (excluding, in each case, bond interest, the payment of which shall have been provided by payments or deposits from Bond proceeds) allocable to the Remaining Tollway System for each such Fiscal Year (the "**Remaining Tollway System Debt Service**") and (B) the sum of the Remaining Tollway System Debt Service and the Renewal and Replacement Deposit for each such Fiscal Year. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Sale, Lease or Encumbrance of Property**."

The amendment described in the preceding paragraph (the "**Transfer Amendment**") and more fully described in **APPENDIX D** shall not become effective until such time as the Authority has obtained the consents of (i) any Providers with respect to the Senior Bonds and Refunding Bonds outstanding at the time such consent is given, and (ii) the consents of the Holders of at least a majority in principal amount of the Senior Bonds and of at least a majority in principal amount of the Junior Bonds Outstanding at the time such consent is given. The Authority has not issued any Junior Bonds. The Authority has received the consent of the requisite bondholders but not the Providers. Consequently, the Transfer Amendment is not yet effective. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Supplemental Indentures**."

EACH PURCHASER OF THE 2014B BONDS SHALL BE DEEMED TO HAVE CONSENTED TO THE TRANSFER AMENDMENT BY ITS PURCHASE OF THE 2014B BONDS.

Flow of Funds

The Authority covenants to deliver all Revenues (other than investment income, unless otherwise directed by the Indenture) to the Treasurer of the State of Illinois (the "Treasurer"), within five Business Days after receipt, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer, at the direction of the Authority, will transfer or apply the balance in the Revenue Fund not previously transferred or applied in the following order of priority:

First, to the Operating Sub-Account of the Maintenance and Operation Account;

Second, to the Operating Reserve Sub-Account of the Maintenance and Operation Account;

Third, to the Interest Sub-Account, Principal Sub-Account and Redemption Sub-Account of the Debt Service Account, in that order of priority, for deposits relating to the Senior Bonds;

Fourth, to the Provider Payment Sub-Account of the Debt Service Account to pay Costs of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds or to reimburse Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds for payments of principal or interest made by such Providers and fees of such Providers and to make termination payments then due and owing with respect to any such Credit Enhancement or Qualified Hedge Agreements outstanding prior to the effective date of the Seventh Supplemental Indenture (June 22, 2005), which contained an amendment establishing the Termination Account (but no such deposit for any termination payment for a Qualified Hedge Agreement shall be made if there is any deficiency in the Debt Reserve Account);

Fifth, to the Debt Reserve Account;

Sixth, to any Junior Bond Debt Service Account or any Junior Bond Debt Reserve Account;

Seventh, to the Termination Payment Account to pay termination payments then due and owing with respect to Credit Enhancement and Qualified Hedge Agreements executed and delivered on or after the effective date of the amendment establishing the Termination Account (June 22, 2005);

Eighth, to the Renewal and Replacement Account;

Ninth, at the direction of the Authority, to the Improvement Account; and

Tenth, the balance of such amounts in the Revenue Fund, to the System Reserve Account.

Funds held in (i) the Operating Sub-Account of the Maintenance and Operation Account, (ii) the Operating Reserve Sub-Account of the Maintenance and Operation Account, (iii) the Renewal and Replacement Account, (iv) the Improvement Account and (v) the System Reserve Account will be held by the Treasurer as *ex officio* custodian of the "Illinois State Toll Highway Authority Fund," except for funds held by the Authority in certain related revolving accounts as described in the Indenture. Funds held in the remaining above-referenced accounts will be held by the Trustee. The flow of funds is further described in **APPENDIX D –** "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds**."

Debt Reserve Account

The Indenture establishes one Debt Reserve Account for all outstanding Senior Bonds. Amounts on deposit in the Debt Reserve Account are required to be used by the Trustee to cure any deficiencies arising from time to time in the Debt Service Account with respect to payment of interest or principal (including Sinking Fund Installments) on Senior Bonds.

Concurrently with the delivery of the 2014B Bonds, there will be on deposit in the Debt Reserve Account an amount sufficient to meet the Debt Reserve Requirement for the Senior Bonds. The Debt Reserve Requirement is the maximum annual Aggregate Debt Service for any Fiscal Year for all Outstanding Senior Bonds.

Under the Indenture, the Authority may deliver a surety bond, insurance policy, letter of credit or other credit facility meeting the requirements of the Indenture (a "**Reserve Account Credit Facility**") to the Trustee to meet all or a part of the Debt Reserve Requirement. For a description of the requirements of a Reserve Account Credit Facility, see **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds – *Debt Reserve Account*.**"

In connection with the issuance of the 2008B Bonds, the Authority applied funds in the Debt Reserve Account to obtain a surety bond qualifying under the Indenture as a Reserve Account Credit Facility from Berkshire Hathaway Assurance Corporation ("**BHAC**") in the stated amount of $100,000,000 (the "**BHAC Surety**") to satisfy a portion of the Debt Reserve Requirement. The BHAC Surety is guaranteed by Columbia Insurance Company ("**Columbia**"), which is an affiliate of BHAC. Moody's Investors Service and Standard & Poor's, a Division of The McGraw-Hill Companies, currently rate each of BHAC and Columbia as "Aa1" and "AA+", respectively. A.M. Best Company ("**A.M. Best**") currently rates Columbia with a Financial Strength Rating of "A++" and an Issuer Credit Rating of "aaa," both of which are the highest A.M. Best ratings for those categories. A.M. Best does not rate BHAC.

Upon issuance of the 2014B Bonds, the applicable Debt Reserve Requirement will equal $372,042,471.80. On the date of issuance of the 2014B Bonds, the aggregate amount of cash and permitted investments on deposit in the Debt Reserve Account, together with any surety bonds or other instruments constituting a Reserve Account Credit Facility, will be not less than the Debt Reserve Requirement.

In the event the balance in the Debt Reserve Account is less than the Debt Reserve Requirement, the Treasurer, at the direction of the Authority, is required to transfer monthly to such Account from the Revenue Fund, subject to certain prior transfers as described above under "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS – Flow of Funds**," the amount necessary to maintain the balance in the Debt Reserve Account equal to the Debt Reserve Requirement. In the event the amount to the credit of the Debt Reserve Account, including the amount of any Reserve Account Credit Facility, and after making any required reimbursement to a Provider of a Reserve Account Credit Facility, exceeds the Debt Reserve Requirement, the excess may be transferred as provided in the Indenture and summarized under **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds – *Debt Reserve Account*.**"

Additional Indebtedness

The Indenture permits the Authority to incur additional indebtedness, including Senior Bonds on a parity with the 2014B Bonds and other Outstanding Senior Bonds, Junior Bonds and Subordinated Indebtedness. Additional Senior Bonds may be issued for the purposes of (a) paying Costs of Construction of Projects (which include modifications and enhancements to the existing Tollway System, as well as System Expansion Projects and Renewal and Replacements), (b) refunding or prepaying at or prior to maturity Senior Bonds or any other obligations of the Authority issued or entered into for purposes for which Senior Bonds may be issued, (c) making deposits to the Debt Reserve Account or acquiring a Reserve Account Credit Facility, (d) paying interest on any Bond, (e) paying any costs of issuing Senior Bonds, and (f) paying Costs of Credit Enhancement and Qualified Hedge Agreements for Additional Senior Bonds. The requirements relating to the incurrence of Additional Senior Bonds are described in this Official Statement in **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness**."

The Authority is also authorized by the Indenture to issue one or more series of Junior Bonds or Subordinated Indebtedness for any purpose for which Senior Bonds may be issued without satisfying the Additional Senior Bonds test. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness**."

Other Covenants

The Authority covenants in the Indenture not to (i) issue any bonds or other evidences of indebtedness (other than Senior Bonds, Junior Bonds and Subordinated Indebtedness) secured by a pledge of or lien on Net Revenues or the moneys, securities or funds set aside under the Indenture; or (ii) create any lien or charge on Net Revenues or the moneys, securities or funds set aside under the Indenture except for (a) evidences of indebtedness payable from moneys in the Construction Fund as part of the Cost of Construction of any Project and (b) indebtedness payable from amounts in the System Reserve Account. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Indebtedness and Liens**". The Authority also covenants, subject to the effectiveness of the Transfer Amendment, as described in " – Certain Amendments to the Indenture" above, not to sell, lease or otherwise dispose of or encumber the Tollway System except as provided in the Indenture. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants – Sale, Lease or Encumbrance of Property**." The Authority also covenants, among other things, to prepare an annual budget, to operate the Tollway System in a sound and economical manner, to maintain the Tollway System, to maintain insurance and to keep proper books and records.

The Trustee

The Indenture contains provisions regarding the designation of a successor trustee by the Authority and the assumption by a successor without Authority action of the trusteeship resulting from the transfer of substantially all of the corporate trust business of the Trustee. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Removal or Merger or Consolidation or Resignation of Trustee**."

The Indenture grants to the Trustee the right to act on behalf of the owners of the 2014B Bonds and other Outstanding Senior Bonds and any Outstanding Junior Bonds if an Event of Default occurs. The rights of owners of Bonds to bring direct action or direct the actions of the Trustee upon the occurrence of an Event of Default are limited as provided in the Indenture, but owners may bring direct action in the event of a default in the payment of Debt Service. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default – *Proceedings Brought By Trustee***."

THE AUTHORITY

The Authority was created under the Act as an instrumentality and administrative agency of the State of Illinois to provide for the construction, operation, regulation and maintenance of a system of toll highways within the State of Illinois. Under the Act, on April 1, 1968, the Authority assumed all the obligations, powers, duties, functions and assets of its predecessor agency, The Illinois State Toll Highway Commission. The Act authorizes the issuance of revenue bonds for the purposes, among others, of financing expansions of the Tollway System and reconstruction of and improvements to the Tollway System, and authorizes the issuance of refunding bonds for the purpose of refunding any bonds of the Authority then outstanding at maturity or on any redemption date.

The Authority is empowered to enter into contracts; to acquire, own, use, lease, operate and dispose of personal and real property, including rights-of-way, franchises and easements; to establish and amend resolutions, by-laws, rules, regulations and to fix and revise tolls; to acquire, construct, relocate, operate, regulate and maintain the Tollway System; to exercise the power of eminent domain; and to contract for services and supplies, including services and supplies for the various patron service areas on the Tollway System.

Board of Directors

The Authority is governed by an 11-member Board of Directors that includes the Governor of Illinois and the Secretary of the Illinois Department of Transportation, *ex officio*. Nine directors are appointed by the Governor, with the advice and consent of the Illinois Senate, from the State at large with a goal of maximizing representation from the areas served by the Tollway System. These nine directors are appointed for a term of four years, or in the case of an appointment to fill a vacancy, the unexpired term. No more than five directors may be from the same political party. Of the directors appointed by the Governor, one is appointed by the Governor as Chair of the Authority.

The present directors, their terms of office and occupations are listed below.

Name	Initial Appointment	Expiration of Current Term	Occupation
Governor Patrick J. Quinn, *ex officio*	—	—	Governor of the State of Illinois
Secretary Ann L. Schneider, *ex officio*	—	—	Secretary, Illinois Department of Transportation
Paula Wolff, Chair	August 13, 2009	May 1, 2017	Senior Executive, Metropolis Strategies
James J. Banks	October 27, 1993	May 1, 2017	Attorney at Law
Terrence D'Arcy	October 28, 2011	May 1, 2015	President, D'Arcy Buick and GMC
Earl Dotson, Jr.	June 28, 2013	May 1, 2017	Chief of Communications, Rockford Public School District 205
David Gonzalez	October 28, 2011	May 1, 2015	Mayor, City of Chicago Heights
Mark Peterson	October 28, 2011	May 1, 2015	Senior Executive, Bridgeview Bank Group
Jeffrey Redick	October 28, 2011	May 1, 2015	Attorney at Law
James Sweeney	October 28, 2011	May 1, 2017	Vice Pres., Int'l Union of Operating Engs.
Thomas Weisner	August 13, 2009	May 1, 2015	Mayor, City of Aurora

Principal Administrative Personnel

The Board of Directors of the Authority appoints an Executive Director and employs certain other personnel to administer the Tollway System and implement its policies. The following individuals are the principal administrative personnel of the Authority:

Kristi Lafleur, Executive Director. Ms. Lafleur was appointed Executive Director of the Authority on April 2, 2010. Prior to joining the Authority, Ms. Lafleur served as the Deputy Chief for Economic Development and Recovery for Illinois Governor Pat Quinn where her duties included organizing and overseeing the State's inter-agency program alignment and the development and implementation of reporting systems, procedures and community outreach for programs and projects utilizing Illinois' American Recovery and Investment Act programs. She has also served as the Governor's liaison for the State's economic development and transportation agencies, including the Authority. In addition, she has been serving as the Chair and Illinois appointee to the Midwest High-Speed Rail Steering Committee, a multi-state group appointed by eight Midwest Governors and the Mayor of Chicago, and serves on the Board of the International Bridge, Tunnel and Turnpike Association. Previously, she served as the Chief of Staff for the Illinois Department of Commerce and Economic Opportunity overseeing operations of the agency's $1.5 billion annual budget. She also served as president of her own strategic consulting and management firm specializing in business development and urban health initiatives. Ms. Lafleur has a B.A. Degree from DePaul University.

Michael J. Colsch, Chief of Finance. Mr. Colsch has been Chief of Finance of the Authority since April, 2003. As Chief of Finance, Mr. Colsch has had a lead role in managing financing of the Authority's Congestion Relief Program which commenced in 2005. Prior to joining the Authority, Mr. Colsch was employed by the Illinois Bureau of the Budget and has been involved in major capital program planning and financing for over twenty years. He has managed the State's general obligation, Build Illinois, Illinois First and civic center bonding programs. Mr. Colsch has a M.A. Degree in Economics from Western Illinois University and a B.A. Degree in Economics from Loras College in Dubuque, Iowa.

David A. Goldberg, Assistant Attorney General and General Counsel to the Authority. Mr. Goldberg was appointed General Counsel of the Authority in February 2012. Prior to his appointment, from 2005-2011, Mr. Goldberg served as General Counsel to an international group of insurance underwriting companies which were owned by the Aon organization, and later the ACE Group of companies. These businesses included Combined Insurance Company of America, and its worldwide affiliates, Combined Life Insurance Company of New

York, and Sterling Life Insurance Company. Mr. Goldberg was eventually appointed to the Board of Directors for each of these companies. From 2000-2005, he held the position of Executive Vice President and General Counsel of ChoiceParts, LLC, an automotive technology joint venture comprised of publicly held companies ADP, Reynolds and Reynolds and CCC Information Services. Mr. Goldberg began his legal career in 1993 at the law firm Sidley & Austin, where his practice included commercial litigation, insurance and reinsurance counseling, and corporate reorganization. He graduated from Washington University School of Law in 1993, and the University of Michigan in 1990.

Paul Kovacs, P.E., Chief Engineer. Mr. Kovacs has been Chief Engineer since November, 2007. As Chief Engineer of the Authority, Mr. Kovacs is responsible for the organization of the Engineering Department, including policies, procedures, and performance, to ensure the integrity and safety of the Tollway infrastructure and the implementation of the Move Illinois and Congestion-Relief Programs. He oversees a staff of engineers and consultants and manages the Engineering Department with a combined staff of approximately 500 employees. Mr. Kovacs joined the Authority in 1999. As Deputy Chief and Deputy Program Manager, he successfully managed the high profile conversion to open road tolling under extremely tight deadlines. Mr. Kovacs has also overseen much of the Tri-State and I-88 rehabilitation under the Congestion-Relief Program. Mr. Kovacs received his B.S. Degree in Civil Engineering from the University of Illinois – Champaign/Urbana. He is a Registered Professional Engineer in the States of Illinois and Michigan.

Michael Stone, Chief of Staff. Mr. Stone has been with the Authority since February 2011. Prior to joining the Authority, Mr. Stone served as the Chief Deputy Assessor/Chief of Staff for the Cook County, Illinois Assessor's Office and served in various capacities during his 8 year term, including as Chief Legal Counsel to the Cook County Assessor. His duties included advising the office on all matters of taxation, public policy, law, and capital planning and spending and serving on Mayor Richard M. Daley's Task Force on Tax Reform, Assessor's designee to the State of Illinois' Committee on Property Tax Reform and the keystone leader of the John D. and Catherine T. MacArthur Foundation Preservation Compact Task Force. He was also elected as a director of the International Association of Assessing Officers, the premier 7,000 member international organization on property taxation. Previously, he was in private practice at the law firms of Kirkland & Ellis and Cotsirilos, Tighe and Streicker, where he specialized in transactional work and finance. He has a B.A. in Economics and Government from Harvard University and a J.D. from The University of Chicago Law School.

Organizational Structure

The Authority's organizational structure consists of 14 departments consisting of Administration, Business Systems, Communications, Diversity and Strategic Development, Executive Office and Directors, Engineering, Finance, Illinois State Police District 15, Information Technology, Inspector General, Internal Audit, Legal, Procurement and Toll Operations. The Executive Director manages the day-to-day operations of the Authority. Authority department chiefs report to the Executive Director except for the Toll Highway Inspector General who, in accordance with the Act, reports to the Board of Directors with respect to the operation of the Inspector General's Office, which is an independent office of the Authority. The Commander of District 15 of the State Police also reports to the Superintendent of the State Police, and the General Counsel to the Authority also reports to the Attorney General of the State of Illinois.

The Administration Department is responsible for the development and implementation of administrative policies and procedures and employee compliance therewith.

The Business Systems Department is responsible for overseeing the open road tolling system and collecting toll revenue from toll violators, assessing fines and imposing sanctions. The Business Systems Department's responsibilities also include the customer service associated with electronic toll collection.

The Communications Department is responsible for external and internal communications between the Authority and its constituents, including patrons, news media, elected and appointed officials, the general public and employees.

The Diversity and Strategic Development Department is responsible for increasing access to economic opportunities for disadvantaged, minority- and women-owned business enterprises in construction contracting, construction-related consulting and the supply of other goods and services.

The Executive Office and Directors Department manages Tollway affairs consistent with the Act.

The Engineering Department is responsible for the design, construction and maintenance of the roadway. It also coordinates with community groups, government agencies, and planning organizations on transportation and land-use policy.

The Finance Department is responsible for general accounting, budgeting, treasury functions, financial reporting, accounts payable, toll audit, payroll, risk management and debt management. In addition, the Finance Department manages certain investments of the Authority.

Illinois State Police District 15 is one of 21 districts of the Illinois State Police, responsible for providing comprehensive law enforcement services. The entire Tollway System comprises District 15. State police patrol the Tollway System to enforce speed limits and traffic laws, assist disabled motorists, and provide special details for operations, such as overweight vehicle enforcement.

The Information Technology Department is responsible for planning, directing, managing and controlling information technologies and telecommunications throughout the Authority.

The Inspector General's Office is responsible for investigating allegations of waste, inefficiencies, fraud, corruption, misconduct and mismanagement in the day-to-day operations of the Authority. In accordance with the Act the Inspector General is separately appointed by the Governor, with the advice and consent of the Illinois State Senate by the concurrence of three-fifths of the elected members by a record vote, and serves a five year term.

The Internal Audit Department recommends policies and procedures to ensure that the Authority's Board members and employees, contractors and/or vendors adhere to all state and federal laws and internal rules and regulations.

The Legal Department is a Bureau of the Office of the Attorney General of the State of Illinois. The Attorney General is, by law, the legal advisor and attorney for the Authority.

The Procurement Department is responsible for purchasing and procurement issues and is authorized to execute contracts and place orders for goods and services. Additionally, the Procurement Department is responsible for warehousing.

The Toll Operations Department is responsible for providing the necessary resources and services to maintain the Authority's toll operations and facilities, as well as managing the collection and counting of cash tolls.

Labor Relations

As of March 1, 2014, unions represent approximately 1,278 of the Authority's 1,500 employees. The Authority currently has a collective bargaining agreement through September 30, 2014 with the State and Municipal Teamsters, Chauffeurs, and Helpers Union Local 700, representing approximately 444 highway maintenance personnel (the "**Teamsters**"). In addition, the Authority has entered into two separate collective bargaining agreements with the Metropolitan Alliance of Police ("**MAP 135 & 336**") representing 25 employees. The MAP's Civilian Call Takers agreement was reached in 2011 and runs through October 31, 2014. The MAP's Telecommunicators contract was renewed in October of 2013 and runs through April 30, 2017. The Authority also employs approximately 569 employees represented by the Service Employees International Union Local 73 ("**SEIU**"). The SEIU bargaining unit includes toll collectors; money room employees; and clerks, custodians, and warehouse workers. The current collective bargaining agreement with SEIU expired on December 31, 2012, and the Authority is in the process of negotiating a new contract with SEIU. The final group of employees, approximately 240 professional and non-professional white collar employees, is represented by the American Federation of State, County and Municipal Employees, Council 31 ("**AFSCME**") Local 3883. This contract expired on December 31, 2013 and the Authority is in the process of negotiating a new contract with AFSCME.

Pensions

Substantially all of the employees of the Authority participate in the State Employees' Retirement System ("**SERS**"), a pension plan funded by the State of Illinois (the "**State**"). SERS is a single-employer, public employee defined-benefit pension plan. SERS is governed by a 13 member Board of Trustees, consisting of the Illinois Comptroller, six trustees appointed by the Governor with the advice and consent of the Illinois Senate, four trustees elected by SERS members, and two trustees appointed by SERS retirees.

Under the Illinois Pension Code, as amended (the "**Pension Code**"), required contributions to fund SERS are calculated or determined by actuaries on an annual basis. The required contributions are computed in accordance with the Pension Code. The currently effective statutory funding plan would increase the funding ratio of SERS to 90% of actuarial accrued liabilities as of June 30, 2045. The funding plan scheduled to become effective on June 1, 2014 incorporating the amendments in amendatory Public Act 98-0599, signed by the Governor on December 5, 2013, would increase the funding ratio of SERS to 100% of actuarial accrued liabilities by June 30, 2044. Neither the currently effective funding plan nor the funding plan as amended by Public Act 98-0599 conforms with principles of the Governmental Accounting Standards Board (GASB). As of June 30, 2013, SERS funding ratio was 34.2% of actuarial accrued liabilities.

In addition to contributions made by employees, each year the Board of Trustees of SERS establishes an employer contribution rate, expressed as a percentage of payroll for the upcoming fiscal year based on the required contribution for that fiscal year, the estimated payroll of eligible employees, and the recommendations of the actuary. The employer contribution rates set by SERS for State fiscal years 2010-2015 are as follows.

Dates Applicable	Employer Contribution Rate
July 1, 2009 – June 30, 2010	28.377%
July 1, 2010 – June 30, 2011	27.988%
July 1, 2011 – June 30, 2012	34.190%
July 1, 2012 – June 30, 2013	37.987%
July 1, 2013 – June 30, 2014	40.312%
July 1, 2014 – June 30, 2015	42.339%

The employer contribution rate has been projected by SERS to increase over time. As a result, the Authority's annual contributions to SERS are expected to increase and such increases may have a material impact on the Authority's finances. The Authority is unable to quantify the extent of such impact at this time.

The Authority contributes a percentage of salary and wages of its employees at the employer contribution rate. The Authority's contributions were $30.3 million, $32.8 million and $37.9 million in 2010, 2011 and 2012, respectively, and $41.9 million (unaudited) in 2013. The Authority's budget for 2014 includes a contribution of $46.8 million. The Authority's contributions to SERS are predominantly Operating Expenses of the Authority and, as such, are paid from the Maintenance and Operations Account. See "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS - Flow of Funds**." **For additional information, please see "APPENDIX A – "FINANCIAL STATEMENTS – Note 12 – Contributions To State Employees' Retirement System**."

Additional information regarding SERS, including the method by which SERS is funded, the funded status of SERS, the actuarial methods and actuarial assumptions used in calculating the assets, liabilities and related pension funding statistics, and a discussion of employer and employee obligations to contribute and the authority under which those obligations are established, may be found in the Official Statement dated April 25, 2014 for the State of Illinois General Obligation Bonds, Series of May 2014, *provided, however,* that the content of such official statement is not incorporated in this Official Statement by such reference. Reference to such official statement is made for the information and convenience of the reader of this Official Statement solely to assist in the evaluation of the Authority's future obligations to SERS. The Authority has not requested nor did the Authority obtain any consent from the State to include this reference. The information contained in such official statement was provided by the State solely for the benefit of purchasers of its bonds described in such official statement, has not been verified by the Authority, and was not provided to be relied upon by the purchasers of the 2014B Bonds. Also included in such official statement is a discussion of the amended Senate Bill 1 adopted by the Illinois General Assembly on December 3, 2013 and signed into law as Public Act 98-0599 by the Governor on December 5, 2013, the goals of which include stabilizing the finances and reducing the unfunded liabilities of certain State retirement systems, including SERS. The effective date of Public Act 98-0599 is June 1, 2014. The Authority is aware that litigation has been filed raising certain challenges as to the constitutionality or validity of Public Act 98-0599. No assurance can be given that this act will be upheld, that its implementation will not be delayed while such litigation is pending or concerning any impact that a delay or a successful challenge to all or part of this act would have on the Authority.

Additional information regarding SERS, including a review of SERS' funding, pension benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established, are included in the SERS comprehensive annual financial report ("**CAFR**") for its fiscal year ended June 30, 2013. The SERS CAFR is available on its website, http://srs.illinois.gov, or by request to State Employees Retirement System, 2101 S. Veterans Parkway, Springfield, Illinois 62794-9255. Neither the content of the SERS CAFR nor the SERS website is incorporated in this Official Statement by reference.

Other Post-Employment Benefits

The State provides certain health, dental, vision and life insurance benefits (commonly referred to as "**other post-employment benefits**" or "**OPEB**") to certain retirees, including former Authority employees, and their dependents. Substantially all State employees, including Authority employees, may become eligible for OPEB benefits if they eventually become annuitants of one of the State sponsored pension plans, including SERS. Prior to the State fiscal year ended June 30, 2013 ("**State Fiscal Year 2013**"), the actuarially determined annual OPEB cost of providing these benefits and the related OPEB obligations were recorded in the financial statements of the Illinois Department of Healthcare and Family Services, which administered the health, dental, and vision benefits, and the Illinois Department of Central Management Services ("**CMS**"), which administered the life insurance benefits. These administrative responsibilities transitioned completely to CMS by the end of State Fiscal Year 2013. A summary of the OPEB provisions, including the authority under which such provisions are established, and OPEB funding and cost is included as an integral part of the State's CAFR, *provided, however,* that the content of such State CAFR is not incorporated in this Official Statement by such reference.

As of December 31, 2013, 995 Authority retirees meet the eligibility requirements for OPEB. For the years ended December 31, 2010, 2011, 2012 and 2013, the Authority contributed $4.3 million, $4.9 million, $5.0 million and $5.3 million, respectively, toward the State's cost of these benefits. The Authority's budget for 2014 included a contribution of $5.3 million toward the State's cost of these benefits. The Authority's contributions towards the State's costs of OPEB benefits are Operating Expenses of the Authority and, as such, are paid from the Maintenance and Operations Account.

THE TOLLWAY SYSTEM

The Tollway System presently consists of approximately 286 miles of limited access highway in twelve counties in the northern part of Illinois and is an integral part of the expressway system in northern Illinois and the U.S. Interstate Highway System. The entire Tollway System has been designated a part of the U.S. Interstate Highway System.

Since beginning operations in 1958, the Tollway System has served an important role in the development of the northern Illinois economy. During its initial operation, the Tollway System permitted rapid interstate travel between northern Illinois, Indiana and Wisconsin. As the suburban areas surrounding Chicago expanded throughout the 1960's and 1970's, the Tollway System evolved into primarily a commuter travel system, serving suburban Chicago and Chicago O'Hare International Airport. At the present time, the four routes of the Tollway System described below serve, among other areas, suburban Cook County and the Chicago area "collar counties," which together represent one of the fastest growing areas in Illinois in terms of population and employment.

Routes

The Tollway System is currently made up of four Tollways: the Jane Addams Memorial, the Tri-State, the Veterans Memorial and the Ronald Reagan Memorial.

The Jane Addams Memorial Tollway, formerly the Northwest Tollway, constituting a portion of U.S. Interstate Highway 90, is a 76-mile roadway. The Jane Addams Memorial Tollway begins east of the intersection of the Kennedy Expressway from downtown Chicago and the Tri-State Tollway in the vicinity of O'Hare International Airport, and extends to the west, crossing the Fox River just north of Elgin, Illinois. From there it runs northwesterly to Rockford, Illinois, and then northerly to a point near the Illinois-Wisconsin border, where it feeds into the Wisconsin portion of U.S. Interstate Highway 90 leading to Madison, Wisconsin.

The Tri-State Tollway, constituting portions of U.S. Interstate Highways 80, 94 and 294 and including the 5-mile Edens Spur, is an 84-mile beltway around the Chicago metropolitan area. It extends from a point near the Indiana state line where it intersects with the Bishop Ford and the Kingery Expressways to a point near the Illinois-Wisconsin border, where it connects with U.S. Route 41 and U.S. Interstate Highway 94 from Milwaukee. The Tri-State also connects with the Ronald Reagan Memorial Tollway to the western suburbs, the Eisenhower Expressway to downtown Chicago, the Jane Addams Memorial Tollway to the northwest suburbs, the Kennedy Expressway to downtown Chicago, the north end of the Edens Expressway to the north shore suburbs and downtown Chicago, and the Stevenson Expressway to downtown Chicago. From its southern terminus the Tri-State Tollway has a direct connection to the Indiana Toll Road via the Kingery Expressway and U.S. Interstate Highway 80. The Tri-State Tollway is the most traveled Tollway in the Tollway System, accounting for approximately 37% of the transactions of the Tollway System.

The Veterans Memorial Tollway (Interstate 355), formerly the North-South Tollway, is a 30-mile highway generally paralleling Illinois Route 53 in DuPage and Will Counties between approximately the intersection of Army Trail Road and the U.S. Interstate Highway 290 spur in Addison on the north and U.S. Interstate Highway 80 (near Joliet) on the south. The Veterans Memorial Tollway, which opened in December 1989, is the newest addition to the Tollway System and consists of six through lanes along its entire length. The Veterans Memorial Tollway runs through or near the communities of Bolingbrook, Downers Grove, Naperville, Lombard, Glen Ellyn and Wheaton. A 12.5-mile south extension of the Veterans Memorial Tollway through Will County from U.S. Interstate Highway 55 to U.S. Interstate Highway 80 (the "**South Extension**") opened on November 12, 2007, increasing the size of the Veterans Memorial Tollway to 30 miles.

The Ronald Reagan Memorial Tollway, formerly the East-West Tollway, constituting a portion of U.S. Interstate Highway 88, covers 96.5 miles and begins east of the junction of the Tri-State Tollway and the Eisenhower Expressway and runs southwest and west, providing service to Oak Brook, Naperville, Aurora, DeKalb and Dixon, Illinois, ending at U.S. Route 30 in the Sterling/Rock Falls area. From U.S. Route 30, U.S. Interstate Highway 88 is a toll-free facility connecting to U.S. Interstate Highway 80 and the Quad Cities.

Toll Collections

At present, the Authority utilizes a combination of a barrier system and an open road tolling system for toll collection along its 286 miles of limited access roadway. The system consists of 22 mainline and 51 ramp toll plazas. All mainline plazas and two of the ramp plazas have attendants for motorists requiring change or receipts. The remaining 49 ramp plazas are unattended and automated and accept payment only in coins or through electronic toll collection as described below.

In addition to manned toll booths and automatic toll equipment, the Authority has installed an electronic toll collection system under the "I-PASS" service mark. I-PASS enables customers to pre-pay their tolls through an I-PASS account and have an electronic debit from their I-PASS account each time they go through a collection lane. The I-PASS customer's account is typically set up to replenish itself by a pre-determined amount from a credit card on file once it reaches a minimum balance. All toll collection lanes have I-PASS. In addition, special lanes dedicated to I-PASS users only are located throughout the Tollway System. The Authority currently operates 106 I-PASS open road tolling lanes that allow cars and trucks to travel through at the posted speed limit and 121 dedicated I-PASS Only lanes that allow vehicles to pass through toll plazas at reduced speeds (5-30 mph). There are currently approximately 5 million I-PASS transponders outstanding, and approximately 87% percent of all toll transactions are I-PASS based.

The I-PASS system is designed to alleviate congestion and reduce travel times. I-PASS open road tolling lanes can process more than 2,000 vehicles per hour, compared to manual lanes at 350 vehicles per hour. As part of the Authority's Congestion-Relief Plan (described under "**THE CAPITAL PROGRAM – The Congestion Relief Program**"), the Tollway System was fully converted during 2005 and 2006 to an open road tolling system for I-PASS users.

In September, 2005 the Authority became a member of the E-ZPass Interagency Group (IAG). As a result, motorists in states that have E-ZPass transponders are able to use them to electronically pay tolls on the Tollway System and motorists with I-PASS transponders are able to use them to electronically pay tolls on highways and bridges that are part of the E-ZPass system. E-ZPass is currently in use on the toll facilities in the following fourteen states in addition to Illinois: Delaware, Indiana, Maine, Maryland, Massachusetts, North Carolina, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Virginia and West Virginia. In addition, the Chicago Skyway toll bridge is part of the E-ZPass system, which means that I-PASSes are accepted.

In order to ensure that vehicles pay the tolls that they incur, the Authority has implemented various technologies to improve enforcement. The Authority maintains an extensive violation enforcement system ("**VES**") which has resulted in revenue totaling approximately $243.4 million from 2007 through 2012 (see "**TABLE FIVE – SUMMARY OF OPERATING REVENUES, MAINTENANCE AND OPERATING EXPENSES, NET OPERATING REVENUES AND DEBT SERVICE COVERAGE FOR THE YEARS ENDED DECEMBER 31, 2007 – DECEMBER 31, 2012**" and "**FINANCIAL INFORMATION – Financial Information Discussion – Toll Revenue Collection**"). VES employs in-ground technology which interfaces with the toll payment medium, either currency or electronically based, to determine whether the detected vehicle paid the proper toll. If the proper toll was not paid, a camera system snaps multiple digital photos of the vehicle plate. The plate is then cross-checked against the Illinois Secretary of State or appropriate out-of-state department of motor vehicles databases to identify the alleged violator. Non-gated toll lanes are fitted with VES cameras.

The Authority has statutory authority to fix, assess and collect civil fines against toll violators and to establish by rule a system of civil administrative adjudication to adjudicate alleged instances of toll violations, as detected by the Authority's violation enforcement system. The Authority has established fines for toll violations and an administrative adjudication process for adjudicating disputes relating to alleged toll violations. Under current practice, if there are three or more unpaid tolls within a two-year period, the Authority issues a Notice Violation for all such unpaid tolls within 90 days of the third or greater unpaid toll. The alleged violator can schedule an administrative hearing to challenge one or more violations. If the hearing officer, or the Circuit Court on administrative review, finds that a toll violation or violations has occurred, or a judgment by default is entered, the amount of the unpaid toll plus a $20 fine per violation is levied on the registered owner of the vehicle involved in the violation(s). Violators who do not pay the unpaid tolls and the $20 fines per violation are subject to having their fines increased by $50 to $70 per violation. The Authority may refer violators who fail to pay their unpaid tolls and fines to the Office of the Secretary of State, which may revoke the violator's license plate registration and driving privileges.

The outside vendor which is responsible for most of the Authority's functions and services relating to electronic toll collection is Electronic Transaction Consultants Corp. ("**ETCC**"). ETCC's responsibilities include vehicle identification and classification technology; recording, storing and auditing toll transactions; electronic collection of toll revenue; and providing and managing the violation enforcement system and customer service system. ETCC's contract with the Authority began June 29, 2005. The contract had a five-year initial term and five one-year renewal options. On May 23, 2013, the Authority exercised the fourth of the five one-year renewal options which extended the ETCC contract until June 30, 2014, and the Authority expects to exercise the existing contract's final one-year renewal option to extend the ETCC contract until June 30, 2015. The Authority has entered into a contract with Accenture, LLP for a new back office suite of applications for managing its I-PASS accounts and violations enforcement program. The new back office is expected to integrate with existing toll collection technology, upgrade customer service and billing capabilities and enhance processing, monitoring and financial reporting functionalities when the existing ETCC contract expires (expected to be June 30, 2015). Accenture, LLP's contract with the Authority has an initial term that expires in October 2019 and four one-year renewal options.

Toll Rates

The Authority has undertaken five major toll adjustments and approved a sixth that is scheduled to begin to be implemented on January 1, 2015. The first major adjustment generally increased toll rates in 1963, the second generally decreased toll rates in August, 1970, the third increased toll rates in September, 1983 and the fourth increased toll rates in January, 2005. As a part of the fourth adjustment, the Tollway simplified the rate structure, reducing the defined classes of vehicles from ten classes to the four classes utilized today. Class 1 is a passenger car class and the other three classes are for commercial vehicles and consist of small, medium and large truck classes, generally classified by number of axles.

The fifth adjustment was approved by the Authority's Board in August of 2011 in conjunction with the authorization of the Move Illinois Program, and became effective on January 1, 2012 for passenger cars. The fifth adjustment increased passenger car tolls approximately 87%. The sixth adjustment was initially approved by the Authority's Board in November of 2008 and was confirmed in August of 2011 to become effective beginning on January 1, 2015. The sixth adjustment increases commercial vehicle toll rates by approximately 60%, with approximately two-thirds of such increase becoming effective on January 1, 2015, one-sixth of such increase becoming effective on January 1, 2016, and one-sixth of such increase becoming effective on January 1, 2017. The sixth adjustment also imposes an annual inflator based on the Consumer Price Index for All Urban Consumers to commercial vehicle toll rates on January 1, 2018 and every January 1st thereafter.

The Authority currently charges discounted rates for commercial vehicles during certain times and for passenger cars that utilize I-PASS instead of cash. Lower rates are charged for commercial vehicles using the Tollway System during overnight hours (10:00 p.m. – 6:00a.m.) in order to help with congestion and expedite travel times. The daytime rates for the three commercial vehicle classes of large (Tier 4), medium (Tier 3) and small (Tier 2) are $4.00, $2.25 and $1.50, respectively, at typical mainline plazas. The corresponding overnight (10:00 p.m. – 6:00 a.m.) rates are discounted to $3.00, $1.75 and $1.00. In addition to overnight discounting for commercial vehicles, the Authority discounts toll rates for passenger cars that are I-PASS users paying electronically by 50% compared to passenger car users paying with cash. At half of the Tollway's mainline plazas, passenger car I-PASS users pay $0.75, compared to $1.50 for passenger car users paying with cash.

Table One sets forth the toll rates paid by various classes of motor vehicles at a typical mainline toll plaza for the periods shown.

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TABLE ONE

ILLINOIS TOLLWAY
TOLL RATES BY VEHICLE CLASS

Vehicle Class							2005 – 2011(1)(2)(3)		2012 – 2014(1)(2)(3)		2015(1)(2)(3)		2016(1)(2)(3)		2017(1)(2)(3)	
Current	Pre-2005	Description	1959-1963	1964-1970	1971-1983	1983-2004	Non-Discounted	Discounted	Non-Discounted	Discounted	Non-Discounted	Discounted	Non-Discounted	Discounted	Non-Discounted	Discounted
1	1	Automobile, motorcycle, taxi, station wagon, ambulance, single unit truck or tractor, two axles, four or less tires	$0.30	$0.35	$0.30	$0.40	$0.80	$0.40	$1.50	$0.75	$1.50	$0.75	$1.50	$0.75	$1.50	$0.75
2	2	Single unit truck or tractor, buses, two axles, six tires	$0.40	$0.45	$0.30	$0.50	$1.50	$1.00	$1.50	$1.00	$2.10	$1.40	$2.25	$1.50	$2.40	$1.60
3	3	Three axle trucks and buses	$0.50	$0.50	$0.45	$0.75	$2.25	$1.75	$2.25	$1.75	$3.15	$2.45	$3.40	$2.65	$3.60	$2.80
3	4	Trucks with four axles	$0.50	$0.60	$0.60	$1.00	$2.25	$1.75	$2.25	$1.75	$3.15	$2.45	$3.40	$2.65	$3.60	$2.80
3	7	Class 1 vehicle with one axle trailer	$0.50	$0.50	$0.45	$0.60	$2.25	$1.75	$2.25	$1.75	$3.15	$2.45	$3.40	$2.65	$3.60	$2.80
3	8	Class 1 vehicle with two axle trailer	$0.50	$0.60	$0.60	$0.80	$2.25	$1.75	$2.25	$1.75	$3.15	$2.45	$3.40	$2.65	$3.60	$2.80
4	5	Truck with five axles	$0.50	$0.75	$0.75	$1.25	$4.00	$3.00	$4.00	$3.00	$5.60	$4.20	$6.00	$4.50	$6.40	$4.80
4	6	Truck with six axles	$0.50	$0.90	$0.90	$1.50	$4.00	$3.00	$4.00	$3.00	$5.60	$4.20	$6.00	$4.50	$6.40	$4.80
4	9	Miscellaneous passenger car, special or unusual vehicles not classified above	$0.50	$0.90	$1.00	$1.40(4)	$4.00	$3.00	$4.00	$3.00	$5.60	$4.20	$6.00	$4.50	$6.40	$4.80
4	10	Miscellaneous commercial vehicle, special or unusual vehicles not classified above	--	--	--	$1.75(4)	$4.00	$3.00	$4.00	$3.00	$5.60	$4.20	$6.00	$4.50	$6.40	$4.80

(1) The toll rates listed above are toll rates for half (11 of 22) of the mainline plazas on the existing Tollway System. Toll rates at the other 11 mainline plazas are higher by various amounts. A complete listing of toll rates at each Tollway System plaza may be found on the Authority's website. No other information from the Authority's website is incorporated by reference into this Official Statement. Toll rates on the Elgin O'Hare corridor are currently expected to begin to go into effect in 2017, and are currently estimated to be significantly higher, on a per-mile basis, than toll rates on the existing Tollway System.

(2) Class 1 vehicles making payment via I-PASS are tolled at the discounted rate, and the non-discounted rate applies to cash forms of payment.

(3) Commercial vehicles (Classes 2-4) are tolled at a discounted rate during the overnight period of 10 p.m. – 6 a.m. whether paying by I-PASS or cash (the "**Overnight Discount Rate**"). Prior to January 1, 2009, commercial vehicles paying by I-PASS were tolled at the discounted rate for certain off-peak time periods (the "**I-PASS Off-Peak Discount Rate**"). This I-PASS Off-Peak Discount Rate expired on 12/31/2008. The Overnight Discount Rate continues. After year 2017, commercial vehicle toll rates will increase annually at approximately the rate of increase (if any) of the Consumer Price Index for All Urban Consumers.

(4) Class 9 rate was $0.20 per axle for automobiles and Class 10 rate was $0.25 per axle for trucks.

Under the Act, the Authority has the exclusive right to fix, adjust, revise and collect tolls for the use of the Tollway System. Such tolls are required to be fixed and adjusted at rates calculated to provide the lowest reasonable toll rates to provide funds that will be sufficient, together with other revenues of the Authority, to pay the costs of any authorized new construction or reconstruction, operating, repairing, regulating and maintaining the Tollway System and paying debt service on Outstanding Bonds. The Authority may increase tolls by vote of a majority of its Board of Directors, after conducting a public hearing in each county in which the proposed increase is to take place. No other State of Illinois executive, administrative or regulatory body or regional or local governmental or regulatory body has the authority to limit or restrict such rates and charges.

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Historical Toll Transactions and Toll Revenues

Table Two sets forth annual toll transactions for passenger and commercial vehicles for selected years since 1964.

TABLE TWO

ANNUAL TOLL TRANSACTIONS – PASSENGER AND COMMERCIAL VEHICLES[(1)]

1964-2013 (SELECTED YEARS)
(Transactions in thousands)

Year	Passenger	Commercial	Total	% Passenger
1964	72,721	7,005	79,726	91.21
1969	146,476	14,488	160,964	91.00
1974	204,360	28,446	232,806	87.78
1979	268,051	42,606	310,657	86.29
1984	308,104	42,890	350,994	87.78
1989	428,745	57,193	485,938	88.23
1994	565,601	66,693	632,294	89.45
1999	648,269	71,835	720,104	90.02
2004	714,120	109,025	823,145	86.76
2005	695,378	85,068	780,446	89.10
2006	678,535	85,590	764,125	88.80
2007	696,055	92,237	788,292	88.30
2008	688,516	89,366	777,882	88.51
2009	694,837	80,516	775,353	89.62
2010	730,797	86,286	817,083	89.44
2011	743,195	89,633	832,828	89.24
2012	711,680	92,100	803,780	88.54
2013	720,513	95,528	816,042	88.29

Source: Authority's Comprehensive Annual Financial Report for the Year Ended December 31, 2012, except for 2013 which is preliminary and unaudited.

(1) In 2003, a new Integrated Toll Collection System was completed which classified vehicles by axle counts in relation to the toll paid by each vehicle. In 2004, commercial vehicle counts were inflated by the new classification system due to passenger vehicle overpayments at ramp plazas. Due to the toll increase in January 2005, the classification system has more accurately recorded passenger and commercial vehicle counts for 2005 and beyond. The Tollway estimates that about 50% of the decline in commercial vehicle transactions between 2004 and 2005 can be attributed to the over count of commercial vehicles and the corresponding under count of passenger vehicles in 2004.

In 2006, the Tollway permanently converted from bidirectional to one-way tolling at the Belvidere and Marengo Mainline Toll Plazas on the Jane Addams Memorial Tollway in conjunction with a doubling of the fares at those plazas. Due to this reconfiguration, total transactions were reduced by 14.6 million in 2006 with no localized revenue impact.

Table Three sets forth annual toll revenues generated by passenger and commercial vehicles for selected years since 1964.

TABLE THREE

ANNUAL TOLL REVENUES – PASSENGER AND COMMERCIAL VEHICLES[(1)]

1964-2013 (SELECTED YEARS)
(Dollars in thousands)

Year	Passenger	Commercial	Total	% Passenger
1964	$ 26,284	$ 4,888	$ 31,172	84.32
1969	46,872	8,803	55,675	84.19
1974	55,419	14,891	70,310	78.82
1979	73,048	24,068	97,116	75.22
1984	114,233	43,094	157,327	72.61
1989	155,394	57,387	212,781	73.03
1994	215,221	66,922	282,143	76.28
1999	259,448	73,178	332,626	78.00
2004	287,218	104,368	391,586	73.35
2005[(2)]	341,352	239,090	580,442	58.81
2006	324,556	242,944	567,500	57.19
2007	321,008	251,085	572,093	56.11
2008	335,653	247,994	583,647	57.51
2009	334,520	257,544	592,063	56.50
2010	348,946	279,808	628,754	55.50
2011	354,186	298,488	652,674	54.27
2012[(2)]	615,957	306,433	922,390	66.78
2013	622,349	320,803	943,152	65.99

Source: Authority's Comprehensive Annual Financial Report for the Year Ended December 31, 2012, except for 2013 which is preliminary and unaudited.

(1) See the footnote to Table 2 regarding change in traffic counts resulting from completion of the Integrated Toll Collection System.

(2) Due to the changed rate structures implemented in 2005 and 2012, the percentage of revenues from commercial vehicles increased in 2005 and decreased in 2012.

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Historical Net Operating Revenues

Table Four sets forth operating revenues, maintenance and operating expenses, and net operating revenues for selected years since 1964.

TABLE FOUR

OPERATING REVENUES, MAINTENANCE AND OPERATING EXPENSES, AND NET OPERATING REVENUES[1]

1964-2013 (SELECTED YEARS)
(Dollars in thousands)

Year	Operating Revenues	Maintenance and Operating Expenses	Net Operating Revenues
1964	$ 32,135	$ 6,832	$ 25,303
1969	57,395	13,015	44,380
1974	72,737	23,715	49,022
1979	100,436	39,733	60,703
1984	162,108	56,639	105,469
1989	254,734	85,065	169,669
1994	309,949	116,996	192,953
1999	366,092	146,881	219,211
2004	423,427	198,302	225,125
2005	613,034	205,575	407,459
2006	606,954	213,510	393,444
2007	637,794	222,295	415,499
2008	691,113	244,275	446,838
2009	658,052	255,185	402,867
2010	672,760	250,857	421,903[2]
2011	697,416	245,975	451,441[2]
2012	963,755	253,058	710,697[2]
2013	1,009,776	277,512	732,263

Source: Authority's Comprehensive Annual Financial Report for the Year Ended December 31, 2012, except for 2013 which is preliminary and unaudited.

(1) Determined according to the Series 1955 Bond Resolution through December 26, 1985, and in accordance with the Indenture subsequent to December 26, 1985. See Table Five for items included in Operating Revenues.

(2) For a discussion of changes from 2010 to 2011 and 2011 to 2012, see "**FINANCIAL INFORMATION – Financial Information Discussion**."

Table Five presents, for 2007 through 2012, a more detailed review of operating revenues, maintenance and operating expenses, net operating revenues and debt service coverage for 2007 through 2012. Net operating revenues and debt service coverage for 2013 and projections through 2031 are set forth as part of Table Seven.

TABLE FIVE

SUMMARY OF OPERATING REVENUES, MAINTENANCE AND OPERATING EXPENSES, NET OPERATING REVENUES[1] AND DEBT SERVICE COVERAGE FOR THE YEARS ENDED DECEMBER 31, 2007 – DECEMBER 31, 2012
(Dollars in Thousands)

	2007	2008	2009	2010	2011	2012
Operating Revenues:						
Toll Revenue	$572,093	$583,647	$592,063	$628,754	$652,674	$922,390
Toll Evasion Recovery[2]	10,080	77,654	54,829	34,924	33,268	32,599
Concession & Other Revenue	5,775	6,832	7,960	7,332	10,410	7,377
Investment Income	49,846	22,980	3,200	1,750	1,064	1,389
Total Operating Revenue	$637,794	$691,113	$658,052	$672,760	$697,416	$963,755
Maintenance and Operating Expenses:						
General Administration	$ 24,262	$ 18,382	$ 20,605	$ 22,165	$ 20,522	$ 19,971
Engineering & Maintenance	44,834	43,899	47,895	45,627	43,667	39,145
Toll Services	79,538	100,464	91,541	88,850	88,737	93,590
Police, Safety and Communication	21,247	21,895	22,650	22,811	23,061	22,808
Insurance and Employee Benefits	52,414	59,635	72,494	71,674	69,988	77,544
Total Expenses	$222,295	$244,275	$255,185	$250,857	$245,975	$253,058
Net Operating Revenues	$415,498	$446,838	$402,867	$421,903	$451,441	$710,696
Total Debt Service[3]	$172,284	$198,429	$173,319	$248,108	$249,960	$250,253
Net Revenues After Debt Service[3]	$243,214	$248,409	$229,548	$173,795	$201,481	$460,444
Debt Service Coverage[3]	2.41	2.25	2.32	1.70	1.81	2.84

Source: Comprehensive Annual Financial Report for the Year Ended December 31, 2012.

(1) Determined in accordance with accounting principles set forth in the Indenture and may differ from financial statements prepared in accordance with generally accepted accounting principles. Operating Expenses exclude Depreciation and Amortization.

(2) For fiscal years 2007-2011, the amounts shown reflect the dollar amount (tolls plus fines) of violation notices issued in a given fiscal year less estimated bad debt expense for that fiscal year. Toll evasion recovery was low in FY07 because from July 2006 through August 2007 the Tollway suspended the issuance of violation notices in connection with transition to a new violation enforcement system and a change in the systems integrator. Toll evasion recovery was high in FY08/FY09 as the resulting backlog was worked through. In 2012, the Tollway changed its accounting of fines to a cash basis, recognizing fines as revenues when collected. The amount of evasion recovery shown in 2012 includes a one-time accounting adjustment of ($11.6 million) to remove the dollar amount of fines receivable net of bad debt expense as of 12/31/2011.

(3) Debt service is net of any applicable capitalized or pre-paid interest. Debt service does not net out any Subsidy Payments received or anticipated to be received by the Authority in connection with the 2009A Bonds and 2009B Bonds issued as Build America Bonds.

Historically, Net Revenues after Debt Service have been used primarily to fund deposits to the Renewal and Replacement Account and the Improvement Account in amounts budgeted by the Authority. The Authority anticipates that Net Revenues after Debt Service will continue to be so applied.

THE CAPITAL PROGRAMS

The Authority has two capital programs in process: (i) the Move Illinois Program scheduled for the period 2012-2026; and (ii) the Congestion-Relief Program scheduled for the period 2005-2016.

The Move Illinois Program

The Move Illinois Program is the Authority's capital program for 2012-2026. It is a comprehensive, capital program that commits approximately $12.1 billion in transportation funding to complete the rebuilding of the 55-year old Tollway System and provide transportation funding to improve mobility, relieve congestion, and reduce pollution and link economies across Northern Illinois. The Move Illinois Program is expected to be funded from the issuance of approximately $5.1 billion of bonds, including the 2013A Bonds and the 2014B Bonds, and the remainder from revenues. See "**PLAN OF FINANCE**" for anticipated timing of issuance of the Additional Bonds. The Authority approved the Move Illinois Program on August 25, 2011, and in connection therewith approved an approximately 87% increase in passenger vehicle toll rates effective January 1, 2012. The Authority also affirmed a previously approved increase in commercial vehicle toll rates. The commercial vehicle toll rate increase consists of an approximately 60% increase which will be phased in over January 1, 2015-2017 and an annual inflator to be applied beginning January 1, 2018 based on the Consumer Price Index for All Urban Consumers. See "**THE TOLLWAY SYSTEM – Toll Rates**."

The basis for *Move Illinois: The Illinois Tollway Driving the Future* was a capital needs analysis performed by Tollway staff and consultants that included a comprehensive assessment of the current and future physical and operational characteristics of the entire Tollway system. Previous long-range plans were reevaluated, the needs of communities and stakeholders were catalogued and new technology and transit opportunities were explored. This evaluation became the foundation of the Move Illinois Program, which will provide additional capacity, relieve congestion and maintain the region's competitiveness with other major cities in the United States and around the world.

The Move Illinois Program includes approximately $8 billion to fund improvements to the existing Tollway system necessary to keep the existing 286 miles in a state of good repair. Such projects include:

- Reconstructing and widening the Jane Addams Memorial Tollway (I-90) from the Tri-State Tollway (I-294) near O'Hare Airport to the I-39 interchange in Rockford
- Reconstructing the central Tri-State Tollway (I-294) from 95th Street to Balmoral Avenue and the Edens Spur (I-94)
- Preserving the Ronald Reagan Memorial Tollway (I-88)
- Preserving the Veterans Memorial Tollway (I-355)
- Repairing roads, bridges, and maintenance facilities
- Other capital projects

The program commits an additional approximately $4 billion to new priority projects that focus on enhancing regional mobility including:

- Constructing new interchanges for I-294 at the I-57 and 147th Street ramps

- Constructing the Elgin O'Hare Western Access, including completion of a linkage with the western side of O'Hare International Airport and construction of a bypass between I-90 and I-294, and rehabilitation and widening of the existing Elgin O'Hare expressway

- Implementing new "Active Traffic Management" features to accommodate transit and provide increased flexibility for passenger vehicles on the Jane Addams Memorial Tollway (I-90)

- Planning for other projects including the Illinois Route 53 Corridor and the Illiana Expressway

As described later in "**THE CAPITAL PROGRAMS – Potential Additional Capital Projects – *Statutory Approvals for New Toll Highways***," certain approvals of the Governor and the General Assembly are required by the Act in connection with the Authority's issuance of bonds to finance costs related to new toll highways, including a requirement that prior to the issuance of bonds for the commencement of construction of any new toll highway, that particular toll highway shall be authorized by a joint resolution of the Illinois General Assembly. The Authority held multiple public hearings relating to the Move Illinois Program. The Authority presented preliminary plans and preliminary cost estimates to the Governor, which plans and estimates were approved by the Governor on October 7, 2011. On May 23, 2013, the Illinois Senate approved a House Joint Resolution HJR0009 adopted by the Illinois House on May 1, 2013, authorizing the Authority to expand the Tollway System to reconstruct and expand the existing Elgin-O'Hare Expressway, as well as include western access to O'Hare Airport (the "**Elgin-O'Hare Project**") and all requisite approvals have now been obtained for the Elgin-O'Hare Project.

The Congestion-Relief Program

On September 30, 2004, the Authority approved a ten-year $5.3 billion capital improvement plan known as the Congestion-Relief Plan: Open Roads for a Faster Future (the "**Congestion-Relief Plan**"), and also approved an adjustment in toll rates. See "**THE TOLLWAY SYSTEM – Toll Rates**" below. The Congestion-Relief Plan was designed to reduce congestion and add capacity by rebuilding, restoring and expanding the Tollway System and utilizing open road tolling as described in this Official Statement. The Tollway redesignated the Congestion-Relief Plan as the Congestion-Relief Program (the "**CRP**") once implementation was underway. The Tollway reassessed the CRP during 2007. A number of projects were reevaluated and modified or enhanced due to roadway conditions or to accommodate input from affected municipalities. Due to increased material and construction costs, the budgets for remaining projects were reevaluated and in some cases increased. Finally, significant additions were made to the CRP to address additional portions of the system and to provide access improvements to the Tollway. Based upon these changes, the overall budget for the CRP was increased to $6.3 billion and the schedule lengthened by two years from 2014 to 2016. The revised CRP was approved by the Authority at its September 7, 2007 Board meeting. Subsequent progress of the CRP has allowed management to reduce the total cost of the CRP to its current estimate of $5.7 billion.

The CRP is substantially complete (90% as of December 31, 2013) and its goals largely realized:

- provide congestion relief by converting the entire mainline system to open road tolling;

- widen a significant portion of the roadway network;

- rebuild or rehabilitate most of the existing pavement;

- extend I-355 south from I-55 to I-80; and

- upgrade or add interchanges systemwide to meet the needs of growing communities.

Proceeds of the 2005 Bonds, the 2006 Bonds, the 2007 Bonds, the 2008B Bonds, the 2009A Bonds and the 2009B Bonds were used to pay a portion of the costs of the capital projects in the Congestion-Relief Program. None of the remaining costs of the CRP are expected to be financed by bonds or other forms of debt.

For additional information about both the Move Illinois Program and the Congestion-Relief Program, please see **APPENDIX B**.

Potential Additional Capital Projects

Statutory Approvals for New Toll Highways. The Act provides for certain approvals by the Governor and the Illinois General Assembly in connection with the Authority's issuance of bonds to finance costs related to new toll highways. Prior to commencing any engineering or traffic studies to determine the feasibility of constructing additional toll highways in the State, the Authority must submit the proposed route, together with an estimate of the cost of the proposed study or studies, to the Governor for his approval. If the Governor approves such studies, or fails to disapprove such studies and estimated cost within 30 days after receipt, the Authority is permitted, but is not required, to proceed with such studies. Prior to the issuance of bonds other than refunding bonds, the Authority must first hold a public hearing relating to the proposed toll highway and then deliver to the Governor preliminary plans showing the proposed location of the route of the particular toll highway for which the bonds are to be issued, together with a preliminary estimate of the costs of construction. If the Governor approves the preliminary plans and the estimate of construction costs, the Authority may, but is not required to, proceed with the issuance of bonds. In addition, the Act provides that prior to the issuance of bonds for or the commencement of construction of any new toll highway, that particular toll highway shall be authorized by a joint resolution of the Illinois General Assembly.

Potential System Expansion. The Illinois General Assembly has passed joint resolutions authorizing, but not requiring, the Authority to construct three new toll highways described in the following table that would add approximately 69 miles to the Tollway System.

Year of Joint Resolution	Potential Toll Highway	Additional Miles
1993	Southward extension of the Veterans Memorial Tollway from U.S. Interstate Highway 80 to U.S. Interstate Highway 57 near Peotone.	20
1993	North Extension extending Illinois Route 53 from Lake-Cook Road to the Tri-State Tollway.	23
1993	Richmond Waukegan Toll Highway extending from Illinois Route 120 west to Richmond, Illinois at approximately Illinois Route 173.	26

Pursuant to a Board Resolution passed on December 20, 2007, the Authority identified several projects in Northeastern Illinois not currently part of the Tollway System, known as the Illiana Expressway, the Crosstown Expressway, the Prairie Parkway, completion of the Elgin-O'Hare Project, and improvement of the Eisenhower Expressway, as additional potential future projects to be studied by Authority management. The Governor has approved the commencement of feasibility, traffic and engineering studies related to these projects. Except with respect to the Elgin-O'Hare Project which is part of the Move Illinois Program, the Authority has not completed feasibility studies, held the public hearings required by the Act, or requested the Governor's approval of preliminary plans or estimates of costs of construction for any of the potential toll highways or projects described above. The Illinois Department of Transportation has undertaken (but not yet completed) a process to enter into a public-private partnership, subject to various requirements, conditions and restrictions, related to the Illinois portion of a toll road connecting Interstate 65 in Indiana to Interstate 55 in Illinois (the "**Illiana Expressway**"). The Authority has indicated that it will limit any potential involvement in the Illiana Expressway project to operations and toll collection. It is not known (i) whether the construction of the Illiana Expressway will occur or (ii) the extent, if any, of the Authority's future involvement in the Illiana Expressway project.

Before commencing construction on any new toll highway, the Authority must comply with all applicable legal requirements under the Act. In the future the Authority may embark on other system expansion and improvement projects, depending upon factors such as the availability of funding for highway projects in the region, changes in traffic congestion patterns, and agreements with other public entities in the region.

Other Limited Access Highways

There are no limited access freeways or other limited access highways under construction, and to the knowledge of the Authority, no Federal, state or other agency is now planning the construction, improvement or acquisition of any highway or other facility that may be materially competitive with the Tollway System.

Patron Service Areas

Seven patron service areas ("**Oases**") serve the existing Tollway System. These Oases are comprised of patron service buildings that house washroom facilities, restaurants and other traveler-related convenience services ("**Oases pavilions**") and motor fuel facilities ("**Oases fuel facilities**"). In 2002, the Authority entered into separate triple-net lease agreements with Wilton Partners Tollway LLC ("**Wilton**") for developing, operating, maintaining and managing the Oases pavilions and with ExxonMobil Oil Corporation ("**Exxon**") for developing, operating, maintaining and managing the Oases fuel facilities. The lease agreements extend until April 2027.

On September 30, 2010, SFI Chicago Tollway LLC ("**SFI**"), an iStar subsidiary, took ownership of the Wilton leasehold, following court approval of a foreclosure sale. SFI contracted with U.S. Equities to continue managing the day-to-day operation of the Oases pavilions. The guaranteed minimum rent for the Oases pavilions was $743,000 in lease years 4-10 (2006 – 2012) and increased to $850,000 in years 11-25 (2012 – 2027) (subsequently reduced as described below). Over and above the guaranteed minimum rent, if SFI sublessees' sales exceed certain sublease-specific break points, the Tollway also shares in a percentage of the profits.

In 2011, Exxon assigned its leasehold interest in the Oases fuel facilities to 7-Eleven. Guaranteed rent for the Oases fuel facilities is $900,250 annually.

In connection with widening and reconstruction work on the Jane Addams Memorial Tollway (I-90), which is part of the Move Illinois Program, on September 26, 2013, the Tollway's Board of Directors approved an agreement to terminate the portions of the Oases lease specifically applicable to the DesPlaines Oasis. The Tollway provided the required advance notice to SFI and assumed possession of this Oasis facility for demolition purposes on April 1, 2014 after, in accordance with the terms of the lease, negotiating compensation to SFI, which such compensation included $8.8 million from the Authority and $500,000 from a reserve account. As a result of this limited lease termination, effective April 1, 2014 the annual Guaranteed Rent paid by SFI to the Tollway for the remaining Oases pavilions was reduced from $850,000 to $728,571. The described lease termination with SFI related to the DesPlaines Oasis did not result in the removal of the 7-Eleven fuel station and associated retail convenience store at such Oasis nor affect the lease payments to the Authority therefor.

Condition and Maintenance

Providing Tollway patrons with a well-maintained highway is a task assigned to the Authority's maintenance crews. Personnel assigned to the eleven maintenance buildings, spaced at approximately 25-30 mile intervals along the road, are responsible for maintaining the Tollway System by keeping roads clean and safe in all weather conditions, particularly in winter when they clear the roadway of snow and ice.

In connection with properly maintaining the condition of the Tollway System, the Authority has employed AECOM Technical Services, Inc. ("**AECOM**" or the "**Consulting Engineer**") since the Tollway's inception. For fifty-three years, the Consulting Engineer has performed an annual inspection of the Tollway's roadway and facilities and produced a report of this inspection. AECOM's most recent report, for the year 2012, was dated January 21, 2014 (the "**AECOM Report**"), and includes assessments of: roadway pavement, which includes a visual inspection, structural evaluation and pavement surface evaluations; roadway appurtenances (*i.e.* drainage structures, embankments, ditches, guardrail and median barriers, mile markers, pavement markers and right-of-way fencing); structures *(i.e.* bridges, large culverts, retaining walls, noise abatement walls, and sign structures); and buildings and facilities (*i.e.* maintenance facility sites (garages, offices, salt domes, gas pumping facilities, storage buildings, etc.), toll plazas, telecommunication buildings, and oases). The Indenture requires that the Authority employ a consulting engineer of nationwide and favorable reputation while any Bonds issued under the Indenture remain outstanding, including the 2014B Bonds.

According to the AECOM Report, although the original system continues to be maintained, design life expectancies of infrastructure elements are reaching the end of predictable usefulness due to the effects of age and increasing traffic. Upon the completion of the current capital programs, approximately 99% of the entire system's mainline pavement will have been reconstructed or rehabilitated by 2026. Prior to the current capital programs, the Authority's annual maintenance efforts focused on protecting the integrity of the roadway through projects such as emergency patching and intermittent pavement repairs. See **APPENDIX B** for additional information on the condition of the existing Tollway System and the projects being undertaken as part of the current capital programs.

The Authority's Renewal and Replacement program is based upon the recommendations of the Consulting Engineer. See "**THE CAPITAL PROGRAMS – Renewal and Replacement Program and Improvement Program**" below.

Renewal and Replacement Program and Improvement Program

The Authority's Renewal and Replacement program consists of projects to maintain the integrity of the existing Tollway System. The Renewal and Replacement program includes the preservation, replacement, repairs, renewals and reconstruction or modification of the Tollway System, but does not include System Expansion Projects and other Improvements. The Authority and its Consulting Engineer perform periodic inspections of the Tollway System to determine work necessary to maintain the existing system.

For the period from 1999 through 2013, the Authority credited over $2.3 billion to the Renewal and Replacement Account for rehabilitation, repair and replacement projects; such credited amounts are presented in Table Six. Deposits to the Renewal and Replacement Account are made from Net Revenues after deposits are made pursuant to the Indenture into the Maintenance and Operation, Debt Service, Debt Reserve, Junior Bond Debt Service, Junior Bond Debt Reserve and Termination Payment Accounts. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds**."

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TABLE SIX

RENEWAL AND REPLACEMENT PROGRAM FOR THE YEARS ENDED DECEMBER 31, 1999 THROUGH 2013

RENEWAL AND REPLACEMENT ACCOUNT[1]

Year	Total Funds Credited[2]
1999	$ 59,505,292
2000	87,517,692
2001	91,073,256
2002	121,375,438
2003	157,366,445
2004	157,375,682
2005	204,609,580
2006	186,545,035
2007	198,331,687
2008	1,907,175[3]
2009	161,463,238
2010	206,096,487
2011	174,192,997
2012	300,660,937
2013	200,364,611
	$2,308,385,552

Source: Authority's Comprehensive Annual Financial Report for the Year Ended December 31, 2012, except for 2013 which is preliminary and unaudited.

(1) Prior to the effectiveness of certain amendments to the Indenture in 1999, these deposits were made to the Major Improvement Account, which is now designated as the Renewal and Replacement Account.

(2) Includes earnings credited to the Renewal and Replacement Account.

(3) The Consulting Engineer deferred its recommended $100 million deposit for 2008 to 2009, based on a projected Renewal and Replacement Account balance of $74 million at the end of 2008 which the Consulting Engineer deemed an adequate reserve for unanticipated maintenance and rehabilitation needs of the System for 2009. The Authority's deposit of $161,463,238 in 2009 included the amount deferred from 2008 to 2009.

Pursuant to the Indenture, on or before October 31 of each Fiscal Year the Authority is required to prepare a tentative budget for the ensuing Fiscal Year and to include in such budget the recommendations of the Consulting Engineer as to the Renewal and Replacement Deposit for the ensuing Fiscal Year. In accordance with the Indenture, Renewal and Replacement Expenses anticipated to be funded with proceeds of Bonds are not included in this Renewal and Replacement Deposit requirement. Based upon the recommendation of the Consulting Engineer included in the Authority's tentative and final budgets for 2014, the Authority estimates that a minimum deposit of $200,000,000 will be made in 2014. A portion of the Renewal and Replacement Deposits will be used to fund certain costs of the Authority's capital programs. For current estimates of future Renewal and Replacement Deposits, see the Consulting Engineer's Report in **APPENDIX B**.

The tentative budget prepared each year by the Authority may include the Authority's estimate of the amount, if any, that will in the ensuing Fiscal Year be available for credit to the Improvement Account established under the Indenture, which is used to fund the Authority's Improvement program. The Improvement program includes any System Expansion Project, or any acquisition, installation, construction, reconstruction, modification or enhancement of or to any real or personal property (other than Operating Expenses) for which a currently effective resolution of the Authority has been adopted authorizing the deposit of Revenues to the credit of the Improvement Account for such System Expansion Project or acquisition, installation, construction, reconstruction, modification or enhancement including, without limitation, the cost of related feasibility studies, plans, designs or other related expenditures. The Authority has authorized the deposit of Revenues from time to time to the credit of the Improvement Account held under the Indenture for the purpose of funding the cost of each capital improvement that constitutes an "Improvement" under the Indenture. See "**THE CAPITAL PROGRAMS – The Move Illinois Program**" and "**– The Congestion-Relief Program" and APPENDIX D** – "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds – Improvement Account**."

FINANCIAL INFORMATION

Financial Information Discussion

General

Management of the Authority is responsible for establishing and maintaining an internal financial control structure designed to ensure that (i) the assets of the Authority are protected from loss, theft, or misuse and (ii) adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Authority's internal financial control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from it; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The Authority issues audited financial statements (see **APPENDIX A**) annually, which are prepared in accordance with generally accepted accounting principles for public agencies. The Authority's accounting system is organized and operated on an "enterprise fund basis." The accounting practices of the Authority are more fully described in Note 1 to the audited financial statements. The notes provided in the audited financial statements included in **APPENDIX A** are an integral and essential part of adequate disclosures and fair presentation of the audited financial report. The notes include a summary of significant accounting policies for the Authority and other necessary disclosures of pertinent matters relating to the financial position of the Authority. The notes provide additional informative disclosures not reflected on the face of the financial statements. The audited financial statements should be read only in connection with the accompanying notes.

Financial Results – Audited, GAAP Basis – 2012 Compared to 2011

Operating revenues increased $272 million during 2012, a 39% increase from $698 million to $970 million. Nearly all of this increase was attributable to an increase in toll revenue, from $653 million in 2011 to $922 million in 2012, an increase of $269 million primarily due to the toll rate increase that went into effect on January 1, 2012. Revenue from evasion recovery was slightly less than 2011, at $32.6 million in 2012 versus $33.3 million in 2011. Other operating revenues increased from $11.9 million in 2011 to $14.8 million in 2012.

Operating expenses declined 0.3% from $584.7 million in 2011 to $583.2 million in 2012. A $7.6 million increase in insurance and employee benefits, from $70.0 million in 2011 to $77.5 million in 2012, was offset by declines of: (i) $4.1 million in depreciation and amortization, from $318.2 million in 2011 to $314.1 million in 2012; and (ii) $4.7 million in engineering and maintenance of roadway and structures, from $44.8 million in 2011 to $40.1 million in 2012. Depreciation and amortization was 53.9% of the Tollway's $583.2 million operating expense in 2012. Excluding depreciation and amortization, operating expenses increased slightly by $2.6 million, or 1%, from $266.5 million in 2011 to $269.1 million in 2012.

The resulting operating income for the year, $387 million, was an increase of $273 million from the previous year, due primarily to the toll rate increase.

Net non-operating expenses decreased 1.7% from $184 million in 2011 to $181 million in 2012, primarily the result of a $7.4 million (3.6%) decrease in interest and other financing costs from $207 million in 2011 to $200 million in 2012.

Financial Results – Audited, GAAP Basis – 2011 Compared to 2010

Operating revenues increased 4% during 2011, from $673 million to $698 million. Most of this increase was attributable to an increase in toll revenue, which increased 4% in 2011 over 2010, from $629 million to $653 million, as signs of improvement in the regional economy included increased traffic. Other operating revenues were flat at $45 million in 2011 and 2010. A decline in toll evasion recovery, from $35 million in 2010 to $33 million in 2011, was offset by an increase in miscellaneous revenues, from $7.3 million in 2010 to $9.5 million in 2011. Concession revenue was steady at $2.4 million. Operating expenses in total declined by 1% during 2011, to $584.7 million in 2011 from $592.2 million the previous year. The Tollway's single largest expense category remained depreciation and amortization, which increased slightly from $315 million in 2010 to $318 million in 2011. Depreciation and amortization represents 54% of the Tollway's $592 million of operating expense in 2011. Excluding depreciation and amortization, operating expenses declined $10.7 million, a 4% decline from $277.2 million in 2010 to $266.5 million in 2011. Operating expenses for Services and Toll Collection declined $6.1 million from $112.6 million in 2010 to $106.5 million in 2011, primarily due to lower payroll.

The resulting operating income for the year, $113 million, was an increase of $32 million over the previous year, due primarily to the toll revenue increase and the decreased operating expenses.

Net non-operating expenses increased 4% from $178 million in 2010 to $184 million in 2011, primarily due to a $9 million increase in interest and other financing costs, from $198 million in 2010 to $207 million in 2011. Most of the increase in interest and other financing costs was the result of an increase in the cost of bank liquidity supporting variable rate bonds, consistent with increases in market rates for such facilities.

Financial Results – Preliminary and Unaudited, Trust Indenture Basis – 2013

In order to demonstrate compliance with requirements stated in the Indenture, the Authority prepares separate schedules (the "**Trust Indenture Financials**") in conformance with Indenture basis accounting principles, which is an accounting basis that differs from GAAP. The Trust Indenture Financials are the basis for the financial information included in Table Five. A primary difference in the information included in Table Five versus the Appendix A financials is that no depreciation/amortization is included in operating expenses in the information included in Table Five. The following discussion of unaudited 2013 results is based on the Indenture basis of accounting.

Preliminary and unaudited 2013 revenues were $1,009.8 million, an increase of $46.0 million, or 5%, over the $963.8 million in revenues in 2012 (determined on the accounting basis in the Indenture). Most of the increase is attributable to increases in toll revenues, from $922.4 million in 2012 to $943.2 million in 2013, an increase of 2%, and toll evasion recovery revenues, from $32.6 million in 2012 to $54.2 million in 2013. The large increase in toll evasion recovery revenues in 2013 is partly due to a one-time accounting adjustment in 2012 related to converting violation revenue recognition to a cash basis, resulting in 2012 toll evasion recovery revenues being reduced ($11.6 million) to remove fines receivable (net of bad debt expense) as of December 31, 2011. Other revenues (investment income, concessions, miscellaneous) increased by $3.6 million from $8.8 million in 2012 to $12.4 million in 2013.

Preliminary and unaudited 2013 operating expenses were $277.5 million, an increase of $24.5 million, or 9.7%, over the $253.1 million operating expenses in 2012 (determined on the accounting basis in the Indenture). The increase in operating expenses was largely attributable to increases in payroll and related costs, contractual services and insurance. Operating expenses in 2013 were below the 2013 Budget by $5.9 million, or 2%.

Budgetary Controls

The Authority is required by the Indenture to prepare a tentative budget of Operating Expenses for the ensuing Fiscal Year on or before October 31 of each Fiscal Year and to adopt the annual budget for such Fiscal Year on or before January 31 of such Fiscal Year. The adopted annual budget does not require the approval of the Illinois General Assembly. For Fiscal Year 2014, the tentative annual budget was presented to the Board of the Authority on October 24, 2013, and the final annual budget was presented on December 19, 2013. The final budget presents an overall spending plan that includes $1.4 billion in capital spending and $295.5 million in operating expenses. The budgeted amounts for 2014 are reflected in the information presented in Table Seven.

Toll Revenue Collection

The Authority experiences a difference between expected and actual toll revenue collected for a variety of reasons, such as non-payments (including toll evasion and non-payment as a result of improper transponder use), underpayments, insufficient funds in I-PASS accounts, and collection or VES equipment failures. The Authority has implemented systems and procedures to facilitate maximum realization of toll revenue. (See "**THE TOLLWAY SYSTEM – Toll Collections**.")

Expected revenue represents revenue that would be collected if every vehicle paid the exact published toll based on vehicle class, time of day and payment type. The toll revenue estimates in the Traffic Engineer's Report represent such expected revenue, and therefore do not account for overpayments, underpayments, exemptions or revenue lost due to toll avoidance, or for tolls and fines collected through the violation enforcement process. Amounts of revenue reported in the Authority's quarterly statements and annual financial reports reflect these adjustments.

From July 2006 through August 2007, the Tollway suspended the issuance of violation notices as it transitioned to a new system which integrated toll collection and violation enforcement. In addition to the system change there was also a change in the systems integrator. While these developments improved the Authority's ability to enforce its toll collection and violation enforcement in the long term, the temporary suspension of violation notices accompanying the transition resulted in a short-term increase in evaded tolls, which peaked in 2007 at 9.3% of expected revenue. Evidence pertaining to violations which occurred during the temporary suspension period, including photos, was captured and maintained, and the issuance of violation notices resumed late in 2007, which contributed to reducing the rate of evaded tolls. Evaded tolls as a percentage of expected revenue were 6.9% in 2008, 6.3% in 2009, 6.0% in 2010, 4.9% in 2011, 5.7% in 2012, and 5.2% in 2013. In its 2014 Budget the Authority projects evaded tolls at 5.6%.

Also as a result of the afore-mentioned suspension and subsequent resumption of the issuance of violation notices, toll evasion recovery revenues increased from $10.1 million in 2007 to $77.2 million in 2008 and $54.8 million in 2009, as the Tollway worked through the notification and collection processes for its backlog of violations. Toll evasion recovery revenues in 2010, 2011, 2012 and 2013 were $34.9 million, $33.3 million, $32.6 million and $54.2 million, respectively. In 2012, toll evasion recovery revenues included a reduction of $11.3 million attributable to a one-time accounting adjustment related to the conversion of violation revenue recognition to a cash basis. In its 2014 Budget the Authority projects toll evasion recovery revenues in 2014 of $46.0 million.

The Authority implemented a video tolling (V-Tolling) program beginning in 2005 to facilitate revenue collection from I-PASS customers. Using the VES camera arrays to capture license plate images of users that utilize the system and do not pay the proper toll, the V-Tolling program automatically deducts tolls from I-PASS customer accounts when transponders do not demonstrate valid reads. V-Tolling matches license plates to I-PASS account holders to allow tolls to be collected from these motorists.

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Outstanding Indebtedness

Set forth below is a summary of the outstanding indebtedness of the Authority, after giving effect to the issuance of the 2014B Bonds and the application of the proceeds thereof. All of the following are Senior Bonds under the Indenture.

Series	Final Maturity	Principal Outstanding	Type of Issue
1998 Series A	1/1/2016	$ 74,935,000	Fixed
1998 Series B	1/1/2017	123,100,000	Variable
2005 Series A	1/1/2016	71,870,000	Fixed
2006 Series A-1	1/1/2025	291,660,000	Fixed
2007 Series A-1	7/1/2030	350,000,000	Variable
2007 Series A-2	7/1/2030	350,000,000	Variable
2008 Series A-1	1/1/2031	383,100,000	Variable
2008 Series A-2	1/1/2031	95,800,000	Variable
2008 Series B	1/1/2033	350,000,000	Fixed
2009 Series A	1/1/2034	500,000,000	Fixed
2009 Series B	12/1/2034	280,000,000	Fixed
2010 Series A-1	1/1/2031	279,300,000	Fixed
2013 Series A	1/1/2038	500,000,000	Fixed
2013 Series B-1	12/1/2018	217,390,000	Fixed
2014 Series A	12/1/2022	378,720,000	Fixed
2014 Series B	1/1/2039	500,000,000	Fixed
Total Outstanding Debt		$4,745,875,000	

The 1998A Bonds and the 1998B Bonds were issued to advance refund a portion of the 1992A Bonds, which were issued to finance the widening of the Tri-State Tollway. The 2005A, 2006A-1, 2007A-1, 2007A-2, 2008B, 2009A and 2009B Bonds were issued to finance portions of the Congestion-Relief Program. The 2008A-1 and 2008A-2 Bonds were issued to advance refund (i) a portion of the 2006A-1 Bonds and (ii) all of the 2006A-2 Bonds. The 2010A-1 Bonds were issued to current refund a portion of the 2008A-2 Bonds. The 2013A Bonds were issued to finance a portion of the Move Illinois Program. The 2013B-1 Bonds were issued to advance refund a portion of the 2005A Bonds. The 2014A Bonds were issued to advance refund a portion of the 2005A Bonds.

The proceeds of the 2014B Bonds will be used to finance a portion of the costs of the capital projects included in the Move Illinois Program. See "**PLAN OF FINANCE**."

There are floating-to-fixed interest rate Swap Agreements in place relating to each series of the Authority's variable rate bonds. See "**FINANCIAL INFORMATION – Swap Agreements**" for additional information.

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Annual Debt Service Requirements

Set forth below is a schedule of the annual debt service requirements associated with the 2014B Bonds and the other Senior Bonds Outstanding and the combined debt service requirements thereon for the years ending January 1, 2015 through January 1, 2039. The Authority does not have any bonds outstanding other than Senior Bonds.

Year Ending January 1	Debt Service on Outstanding Senior Bonds(1)(2)(3)(4)	2014B Bonds Principal	2014B Bonds Interest	Total Debt Service on all Senior Bonds(1)(2)(3)(4)
2015	$301,294,862		$14,375,000	$315,669,862
2016	305,674,887		25,000,000	330,674,887
2017	302,347,212		25,000,000	327,347,212
2018	300,883,062		25,000,000	325,883,062
2019	321,834,977		25,000,000	346,834,977
2020	311,690,043		25,000,000	336,690,043
2021	311,398,615		25,000,000	336,398,615
2022	311,154,928		25,000,000	336,154,928
2023	310,897,159		25,000,000	335,897,159
2024	326,743,209		25,000,000	351,743,209
2025	317,016,020		25,000,000	342,016,020
2026	317,006,829	$7,300,000	25,000,000	349,306,829
2027	338,277,412	9,100,000	24,635,000	372,012,412
2028	338,721,232	9,100,000	24,180,000	372,001,232
2029	340,139,266	8,100,000	23,725,000	371,964,266
2030	340,970,131	7,700,000	23,320,000	371,990,131
2031	341,399,798	7,700,000	22,935,000	372,034,798
2032	336,515,300	12,900,000	22,550,000	371,965,300
2033	335,237,472	14,900,000	21,905,000	372,042,472
2034	333,893,004	16,900,000	21,160,000	371,953,004
2035	334,987,800	16,700,000	20,315,000	372,002,800
2036	128,525,000	85,500,000	19,480,000	233,505,000
2037	128,523,750	89,800,000	15,205,000	233,528,750
2038	128,520,000	94,300,000	10,715,000	233,535,000
2039	-	120,000,000	6,000,000	126,000,000
Total	$7,163,651,970	$500,000,000	$545,500,000	$8,209,151,970

(1) Debt service for the Authority's variable rate bonds (Series 1998B, 2007A-1, 2007A-2, 2008A-1 and 2008A-2) assumes the associated annual synthetic fixed interest rates, based on Swap Agreements entered into in connection with those variable rate bonds. See "**FINANCIAL INFORMATION – Swap Agreements**."

(2) The Authority's variable rate bonds, other than the Series 2007A Bonds, have liquidity support provided through standby bond purchase agreements with various liquidity providers and have bond insurance. The Series 2007A Bonds have liquidity and credit support provided through agreements with various providers. Debt service for the variable rate bonds does not include any liquidity fees, letter of credit fees or remarketing fees. As of the date of this Official Statement, no variable rate bonds were held by their respective liquidity or credit providers. See "**FINANCIAL INFORMATION – Liquidity and Credit Facilities**."

(3) Debt service does not net out any Subsidy Payments received or anticipated to be received by the Authority in connection with the 2009A Bonds or 2009B Bonds issued as Build America Bonds.

(4) Does not take into account any projected future bond issuance. Rows and columns may not add due to rounding.

Swap Agreements

General

Significant terms of the Authority's existing swap agreements in effect on the date of issuance of the 2014B Bonds (each a "**Swap Agreement**" and collectively, the "**Swap Agreements**") are set forth in the following table. Estimated valuations of the Swap Agreements are shown as of March 31, 2014 and do not include accrued interest; however such valuations are only estimates and may change due to various factors, including changes in interest rates and differences in valuation methods.

Series	Current Notional Amount (000s)	Effective Date	Fixed Rate[(1)]	Variable Rate[(2)]	Termination Date	Counterparty	Estimated Valuation (000s) (as of 3/31/2014)
1998B	$ 67,705	12/30/98	4.3250%	Bond rate[(3)]	01/01/17	Goldman Sachs Mitsui Marine Derivative Products, L.P.	$ (5,954)
1998B	55,395	12/30/98	4.3250	Bond rate[(3)]	01/01/17	JPMorgan Chase Bank, National Association	(4,871)
2007A-1	175,000	11/01/07	3.9720	SIFMA[(4)]	07/01/30	Citibank N.A., New York	(26,020)
2007A-1	175,000	11/01/07	3.9720	SIFMA[(4)]	07/01/30	Goldman Sachs Bank USA[(5)]	(26,020)
2007A-2	262,500	11/01/07	3.9925	SIFMA[(4)]	07/01/30	Bank of America, N.A.	(39,647)
2007A-2	87,500	11/01/07	3.9925	SIFMA[(4)]	07/01/30	Wells Fargo Bank, N.A.	(13,216)
2008A-1	191,550	02/07/08	3.7740	SIFMA[(4)]	01/01/31	The Bank of New York	(24,733)
2008A-1	191,550	02/07/08	3.7740	SIFMA[(4)]	01/01/31	Deutsche Bank AG	(24,733)
2008A-2	95,775	02/07/08	3.7640	SIFMA[(4)]	01/01/31	Bank of America, N.A.[(6)]	(12,259)

(1) Fixed rate paid by the Authority. Fixed interest payments are made on a monthly or semi-annual basis according to each Swap Agreement.

(2) Variable rate received by the Authority.

(3) For each Swap Agreement relating to the 1998B Bonds, the variable payment is based upon the actual amount of interest paid bondholders (cost of funds). Upon the occurrence of certain events, the amounts payable by each Swap Provider under the Swap Agreements relating to the 1998B Bonds shall equal the Alternative Floating Rate (as defined in the Swap Agreements relating to the 1998B Bonds), which may be different than the interest rate on the 1998B Bonds.

(4) Securities Industry and Financial Markets Association (SIFMA) 7-day Municipal Swap Index.

(5) Guaranteed by The Goldman Sachs Group, Inc.

(6) Novation effective October 7, 2011 from Merrill Lynch Capital Services, Inc. to Bank of America, N.A. Guaranteed by Merrill Lynch & Co., Inc.

Each of the above Swap Agreements is a Qualified Hedge Agreement under the Indenture. As a result, pursuant to the terms of the Indenture, the Authority is entitled to treat the Bonds related to a given Swap Agreement as bearing interest at the fixed rate of interest payable by the Authority to the counterparty under such Swap Agreement (each a Swap Provider), for purposes of calculating the Net Revenue Requirement to be used in demonstrating compliance with certain financial tests and requirements under the Indenture, including tests for the issuance of Additional Senior Bonds. Each of the Swap Agreements will amortize in such amounts and at such times that the notional amount of the Swap Agreement will at all times approximately match, but not exceed, the outstanding principal amount of the related Bonds.

The fixed interest payments made by the Authority under each of the Swap Agreements will be paid from amounts on deposit in the Interest Sub-Account of the Debt Service Account on a parity with the lien of the Net Revenues created with respect to the Senior Bonds.

Arrangements made in respect of the Swap Agreements do not alter the Authority's obligation to pay the principal of, premium, if any, and interest on the Authority's Outstanding Bonds. Payments pursuant to the Swap Agreements do not constitute Revenues and therefore the Swap Agreements do not provide a source of security for the Authority's Outstanding Bonds.

There are certain risks related to each Qualified Hedge Agreement. For a discussion of certain of these risks, see **APPENDIX A – "FINANCIAL STATEMENTS – Note 9 – Derivative Instruments**."

Sources of Funds for Swap Termination Payments

Under the Indenture, any termination payments with respect to the Swap Agreements relating to the 1998 Series B Bonds are payable from the Provider Payment Sub-Account of the Debt Service Account. Payments from the Provider Payment Sub-Account are made after payment of debt service on the Senior Bonds but prior to deposits to the Debt Reserve Account (although no deposit may be made to the Provider Payment Sub-Account for making any termination payment if there is a deficiency in the Debt Reserve Account). The Authority's obligation to make such payments is on parity with the lien on the Net Revenues created with respect to the 2014B Bonds and is prior to payment of debt service on any Junior Bonds or Subordinated Indebtedness. Any termination payments with respect to Swap Agreements executed and delivered from and after the date of execution and delivery of the Seventh Supplemental Indenture, which include the Swap Agreements relating to the 2007 Bonds and the Swap Agreements relating to the 2008A Bonds, will be paid from amounts on deposit in the Termination Payment Account or other lawfully available funds of the Authority. Payments from the Termination Payment Account are made after payment of debt service on Senior Bonds, after deposits to the Debt Reserve Account and after payment of any amounts required by Supplemental Indentures authorizing Junior Bonds. See "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS – Flow of Funds**."

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Liquidity and Credit Facilities

The Authority's variable rate bonds, other than the Series 2007A Bonds, have liquidity support provided through standby bond purchase agreements with the liquidity providers set forth below and have bond insurance. The Series 2007A Bonds have liquidity and credit support provided through agreements with the providers set forth below:

Series	Insurer	Liquidity and/or Credit Provider and Expiration Date of Liquidity and/or Credit Facility
1998B	Assured Guaranty Municipal Corp.	Landesbank Hessen-Thüringen Girozentrale (1/03/2017)[1]
2007A-1a	None	Citibank, N.A. (1/31/2017)
2007A-1b	None	Mizuho Bank, Ltd. (3/18/2016)
2007A-2a	None	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3/17/2017)
2007A-2b	None	Harris N.A. (3/18/2017)
2007A-2c	None	The Northern Trust Company (3/17/2017)
2007A-2d	None	Royal Bank of Canada (3/17/2017)
2008A-1a	Assured Guaranty Municipal Corp.	JPMorgan Chase Bank, N.A. (2/5/2016)
2008A-1b	Assured Guaranty Municipal Corp.	Bank of America, N.A. (2/5/2016)
2008A-2	Assured Guaranty Municipal Corp.	JPMorgan Chase Bank, N.A. (2/5/2016)

(1) The final maturity of the Series 1998B Bonds is 1/01/2017. As 1/01/2017 is not a business day, the stated expiration date of the related liquidity facility is the first business day thereafter (1/03/2017).

As of the date of this Official Statement, no variable rate bonds are held by their respective liquidity or credit providers.

Pro Forma Debt Service Coverage

Table Seven below sets forth the Pro Forma Debt Service Coverage for the years 2013 through 2031, based upon the assumptions set forth in this Official Statement. In Table Seven, the information provided for 2013 is preliminary and unaudited. Projected Revenues for 2014 are based on the Traffic Engineer's annual toll revenue certificate dated December 9, 2013, and projected Revenues for the years 2015 through 2031 are based upon the report of the Traffic Engineer as to toll revenue (see **APPENDIX C**). Projected Operating Expenses for the years 2014 through 2031 are based upon the report of the Consulting Engineer (see **APPENDIX B**). Selected portions of each report are summarized in the paragraphs that follow in this section and reference is made to **APPENDICES B** and **C** for the reports of the Consulting Engineer and Traffic Engineer, respectively.

As previously noted, the toll revenue estimates in the Traffic Engineer's Report represent expected revenue. Expected revenue represents the revenue that would be collected if every vehicle paid the exact published toll based on vehicle class, time of day and payment type. The expected revenue does not account for overpayments, underpayments, exemptions or toll avoidance nor does it account for tolls and fines collected through the violation enforcement system. In addition, estimates of toll revenues by the Traffic Engineer are based on various assumptions, including the assumption that the commercial vehicle toll rate increase that was approved in 2008 and affirmed in 2012 will go into effect as currently scheduled. The commercial vehicle toll rate increase is an increase of approximately 60% over the current toll rate schedule for commercial vehicles. The increase is scheduled to be implemented as follows: approximately two-thirds of the increase on January 1, 2015, approximately one-sixth of the increase on January 1, 2016, and approximately one-sixth of the increase on January 1, 2017. Additionally, the commercial vehicle toll rate increase includes an annual inflator based on the Consumer Price Index for All Urban Consumers, to be implemented beginning January 1, 2018, and every January 1st thereafter. The Traffic Engineer's Report assumes that for passenger vehicles, the present toll schedule will remain in effect through 2040. Critical revenue assumptions are stated in the report of the Traffic Engineer. See **APPENDIX C**.

Future Senior Bonds for the payment of Project Costs may be issued on a parity with Outstanding Senior Bonds *provided* that the Authority certifies, based upon certificates of Traffic Engineers and Consulting Engineers and in addition to certain other required certifications, that (1) Net Revenues as reflected in the books of the Authority for a period of 12 consecutive months out of the 18 months next preceding each issuance (as adjusted to reflect certain adjustments of toll rates, if applicable) exceeded the Net Revenue Requirement for such 12-month period, and (2) estimated Net Revenues for the current and each future Fiscal Year through at least the fifth full Fiscal Year after the date of issuance of such Additional Bonds, shall be at least equal to the estimated Net Revenue Requirement for such Fiscal Year. Other tests apply for Senior Bonds issued for the purpose of completing a Project or Senior Bonds issued for refunding purposes. The Net Revenue Requirement means, with respect to any period of time, an amount necessary to cure deficiencies, if any, in the Debt Service Account, the Debt Reserve Account, any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account plus the greater of (i) the sum of Aggregate Debt Service (defined as the sum of the amounts of Debt Service with respect to all series of Senior Bonds), the Junior Bond Revenue Requirement and the Renewal and Replacement Deposit for such period or (ii) 1.3 times the Aggregate Debt Service for such period. As of the date of this Official Statement, the Authority has no Junior Bonds or subordinated indebtedness outstanding. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Indebtedness**."

Under the Indenture, the Authority is required to adopt an annual budget of its operating expenses for each Fiscal Year, which budget shall include the recommendations of the Consulting Engineers as to the Renewal and Replacement Deposit for such Fiscal Year and the Authority's estimate of the amounts available for credit to the Improvement Account and the System Reserve Account. Estimates of Renewal and Replacement Deposits are based upon the Consulting Engineer's assessment of the Tollway System and its independent review of information provided by the Authority, including projected balances, budgeted expenditures and projected future expenditures. The Consulting Engineer's Report also contains estimates of the Renewal and Replacement Deposit for the years 2014 through 2031.

The following table sets forth Pro Forma Debt Service Coverage for the years 2013 through 2031, based upon the assumptions set forth in the footnotes. As noted in the footnotes, debt service in this table does not include an estimate of debt service on future bonds of the Authority issued after the issuance of the 2014B Bonds. This table should be considered in conjunction with the entire Consulting Engineer's Report and the entire Traffic Engineer's Report to understand the assumptions on which Projected Revenues, Projected Operating Expenses and Projected Renewal and Replacement Deposits are based. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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TABLE SEVEN

PRO FORMA DEBT SERVICE COVERAGE
(Dollars in thousands)

	Unaudited	Forecasted					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Operating Revenues							
Toll Revenues[(1)]							
Existing System	994,611	1,015,359	1,159,721	1,233,570	1,334,248	1,385,881	1,416,790
Elgin O'Hare Corridor	-	-	-	-	19,259	19,705	34,085
Subtotal – Toll Revs	994,611	1,015,359	1,159,721	1,233,570	1,353,507	1,405,586	1,450,875
Evaded Tolls[(2)]	(51,459)	(56,359)	(57,986)	(61,679)	(67,675)	(70,279)	(72,544)
Evasion Recovery[(3)]	54,221	46,000	42,910	45,642	50,080	52,007	53,682
Concession and Miscellaneous Revenues	11,537	8,000	8,000	8,000	9,000	9,000	9,000
Investment Income	866	2,000	5,000	8,000	11,000	16,000	16,000
TOTAL REVENUES	**1,009,776**	**1,015,000**	**1,157,645**	**1,233,534**	**1,355,911**	**1,412,313**	**1,457,014**
Operating Expenses[(4)]	**277,512**	**295,456**	**310,700**	**324,600**	**338,700**	**350,900**	**364,200**
Net Operating Revenues	**732,263**	**719,545**	**846,945**	**908,934**	**1,017,211**	**1,061,413**	**1,092,814**
Debt Service (includes 2014B Bonds)[(5)]	297,708	315,670	330,675	327,347	325,883	346,835	336,690
Pro Forma Debt Service Coverage	2.46x	2.28x	2.56x	2.78x	3.12x	3.06x	3.25x
Projected Net Cash Flow[(6)]	434,556	403,875	516,270	581,586	691,328	714,578	756,124

(1) Toll revenues in 2013 is preliminary and unaudited, in 2014 is as estimated in the Authority's 2014 Budget, and thereafter is based upon the report of the Traffic Engineer included in **APPENDIX C**.

(2) Evaded tolls in 2013 is preliminary and unaudited, in 2014 is as estimated in the Authority's 2014 Budget, and thereafter is estimated at 5% of Toll Revenues. See "**THE TOLLWAY SYSTEM – Toll Collections**" for a discussion of Evaded Tolls.

(3) Evasion Recovery in 2013 is preliminary and unaudited, in 2014 is as estimated in the Authority's 2014 Budget, and thereafter is estimated at the amount necessary such that Evaded Tolls net of Evasion Recovery revenues will equal 1.3% of Toll Revenues.

(4) Operating Expenses in 2013 is preliminary and unaudited, in 2014 is as estimated in the Authority's 2014 Budget, and thereafter is based upon the report of the Consulting Engineer thereafter. See **APPENDIX B**.

(5) See "**FINANCIAL INFORMATION – Annual Debt Service Requirements**" for certain assumptions relating to debt service on the outstanding Senior Bonds. **This table does not take into account any projected future bond issuance.** The Authority's current estimate of projected debt service coverage assuming the issuance of all additional bonds for the Move Illinois Capital Program, such assumed issuance as described in "**PLAN OF FINANCE**" herein, is approximately 2x for each of the years of 2014 through 2031. This table does not take into account, either as revenue or as a credit against debt service, any Subsidy Payments expected in connection with the 2009A Bonds and 2009B Bonds. Payments due January 1 of each year are deemed payable in the preceding year. See the definition of "Debt Service" in **APPENDIX D**.

(6) In each year, the projected net cash flow exceeds the projected Renewal and Replacement Deposit for such year set forth in the Consulting Engineer's Report. Totals may not add due to rounding.

TABLE SEVEN (continued)
(Dollars in Thousands)

	2020	2021	2022	2023	2024	2025
Projected Operating Revenues						
Toll Revenues[1]						
Existing System	1,465,947	1,512,754	1,532,668	1,606,950	1,656,860	1,695,764
Elgin O'Hare Corridor	34,733	34,926	35,211	35,622	36,036	36,582
Subtotal – Toll Revs	1,500,680	1,547,680	1,567,879	1,642,572	1,692,896	1,732,346
Evaded Tolls[2]	(75,034)	(77,384)	(78,394)	(82,129)	(84,645)	(86,617)
Evasion Recovery[3]	55,525	57,264	58,012	60,775	62,637	64,097
Concession and Miscellaneous Revenues	10,000	10,000	10,000	10,000	10,000	11,000
Investment Income	17,000	17,000	18,000	19,000	19,000	19,000
TOTAL REVENUES	**1,508,171**	**1,554,560**	**1,575,497**	**1,650,219**	**1,699,888**	**1,739,826**
Projected Operating Expenses[4]	**379,000**	**392,500**	**405,600**	**422,300**	**437,900**	**453,300**
Projected Net Operating Revenues	**1,129,171**	**1,162,060**	**1,169,897**	**1,227,919**	**1,261,988**	**1,286,526**
Debt Service (includes 2014B Bonds)[5]	336,399	336,155	335,897	351,743	342,016	349,307
Pro Forma Debt Service Coverage	3.36x	3.46x	3.48x	3.49x	3.69x	3.68x
Projected Net Cash Flow[6]	792,773	825,905	833,999	876,175	919,972	937,219

(1) Based upon the report of the Traffic Engineer included in **APPENDIX C**.
(2) Assumes revenue leakage of 5% of Toll Revenues. See "**THE TOLLWAY SYSTEM – Toll Collections**" for a discussion of Evaded Tolls.
(3) Evasion Recovery is estimated at the amount necessary such that Evaded Tolls net of Evasion Recovery revenues equals 1.3% of Toll Revenues.
(4) Based upon the report of the Consulting Engineer. See **APPENDIX B**.
(5) See "**FINANCIAL INFORMATION – Annual Debt Service Requirements**" for certain assumptions relating to debt service on the outstanding Senior Bonds. **This table does not take into account any projected future bond issuance.** The Authority's current estimate of projected debt service coverage assuming the issuance of all additional bonds for the Move Illinois Capital Program, such assumed issuance as described in "**PLAN OF FINANCE**" herein, is approximately 2x for each of the years of 2014 through 2031. This table does not take into account, either as revenue or as a credit against debt service, any Subsidy Payments expected in connection with the 2009A Bonds and 2009B Bonds. Payments due January 1 of each year are deemed payable in the preceding year. See the definition of "Debt Service" in **APPENDIX D**.
(6) In each year, the projected net cash flow exceeds the projected Renewal and Replacement Deposit for such year set forth in the Consulting Engineer's Report. Totals may not add due to rounding.

TABLE SEVEN (continued)
(Dollars in Thousands)

	2026	2027	2028	2029	2030	2031
Projected Operating Revenues						
Toll Revenues[1]						
Existing System	1,728,651	1,770,980	1,810,695	1,845,546	1,878,889	1,911,360
Elgin O'Hare Corridor	82,276	83,414	84,715	85,628	86,775	87,932
Subtotal – Toll Revs	1,810,927	1,854,394	1,895,410	1,931,174	1,965,664	1,999,292
Evaded Tolls[2]	(90,546)	(92,720)	(94,771)	(96,559)	(98,283)	(99,965)
Evasion Recovery[3]	67,004	68,613	70,130	71,453	72,730	73,974
Concession and Miscellaneous Revenues	11,000	11,000	11,000	11,000	12,000	12,000
Investment Income	19,000	19,000	19,000	19,000	19,000	19,000
TOTAL REVENUES	**1,817,385**	**1,860,287**	**1,900,770**	**1,936,069**	**1,971,110**	**2,004,301**
Projected Operating Expenses[4]	**470,200**	**487,000**	**504,300**	**521,800**	**539,900**	**558,600**
Projected Net Operating Revenues	**1,347,185**	**1,373,287**	**1,396,470**	**1,414,269**	**1,431,210**	**1,445,701**
Debt Service (includes 2014B Bonds)[5]	372,012	372,001	371,964	371,990	372,035	371,965
Pro Forma Debt Service Coverage	3.62x	3.69x	3.75x	3.80x	3.85x	3.89x
Projected Net Cash Flow[6]	975,173	1,001,286	1,024,505	1,042,279	1,059,176	1,073,736

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(1) Based upon the report of the Traffic Engineer included in **APPENDIX C**.
(2) Assumes revenue leakage of 5% of Toll Revenues. See "**THE TOLLWAY SYSTEM – Toll Collections**" for a discussion of Evaded Tolls.
(3) Evasion Recovery is estimated at 74% of Evaded Tolls.
(4) Based upon the report of the Consulting Engineer. See **APPENDIX B**.
(5) See "**FINANCIAL INFORMATION – Annual Debt Service Requirements**" for certain assumptions relating to debt service on the outstanding Senior Bonds. **This table does not take into account any projected future bond issuance.** The Authority's current estimate of projected debt service coverage assuming the issuance of all additional bonds for the Move Illinois Capital Program, such assumed issuance as described in "**PLAN OF FINANCE**" herein, is approximately 2x for each of the years of 2014 through 2031. This table does not take into account, either as revenue or as a credit against debt service, any Subsidy Payments expected in connection with the 2009A Bonds and 2009B Bonds. Payments due January 1 of each year are deemed payable in the preceding year. See the definition of "Debt Service" in **APPENDIX D**.
(6) In each year, the projected net cash flow exceeds the projected Renewal and Replacement Deposit for such year set forth in the Consulting Engineer's Report. Totals may not add due to rounding.

CERTAIN RISK FACTORS

The following is a discussion of certain risk factors attendant to an investment in the 2014B Bonds. The discussion is a non-exclusive summary of such risks and is not intended to be exhaustive. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with the entire Official Statement. The order in which risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may be other risks or considerations associated with an investment in the 2014B Bonds in addition to those set forth in this Official Statement.

General Factors Affecting Authority Revenues

The information provided with respect to toll revenues collected by the Authority is based on historical data. The amount of future toll revenues to be collected by the Authority depends upon a number of factors including rates established by the Authority and levels and composition of traffic on the Tollway System. The Authority is authorized under the Act to make and establish or repeal toll rates as it deems necessary, expedient and sufficient to maintain and operate the Tollway System, including the payment of administrative expenses and discharge of all Authority obligations as they become due and payable. The Authority is obligated under the Indenture to set tolls at levels that are expected to, with other revenues of the Authority, generate Net Revenues sufficient to meet its obligations under the Indenture. It is currently anticipated that the existing and future toll rate structures specified in TABLE ONE –TOLL RATES BY VEHICLE CLASS will be sufficient to meet the toll covenant of the Authority contained in the Indenture. See "**SECURITY AND SOURCES OF PAYMENTS FOR THE 2014B BONDS – Toll Covenant**." However, the amount and composition of traffic on the Tollway System cannot be predicted with certainty and may underperform Authority expectations due to general economic conditions, diversion of some traffic to alternative non-toll routes to avoid toll rate increases, increased fuel costs, increased mileage standards or other factors.

Forward Looking Statements; Traffic Engineer's Report and Consulting Engineer's Report

This Official Statement, including particularly the Traffic Engineer's Report attached as **APPENDIX C**, the Consulting Engineer's Report attached as **APPENDIX B** and the statements of the Authority contained in this Official Statement based on those reports, contains statements relating to future results that are "forward looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," "assume" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

The Traffic Engineer's Report, and the traffic forecasts contained in it, incorporate numerous assumptions and projections as to estimated revenues. No assurances can be given that the assumptions contained in such report will occur. Some assumptions used to develop the forecasts may not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period may vary, and the variations may be material. See **APPENDIX C – "TRAFFIC ENGINEER'S REPORT**."

The Consulting Engineer's Report, and the forecasts contained in it, incorporate numerous assumptions and projections as to capital program costs, operating expenses and needs for deposits to the Renewal and Replacement Account. No assurances can be given that the assumptions contained in such report will occur. Some assumptions used to develop the forecasts may not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period may vary, and the variations may be material. See **APPENDIX B – "CONSULTING ENGINEER'S REPORT**."

The Move Illinois Program

In connection with the Move Illinois Program, as is the case with all of the Authority's capital programs, there is a possibility of time delays and cost increases resulting from various factors. Those factors include, but are not limited to (i) design and construction issues and resulting change orders and project additions or changes to project scope, (ii) environmental litigation or environmental administrative matters, (iii) changes in the timeliness or cost of acquiring right of way, (iv) unidentified factors related to the physical condition of the Tollway System, (v) utility relocation problems, (vi) hazardous materials, (vii) force majeure events, (viii) litigation, (ix) inflation, (x) insurance coverage matters, (xi) labor actions or (xii) insolvency or bankruptcy of the contractors or other inability of the contractors to perform during construction of the Move Illinois Program. As a result, there can be no assurances that the costs of completion of the Move Illinois Program will not exceed current estimates, or that the completion of the projects will not be delayed beyond the scheduled completion date. Variations in cost estimates and delays in construction could be material.

Delays in construction completion could impact the collection of toll revenues on the affected portion of the Tollway System. The Traffic Engineer's Report forecasts revenues based on the timely completion of projects. Actual revenues may differ from such forecasts and the difference may be material. See **APPENDIX C – "TRAFFIC ENGINEER'S REPORT**."

Adverse Changes to Third-Party Financial Institutions

Adverse changes in the financial condition of certain third-party financial institutions may adversely affect the Authority's financial position. See "**FINANCIAL INFORMATION – Swap Agreements**" and "– **Liquidity and Credit Facilities**." Certain of the Authority's obligations associated with its contractual arrangements may create exposure for the Authority to such institutions, including but not limited to:

- Counterparty risk related to Swap Agreements used by the Authority to hedge its cost of funds, including any termination events;

- Risk of rating changes of the Authority's liquidity or credit support providers which may adversely affect the interest costs on the Authority's variable rate debt or which may render such variable rate debt unmarketable; and

- Risk of non-renewal of one or more of the Authority's liquidity or credit support agreements and inability to replace such agreements, which could result in a mandatory tender of the associated variable rate bonds which may adversely affect the debt service of such bonds and/or cause the Authority to refinance or pre-pay some or all of such bonds.

Technological and Other Risk Factors

The Authority is dependent on technology to conduct general business operations, including toll collection and customer account services which are dependent on the ability to process, record and monitor a large number of electronic transactions generated by equipment located throughout the Tollway System which record transponder and license plate information on vehicles. See "**THE TOLLWAY SYSTEM – Toll Collections**." If the Authority's financial, accounting, or other data processing systems fail or have other significant shortcomings, the Authority could be materially adversely affected. The Authority is similarly dependent on its employees and contractors. It could be materially adversely affected if one or more of its employees/contractors cause a significant operational breakdown or failure, either as a result of human error or purposeful sabotage or fraudulent manipulation of one or more systems. In addition, as the Authority changes processes or introduces new services, the Authority may not fully appreciate or identify new operational risks that may arise from such changes. Any of these occurrences could diminish the Authority's ability to operate or result in potential liability.

The Authority may be subject to disruptions of its operating systems arising from events that are wholly or partially beyond the Authority's control, which may include, for example, security breaches; electrical or telecommunications outages; failures of computer servers or other damage to the Authority's property or assets; natural disasters; or events arising from local or larger scale political events, including terrorist acts. While the Authority believes that its current resiliency plans are both sufficient and adequate, there can be no assurance that such plans will fully mitigate all potential business continuity risks. Any failures or disruptions of the Authority's systems or operations could cause reputational damage and/or give rise to losses or liability that may require the

Authority to expend significant resources to correct the failure or disruption, as well as expose the Authority to litigation or losses not covered by insurance.

Although the Authority devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to customers, there is no assurance that all of these security measures will provide absolute security. These risks may increase in the future as the Authority continues to increase its mobile-payment and other internet-based applications both internally and externally.

In addition, the Authority is also a member of a consortium of toll collection agencies from various states across the country that relies on technology to collect tolls, which technology is subject to similar risks. See "**THE TOLLWAY SYSTEM – Toll Collections**."

Legislative Action

Legislation is introduced from time to time in the Illinois General Assembly which, if adopted, may affect the Authority or the Tollway System. The Authority cannot predict whether or not any such bills will be enacted into law or how any such legislation may affect the Authority and its ability to meet its payment obligations under the Indenture and with respect to the 2014B Bonds.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority, threatened in any court, (i) questioning the existence or organization of the Authority, the title of any of the present officers of the Authority to their respective offices, or the validity of the 2014B Bonds or any other Authority bonds, or seeking to restrain or enjoin the issuance or delivery of the 2014B Bonds or any other Authority bonds, or questioning the power of the Authority to pledge Net Revenues in accordance with the terms of the Indenture or (ii) questioning the power of the Authority to collect tolls, fees, charges and rents or receive other Revenues or questioning the Authority's other powers that in either case would have a material adverse effect on the financial condition of the Authority or the issuance of the 2014B Bonds.

Lawsuits have been filed and are currently pending against the Authority, including claims for breach of contract, wrongful discharge, workers' compensation and personal injury to employees and non-employees. The Authority, after taking into consideration legal counsel's evaluation of such actions, is of the opinion that the anticipated outcome of these matters will have no material adverse effect on the financial condition of the Authority. The Authority has commercial insurance coverage for certain risks, including general liability and damages to Authority property. Each of these insurance programs is subject to self-funded retentions and/or deductibles. These self-funded retentions and deductibles range from $10,000 to $500,000 per occurrence depending on the type of insurance coverage.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance and sale of the 2014B Bonds are subject to the approving legal opinion of Mayer Brown LLP, Chicago, Illinois, as Bond Counsel ("**Bond Counsel**"), who has been retained by, and acts as, Bond Counsel to the Authority. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the 2014B Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Mayer Brown LLP has, at the request of the Authority, reviewed only the information in this Official Statement involving the description of the 2014B Bonds and the Indenture, the security for the 2014B Bonds and the description of the federal tax exemption of interest on the 2014B Bonds, including **APPENDIX D** - "**Summary of Certain Provisions of the Indenture**." This review was undertaken solely at the request and for the benefit of the Authority and did not include any obligation to establish or confirm factual matters set forth in this

Official Statement. The opinion of Bond Counsel for the 2014B Bonds will be in substantially the form included in this Official Statement as **APPENDIX F**.

Certain legal matters in connection with the 2014B Bonds will be passed upon for the Authority by the Authority's General Counsel, and by the Authority's special counsel, Pugh, Jones & Johnson, P.C., Chicago, Illinois and for the Underwriters by their counsel, Foley & Lardner LLP, Chicago, Illinois. Certain documents to which the Authority is a party will be approved as to form and constitutionality by the Attorney General of Illinois as *ex officio* attorney for the Authority.

UNDERWRITING

Citigroup Global Markets Inc. and Barclays Capital Inc., jointly as the representatives on behalf of themselves and the other underwriters listed on the cover of this Official Statement (the "**Underwriters**"), are expected to enter into a purchase contract with the Authority pursuant to which the Underwriters will jointly and severally agree, subject to certain customary conditions precedent to closing, to purchase the 2014B Bonds from the Authority at a purchase price of $547,495,194.51 (representing the par amount of the 2014B Bonds less an Underwriters' discount of $1,434,544.49 plus original issue premium of $48,929,739.00).

Under the purchase contract, the Underwriters will be obligated to purchase all the 2014B Bonds. The 2014B Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such Bonds into investment trusts) at prices lower than the initial offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("**TMC**") and UBS Financial Services Inc. ("**UBSFS**"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the 2014B Bonds.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc. which is a direct, wholly-owned subsidiary of BMO Financial Corp. which is itself a wholly-owned subsidiary of Bank of Montreal.

FINANCIAL ADVISORS

The Authority has engaged Public Financial Management, Inc., Chicago, Illinois, and Acacia Financial Group, Inc., Chicago, Illinois, as Financial Advisors in connection with the Authority's issuance and sale of the 2014B Bonds. The Financial Advisors are not obligated to undertake any independent verification of or assume any responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

TRAFFIC AND CONSULTING ENGINEERS

The sections of this Official Statement entitled "**THE TOLLWAY SYSTEM – Routes**"; and "**THE CAPITAL PROGRAMS – The Move Illinois Program; The Congestion-Relief Program; Potential Additional Capital Projects; Condition and Maintenance;** and **Renewal and Replacement Program and Improvement Program**" were prepared, in part, on the basis of information supplied by AECOM Technical Services, Inc., Chicago, Illinois, the Consulting Engineer. **APPENDIX B** of this Official Statement was prepared by AECOM Technical Services, Inc. in connection with the issuance of the Authority's 2014B Bonds and contains information on the condition of the existing Tollway System, the history of the major improvement programs, projects in the Capital Program, and the projected needs of the Tollway System in terms of renewal and replacement deposits and future maintenance and operating costs for 2014 and through 2031. Such projections are based upon certain assumptions made by AECOM Technical Services, Inc. as set forth in their report. The report in **APPENDIX B** reflects the scope, cost and schedule of completion of the sub-projects that make up the Move Illinois Program and the Congestion-Relief Program, as developed by the Authority's Program Management Office (the "**PMO**"), which costs vary in detail based upon the stage of implementation of each sub-project as more fully described therein. The report provides the Consulting Engineer's opinion on the reasonableness of the overall estimate of the cost of construction ($12.1 billion for the Move Illinois Program and $5.7 billion for the Congestion-Relief Program, the latter of which is 90% complete as of December 31, 2013) as developed by the PMO, but not on individual cost estimates. As stated in the report, market conditions and unforeseen events may affect the implementation and cost of the Capital Program and, on an annual basis, the Consulting Engineer's recommendations for Renewal and Replacement Deposits will reflect consideration of any adjustments to the Capital Program by the Authority.

The sections of this Official Statement entitled "**THE TOLLWAY SYSTEM – Toll Rates; Historical Toll Transactions and Toll Revenues;** and **Historical Net Operating Revenues**" and "**THE CAPITAL PROGRAMS – The Move Illinois Program**" and "**– The Congestion-Relief Program**" were prepared, in part, on the basis of information supplied by CDM Smith Inc., Lisle, Illinois, the Traffic Engineer. **APPENDIX C** of this Official Statement was prepared by CDM Smith Inc. in connection with the issuance of the Authority's 2014B Bonds and contains historical information regarding traffic and revenues and forecasts of future traffic and revenues of the Tollway System. The forecasts in **APPENDIX C** are based on assumptions made by CDM Smith Inc. concerning future events and circumstances it believes are significant to the forecasts.

The achievement of any activity estimates, forecasts or projections of the Consulting Engineer and the Traffic Engineer may be affected by fluctuating economic and other market conditions and other factors, including, without limitation, impact of economic conditions on travel in general, including the cost of fuel, competition for and price increases for labor and materials and other matters contained in the assumptions in such reports, and depends upon the occurrence of other future events that cannot be assured. Therefore, actual results may vary from the forecasts, estimates and projections, and such variations could be material.

RATINGS

The 2014B Bonds have been assigned ratings of "Aa3" by Moody's Investors Service, Inc., "AA-" by Standard & Poor's Ratings Services, and "AA-" by Fitch Ratings. Each such rating reflects only the views of such rating agency. Any explanation of the significance of such ratings may be obtained only from the respective rating agencies. Certain information and materials concerning the 2014B Bonds, the Authority and the Tollway System, some of which have not been included in this Official Statement, were furnished to the rating agencies by the Authority and others. There is no assurance that any such rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely. Any downward revision or withdrawal of any such rating may have an adverse effect on the prices at which the 2014B Bonds may be resold. The Underwriters have undertaken no responsibility either to bring any proposed revision or withdrawal of a rating to the attention of the owners of the 2014B Bonds or to oppose any such revision or withdrawal.

TAX MATTERS

General

In the opinion of Mayer Brown LLP ("**Bond Counsel**"), under existing law, interest on the 2014B Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the accuracy of the certifications of the Authority and continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"). Interest on the 2014B Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest on the 2014B Bonds is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax liability of certain corporations. Prospective purchasers of the 2014B Bonds should consult their own tax advisors as to the federal, state and local tax consequences of their acquisition, ownership or disposition of, or the accrual or receipt of interest on the 2014B Bonds.

Original Issue Premium

The Issue Price of certain 2014B Bonds ("**Premium Bonds**") may be greater than the stated amount payable on such 2014B Bonds at maturity. The difference between (i) the Issue Price of a Premium Bond and (ii) the stated amount payable at maturity of a Premium Bond with respect to that Premium Bond constitutes original issue premium in the hands of the owner who purchased that Premium Bond in the initial public offering of the 2014B Bonds ("**Original Issue Premium**").

For federal income tax purposes, Original Issue Premium on a Premium Bond must be amortized by an owner on a constant yield basis over the remaining term of a Premium Bond in a manner that takes into account potential call dates and call prices. An owner of a Premium Bond cannot deduct amortized Original Issue Premium relating to that Premium Bond. The amortized original issue premium for a Premium Bond is treated as a reduction in the tax exempt interest received. As Original Issue Premium is amortized on a Premium Bond, it reduces the owner's basis in the Premium Bond. As a result an owner of a Premium Bond may realize taxable gain for federal income tax purposes from the sale or other disposition of such a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the Issue Price who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Purchasers of Premium Bonds should consult their own tax advisors regarding the determination and treatment of Original Issue Premium for federal income tax purposes and the state and local tax consequences of owning a Premium Bond.

Sale and Retirement of the 2014B Bonds. U.S. Holders of the 2014B Bonds will recognize gain or loss on the sale, redemption, retirement or other disposition of such 2014B Bonds. Such gain or loss normally will be capital gain or loss. In addition, for taxable years beginning after December 31, 2012, certain non-corporate U.S. Holders will be subject to a 3.8% tax on net gain, in addition to regular tax on net gain. U.S. Holders should consult their tax advisors regarding the applicability of this 3.8% tax.

Reporting and Backup Withholding. Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2014B Bonds, are in certain situations required to be reported to the Internal Revenue Service. Backup withholding may also be imposed on such payments to any bondholder who fails to provide certain required information pursuant to Section 6049 of the Code. Such reporting and backup withholding requirements do not affect the excludability of interest on the 2014B Bonds from gross income for federal income tax purposes.

Changes in Federal Tax and State Law

From time to time, there are presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states, that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the marketability or market value of the 2014B Bonds or otherwise prevent holders of the 2014B Bonds from realizing the full benefit of the tax exemption of interest on the 2014B Bonds. In addition, other legislative proposals, if enacted into law, may cause interest on the 2014B Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the 2014B Bonds from realizing the full current benefit of the tax status of such interest. Further, such proposals may impact the marketability or market value of the 2014B Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposals might be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2014B Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2014B Bonds would be impacted thereby.

Prospective purchasers of the 2014B Bonds should consult their own tax advisors regarding any such pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2014B Bonds and Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE

The Authority will enter into a Continuing Disclosure Undertaking (the "**Agreement**") for the benefit of the Owners of the 2014B Bonds to provide notice of certain events to certain information repositories pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the "**Rule**") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The events which will be subject to notices on an occurrence basis and a summary of other terms of the Agreement, including termination, amendment and remedies, are set forth below.

The Authority believes that it has complied with its previous undertakings under the Rule during the last five years, with the exception of the following events:

(i) The Authority did not file event notices in connection with changes to the ratings of the bond insurers insuring its 1998A Bonds, 1998B Bonds, 2005A Bonds and 2006A-1 Bonds at the time such changes occurred. Event notices were filed on April 30, 2014 and May 6, 2014 providing such information. The Authority is implementing procedures to monitor future changes in the ratings of providers of bond insurance.

(ii) The Authority's annual filings of audited financial statements and of financial and operating data (which are dependent on such audited financial statements) made with respect to its 2009B Bonds, 2010A-1 Bonds and 2013A Bonds were not made within the time periods prescribed in the undertakings for such bonds (although all such filings were made less than 70 days after the expiration of such time periods). An event notice was filed on April 30, 2014 with respect to the Authority's failure to file such information when due. The Authority is implementing procedures to file unaudited versions of such information in the event audited versions are not available when due.

A failure by the Authority to comply with the Agreement will not constitute a default under the Indenture and Owners of the 2014B Bonds are limited to the remedies described in the Agreement. See "**CONTINUING DISCLOSURE – Consequences of Failure of the Authority to Provide Information**" below. A failure by the Authority to comply with the Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2014B Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2014B Bonds and their market price.

The following is a brief summary of certain provisions of the Agreement and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Agreement, a copy of which is available upon request from the Underwriters.

Annual Report

The Authority will, not later than ten months after the end of each Fiscal Year, provide to the Municipal Securities Rulemaking Board (the "**MSRB**") through its Electronic Municipal Market Access system for municipal securities disclosure (accessible at http://emma.msrb.org/default.aspx) ("**EMMA**"), or through any other electronic format or system prescribed by the MSRB for purposes of Section (b)(5) of the Rule, an Annual Report. Notwithstanding the foregoing, the audited Financial Statements of the Authority prepared in accordance with generally accepted accounting principles ("**GAAP Statements**") may be submitted separately from the balance of the Annual Report when such GAAP Statements are available. In the event that the GAAP Statements are not included with the Annual Report and will be submitted at a later date, the Authority will include unaudited financial information in the Annual Report and will indicate in the Annual Report the date on which the GAAP Statements are expected to be submitted. If the Annual Report (or GAAP Statements which were to be separately submitted) is not available by the date required above, the Authority will send a notice to EMMA or through any other electronic format or system prescribed by the MSRB that the Annual Report (or GAAP Statements) has not been filed.

The Authority's Annual Report will contain or incorporate by reference the following:

(a) Operating data and other information regarding the Authority for the prior Fiscal Year of the same type as included in Tables One through Six under the caption "**THE TOLLWAY SYSTEM**" in this Official Statement; and

(b) GAAP Statements for the prior Fiscal Year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements for debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by reference.

Events Notification

The Authority covenants that it will disseminate in a timely manner, not in excess of ten business days after the occurrence of the "Reportable Event" (as described below), to the MSRB in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, the disclosure of the occurrence of a Reportable Event. Certain Reportable Events are required to be disclosed only to the extent that such Reportable Event is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "**Reportable Events**," certain of which may not be applicable to the 2014B Bonds, are:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of proposed issue (IRS Form 5701-TEB) or other material

notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. modifications to rights of security Owners, if material;

8. 2014B Bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the securities, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the Authority (such an Event will be considered to have occurred in the following instances: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if the jurisdiction of the Authority has been assumed by leaving the Authority and the Authority's officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority);

13. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

Consequences of Failure of the Authority to Provide Information

The Authority agrees in the Agreement to give notice in a timely manner to the MSRB of any failure to provide disclosure of the Annual Report when the same are due under the Agreement.

In the event of a failure of the Authority to comply with any provision of the Agreement, the Owner of any Bond may seek mandamus or specific performance by court order to cause the Authority to comply with its obligations under the Agreement. A failure to comply under the Agreement shall not be deemed a default under the Indenture, and the sole remedy under the Agreement in the event of any failure of the Authority to comply with the Agreement shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Agreement, the Authority may amend the Agreement, and any provision of the Agreement may be waived if:

(1) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority, or type of business conducted;

(2) The Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not materially impair the interests of the Owners of the 2014B Bonds, as determined by parties unaffiliated with the Authority (such as the Trustee or Bond Counsel) at the time of the amendment.

Termination of Agreement

The Agreement shall be terminated if the Authority shall no longer have any legal liability for any obligation on or relating to repayment of the 2014B Bonds under the Indenture. The Authority shall give notice to EMMA or through any other electronic format or system prescribed by the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any notice of occurrence of a Reportable Event, in addition to that which is required by the Agreement. If the Authority chooses to include any information in any notice of occurrence of a Reportable Event in addition to that which is specifically required by the Agreement, the Authority shall have no obligation under the Agreement to update such information or include it in any future notice of occurrence of a Reportable Event.

Dissemination Agent

The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

LEGALITY FOR INVESTMENT

Under the Act, the 2014B Bonds are eligible in the State of Illinois for investment of sinking funds, moneys or other funds belonging to or within the control of banks, bankers, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries, municipal corporations, political subdivisions, public bodies, and public officers thereof.

FINANCIAL STATEMENTS

The financial statements of the Authority at December 31, 2012 and for the year then ended, included in **APPENDIX A** of this Official Statement, have been audited by KPMG LLP, independent auditors as set forth in their report thereon relating to such respective years appearing in **APPENDIX A** to this Official Statement.

The Authority has not requested nor did the Authority obtain any consent from the auditors to include the audited financial statements as an appendix to this Official Statement. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included in this Official Statement, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

ACCOUNTING AND INVESTMENT PRACTICES

Audited financial statements of the Authority conforming to generally accepted accounting principles at December 31, 2012 and for the year then ended are included in this Official Statement in **APPENDIX A**.

The Authority's permitted investments are governed by the provisions of the Indenture. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions – *Investment***

Securities." See also Note 2 to Notes to Financial Statements included in **APPENDIX A** to this Official Statement for a description of the Authority's investments at December 31, 2012.

MISCELLANEOUS

The financial data and other information contained in this Official Statement have been obtained from the Authority's records, audited financial statements and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained in this Official Statement will be realized.

The summaries or descriptions of provisions of the Act, the Indenture, the 2014B Bonds and all references to other materials not purporting to be quoted in full, are only brief outlines of certain of their provisions, are qualified in their entirety by reference to the complete documents relating to such matters and are subject to the full texts thereof.

The authorization, agreements and covenants of the Authority are set forth in the Indenture, and neither this Official Statement nor any advertisement of the 2014B Bonds is to be construed as a contract with the owners of the 2014B Bonds.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact.

AUTHORIZATION

The Authority has duly authorized the use and distribution of this Official Statement and the execution and delivery of this Official Statement by its Chair.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

By: /s/ Paula Wolff
Chair

APPENDIX A

FINANCIAL STATEMENTS

Audited Financial Statements for 2012

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KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

Honorable William G. Holland
Auditor General State of Illinois

and

The Board of Directors
Illinois State Toll Highway Authority:

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying basic financial statements of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, as of and for the year ended December 31, 2012, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Illinois State Toll Highway Authority as of December 31, 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the Tollway's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 – 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the Tollway's basic financial statements. The accompanying supplementary information in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information in Schedules 1 through 4 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 4 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

KPMG LLP

Chicago, Illinois
July 12, 2013

This section offers readers a discussion and analysis of the financial performance of the Illinois State Toll Highway Authority (the "Tollway"), provides an overview of its financial activities, and identifies changes in the Tollway's financial position for the year ended December 31, 2012. Readers should use this section of this report in conjunction with the Tollway's basic financial statements.

2012 Financial Highlights

- In August of 2011, the Tollway's Board of Directors approved a $12 billion capital plan, called "Move Illinois, the Illinois Tollway Driving the Future", which established a guide for infrastructure investments to be made by the Tollway beginning in 2012 through 2026. During 2012, contracts with a combined value of $528.2 million were awarded under this program.
- The Move Illinois program provides capital investments in addition to investments programmed in the previously approved Congestion Relief program (CRP). About $900 million is approved in the current capital plans to be invested under the CRP for years 2012 through 2016.
- To fund the capital outlays approved for "Move Illinois", the Tollway board set new toll rates for passenger vehicles using the system; these higher rates were effective January 1, 2012.
- The anticipated funding for the capital plan will be new revenue bonds to be issued in 2013 through 2022 totaling $5 billion. No bonds were issued in 2012.
- The Tollway's 2012 operating revenue exceeded that of the previous year by $272 million, resulting in net operating income that was $273 million higher than the previous year.
- Amounts on deposit on behalf of I-PASS account holders increased by 6.1% at year-end to $155 million; the percentage of Tollway users paying by I-PASS was 86.3% in 2012.

Basic Financial Statements

The Tollway accounts for its operations and financial transactions in a manner similar to that used by private business enterprises: the accrual basis of accounting. In these statements revenue is recognized in the period in which it is earned, and an expense is recognized in the period in which it is incurred, regardless of the timing of its related cash flow.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Tollway's basic financial statements. For each fiscal year the Tollway's basic financial statements are comprised of the following:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The Statement of Net Position presents information on all of the Tollway's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these items reported as net position. Increases or decreases in net position, over time, may serve as a useful indicator of whether the financial position of the Tollway is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents revenue and expense information and the change in the Tollway's net position during the measurement period as a result of these transactions.

The Statement of Cash Flows presents sources and uses of cash for the fiscal year, displayed in the following categories: cash flows from operating activities, cash flows from non-capital financing activities, cash flows from capital financing activities and cash flows from investing activities.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the basic financial statements.

Financial Analysis

2012 Results Compared to 2011

Operating Revenue

The Tollway's total 2012 operating revenues exceeded those of the previous year, up $272 million (39%) at $970 million, versus $698 million in 2011. Nearly all of this increase came from toll revenue which totaled $922 million in 2012 (up from $653 million in 2011), due to the toll rate increase that went into effect on January 1, 2012. Revenue from evasion recovery was slightly less than 2011, at $32.6 million in 2012 (versus $33.3 million in 2011).

Concession revenue declined slightly to $2.3 million, compared to $2.4 million in 2011.

Operating Expenses

Operating expenses, excluding depreciation, increased $2.6 million (.97%) in 2012. The increased operating cost was due mainly to increased retirement contributions. Depreciation expense was stable year over year, 1.3% lower at $314 million, from $318 million in 2011. The resulting operating income for the year, $387 million, was up by $273 million from the previous year due to the toll revenue increase.

Non-operating Revenue and Expense

Net non-operating expense decreased this year (by 1.7%) from $184 million in 2011 to $181 million for 2012, primarily the result of a $7.4 million (3.6%) decrease in interest and other financing costs which totaled $200 million this year versus $207 million in 2011. Again this year the Tollway received an interest rebate from the federal treasury relating to bonds which were issued as Build America Bonds. The 2012 rebate totaled $16.2 million, the same as 2011.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Management's Discussion and Analysis (Unaudited)
December 31, 2012

Statement of Changes in Net Position

	2012	2011
Revenues		
Operating revenues:		
Toll revenue	$ 922,390,189	$ 652,673,895
Toll evasion recovery	32,598,735	33,268,033
Concessions	2,272,864	2,421,164
Miscellaneous	12,569,929	9,507,791
Nonoperating revenues:		
Investment income	1,389,324	1,064,068
Capital contributed under intergovermental agreements	701,954	2,262,302
Revenues under intergovernmental agreements	7,405,421	6,753,264
Bond interest subsidy (Build America Bonds)	16,244,130	16,244,130
Miscellaneous	-	4,383,831
Total revenues	995,572,546	728,578,478
Expenses		
Operating expenses:		
Engineering and maintenance of roadway and structures	40,054,392	44,803,170
Services and toll collection	107,225,405	106,466,995
Traffic control, safety patrol, and radio communications	22,818,258	23,071,556
Procurement, IT, finance, and administration	21,452,099	22,176,542
Insurance and employee benefits	77,543,643	69,987,945
Depreciation and amortization	314,107,807	318,165,918
Nonoperating expenses:		
Expenses under intergovernmental agreements	7,405,421	6,753,264
Net gain on disposal of property	70,480	1,157,639
Miscellaneous	360	-
Net decrease in fair value of investments	-	299,150
Interest expense and amortization of financing costs	199,542,713	206,933,905
Total expenses	790,220,578	799,816,084
Increase (decrease) in net position	205,351,968	(71,237,606)
Net position, beginning of year	1,850,749,932	1,921,987,538
Net position, end of year	$ 2,056,101,900	$ 1,850,749,932

Changes in Net Position

Operating income increased in 2012 by $273 million to $387 million. After deducting this year's net nonoperating expense of $181 million, the Tollway posted an increase in net position for the year of $205 million. This result was much improved from the $71 million decrease in 2011. This positive change is the result of the toll rate increase that was effective January 1, 2012. After this year's result, the Tollway's net position totaled nearly $2.1 billion.

STATEMENT OF NET POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
Current and other assets	$ 1,361,438,630	$ 1,171,571,226
Capital assets - net	5,158,406,316	5,112,248,814
Total assets	$ 6,519,844,946	$ 6,283,820,040
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	$ 308,754,779	$ 307,308,634
LIABILITIES		
Current debt outstanding	$ 179,465,000	$ 176,140,000
Long-term debt outstanding	3,782,265,242	3,840,217,373
Other liabilities	810,767,583	724,021,369
Total liabilities	$ 4,772,497,825	$ 4,740,378,742
NET POSITION		
Invested in capital assets, net of related debt	$ 1,196,676,074	$ 1,095,891,441
Restricted under trust indenture agreements	291,539,463	295,857,893
Restricted for supplemental pension benefits obligations	65,755	69,473
Unrestricted	567,820,608	458,931,125
Total Net Position	$ 2,056,101,900	$ 1,850,749,932

Capital Assets and Debt Administration

Capital Assets

Capital assets continue to represent the largest category of Tollway assets, totaling $5.2 billion at year-end ($5.1 billion a year ago) comprising 79% of total Tollway assets. See the accompanying Notes to the Financial Statements for further information about capital assets.

CAPITAL ASSETS
December 31, 2012

	January 1, 2012 Net Balance	2012 Net Activity	2012 Depreciation	December 31, 2012 Net Balance
Land	$ 315,128,948	12,848,075	-	$ 327,977,023
Construction in progress	75,878,024	56,877,310	-	132,755,334
Buildings	14,757,727	1,959,171	(1,825,533)	14,891,365
Infrastructure	4,623,322,182	277,931,944	(298,753,904)	4,602,500,222
Machinery and equipment	83,161,933	9,694,371	(12,573,932)	80,282,370
Total	$ 5,112,248,814	359,310,871	(313,153,369)	$ 5,158,406,314

	January 1, 2011 Net Balance	2011 Net Activity	2011 Depreciation	December 31, 2011 Net Balance
Land	$ 313,258,059	1,870,889	-	$ 315,128,948
Construction in progress	74,417,230	1,460,794	-	75,878,024
Buildings	12,349,235	4,940,338	(2,531,846)	14,757,727
Infrastructure	4,781,311,271	145,998,450	(303,987,539)	4,623,322,182
Machinery and equipment	82,164,680	12,643,786	(11,646,533)	83,161,933
Total	$ 5,263,500,475	166,914,257	(318,165,918)	$ 5,112,248,814

Long-Term Debt

At year-end 2012, total revenue bonds payable had been reduced by $53 million (from $4.017 billion to $3.964 billion), the result of a principal payment for 2012. All debt issues and related transactions are described more fully in note 8.

Other Debt−Related Information

The 1998 Series B, 2007 Series A-1 and A-2, and 2008 Series A-1 and A-2 bonds were issued as variable rate bonds. In connection with the issuance of these variable rate series, the Tollway entered into ten separate variable-to-fixed interest rate exchange (swap) agreements in total notional amounts and with amortizations matching the total principal amounts and amortizations of the Tollway's three variable rate bond issues. In connection with a refunding of a portion of the 2008 Series A-2 Bonds, one of the ten swap agreements was terminated on July 1, 2010, leaving nine swap agreements outstanding as of December 31, 2012.

Two swap agreements are associated with the 1998 Series B bonds, in original amounts totaling $123.1 million, both of which is outstanding as of December 31, 2012 and 2011. Four swap agreements are associated with the 2007 Series A-1 and A-2 bonds, in original amounts totaling $700 million, all of which are outstanding as of December 31, 2012 and 2011. Three swap agreements are associated with the 2008 Series A-1 and A-2 bonds, in original amounts totaling $478.875 million, all of which are outstanding as of December 31, 2012 and 2011. The Tollway utilized these nine swap agreements in order to hedge against rising interest rates and to reduce its borrowing rate (as compared to the borrowing rate obtainable by issuing fixed rate bonds). The risks associated with these types of arrangements and the strategies employed by the Tollway to mitigate those risks are discussed in note 9 of the financial statements.

As more fully described in Note 8, liquidity support for the Tollway's $478,900,000 2008 Series A Bonds was provided by a Standby Bond Purchase Agreement from Dexia Credit Local, New York Branch, until February 7, 2011, on which date the 2008 Series A Bonds were mandatorily tendered and subsequently remarketed as three separate sub-series, each sub-series liquidity supported by a standby bond purchase agreement that qualified as a Substitute Liquidity Facility under the Supplemental Indenture for the 2008 Series A Bonds. The Substitute Liquidity Facilities were provided by: JPMorgan Chase Bank, National Association; and PNC Bank, National Association.

As more fully described in Note 8, liquidity support for the Tollway's $700,000,000 2007 Series A Bonds was provided by a Standby Bond Purchase Agreement from Dexia Credit Local, New York Branch, until March 18, 2011, on which date the 2007 Series A Bonds were mandatorily tendered and subsequently remarketed as six separate sub-series, each sub-series secured by a letter of credit that qualified as a Substitute Credit Facility under the Supplemental Indenture for the 2007 Series A Bonds. The Substitute Credit Facilities were provided by: Citibank, N.A.; PNC Bank, National Association; The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch; Harris N.A.; Northern Trust Company and Wells Fargo Bank, National Association.

As of December 31, 2012 and 2011, respectively, fair market value analyses of the swap agreements estimate that if the Tollway had terminated the swap contracts on that date, the Tollway would have been required to make payments of: a total of $16.694 million for the two 1998 Series B swap agreements; a total of $181.097 million for the four 2007 Series A-1 and A-2 swap agreements; and a total of $110.964 million for the three 2008 Series A-1 and A-2 swap agreements.

The amount of additional senior bonds that the Tollway may issue at any time is limited by the requirement that the projected net revenues are sufficient to meet the Net Revenue Requirement, after giving effect to the debt service attributable to such additional bonds. The Net Revenue Requirement is comprised of the amount necessary to cure deficiencies, if any, in debt service accounts and debt reserve accounts established under the Trust Indenture, plus the greater of (i) the sum of Aggregate Debt Service on Senior Bonds, the Junior Bond Revenue Requirement, and the Renewal and Replacement Deposit for such period, and (ii) 1.3 times the Aggregate Debt Service on Senior Bonds for such period (all capitalized terms as defined in the Trust Indenture). Under the terms of the Trust Indenture the revenue bond debt service coverage ratio for 2012 was 2.84.

Note: Amounts presented in this table exclude unamortized bond premiums and amounts deferred on refunding. Additional information concerning long-term debt can be found in note 8. The 1998 Series B issue has been classified as a Current Liability due to the supporting liquidity facility that expires within one year, and has not been renewed prior to this report's issuance date.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

LONG TERM DEBT ANALYSIS
December 31, 2012

	2012		
	Noncurrent	**Current**	**Total**
Revenue bonds payable:			
Issue of 1998 Series A	$ 134,400,000	$ 56,365,000	$ 190,765,000
Issue of 1998 Series B	-	123,100,000	123,100,000
Issue of 2005 Series A	770,000,000	-	770,000,000
Issue of 2006 Series A-1	291,660,000	-	291,660,000
Issue of 2007 Series A-1	350,000,000	-	350,000,000
Issue of 2007 Series A-2	350,000,000	-	350,000,000
Issue of 2008 Series A-1	383,100,000	-	383,100,000
Issue of 2008 Series A-2	95,800,000		95,800,000
Issue of 2008 Series B	350,000,000	-	350,000,000
Issue of 2009 Series A	500,000,000	-	500,000,000
Issue of 2009 Series B	280,000,000	-	280,000,000
Issue of 2010 Series A-1	279,300,000	-	279,300,000
Total revenue bonds payable	$ 3,784,260,000	$ 179,465,000	$ 3,963,725,000

Factors Impacting Operations

In 2012 the passenger vehicle toll increase took effect and the Tollway commenced the work of its $12 billion Move Illinois capital program. Land acquisition and design work began for: the widening and rebuilding of the Jane Addams Memorial Tollway (I-90), including an interchange project at Illinois 47; the construction of the I-294/I-57 interchange; and the development of the Elgin-O'Hare West Bypass. The impact of these initiatives may include:

- Significantly increased toll revenues, which led to the Tollway posting a positive change in net position for 2012. Tollway forecasts for the fifteen-year span of the Move Illinois program call for about 60% of the program's costs to be funded by toll revenues.
- The first bond issue that will finance the Move Illinois projects was issued in May2013.

Contacting the Tollway's Financial Management

This financial report is designed to provide our customers, bondholders, employees, and other stakeholders with an overview of the Tollway's finances and to demonstrate the Tollway's accountability for the funds it receives and deploys. Questions concerning this report or requests for additional financial information should be directed to the Controller, Illinois State Toll Highway Authority, 2700 Ogden Avenue, Downers Grove, Illinois 60515.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Net Position
December 31, 2012
(With Comparative Totals for 2011)

	2012	2011
ASSETS		
Current assets:		
Current unrestricted assets:		
Cash and cash equivalents	$ 656,519,154	$ 453,263,176
Accounts receivable, less allowance for doubtful accounts of $ 21,972,461 and $307,177,981, in 2012 and 2011, respectively	6,668,496	15,988,036
Intergovernmental receivables	35,973,926	19,417,580
Accrued interest receivable	4,276	774
Risk management reserved cash and cash equivalents	12,853,085	15,024,842
Prepaid expenses	1,400,778	1,129,204
Total current unrestricted assets	713,419,715	504,823,612
Current restricted assets:		
Cash and cash equivalents restricted for debt service	171,221,885	177,231,234
Cash and cash equivalents - I-PASS accounts	155,398,888	146,510,701
Accrued interest receivable	50,533	3,425
Supplemental pension benefit assets	28,638	31,800
Total current restricted assets	326,699,944	323,777,160
Total current assets	1,040,119,659	828,600,772
Noncurrent assets:		
Capital assets:		
Land, improvements and construction in progress	460,732,357	391,006,972
Other capital assets, net of accumulated depreciation	4,697,673,959	4,721,241,842
Total capital assets	5,158,406,316	5,112,248,814
Other noncurrent assets:		
Accounts receivable less current portion	95,210,088	115,369,210
Prepaid expenses less current portion	8,422,087	9,053,234
Deferred bond issuance costs, net of accumulated amortization of $ 15,576,904 and $ 10,967,644 in 2012 and 2011, respectively	14,537,967	15,421,503
Total non-current unrestricted assets	118,170,142	139,843,947
Noncurrent restricted assets:		
Cash and cash equivalents - debt service reserve	130,925,234	202,870,537
Investments - restricted for debt service	72,000,000	
Supplemental pension benefit assets	223,595	255,970
Total non-current restricted assets	203,148,829	203,126,507
Total assets	6,519,844,946	6,283,820,040
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	308,754,779	307,308,634

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Net Position
December 31, 2012
(With Comparative Totals for 2011)

Liabilities and Net Position

	2012	2011
LIABILITIES		
Current liabilities		
Payable from unrestricted current assets:		
Accounts payable	$ 9,876,536	$ 8,460,515
Accrued liabilities	107,816,976	61,966,498
Accrued compensated absences	4,611,853	4,690,858
Intergovermental agreement payable	82,688,729	67,688,724
Risk management claims payable	13,602,326	13,377,479
Deposits and retainage	15,201,590	7,848,313
Total current liabilities payable from unrestricted current assets	233,798,010	164,032,387
Payable from current restricted assets:		
Supplemental pension benefit obligation	186,478	218,297
Current portion of revenue bonds payable	179,465,000	176,140,000
Accrued interest payable	82,527,649	84,247,303
Deposits and deferred revenue - I-PASS accounts	155,529,428	146,510,701
Total current liabilities payable from current restricted assets	417,708,555	407,116,301
Total current liabilities	651,506,565	571,148,688
Noncurrent liabilities:		
Revenue bonds payable, less current portion	3,782,265,242	3,840,217,373
Accrued compensated absences	5,200,600	5,289,691
Derivative instrument liability	308,754,779	307,308,634
Deferred revenue, less accumulated amortization of $17,740,210 and $28,452,184 in 2012 and 2011, respectively	24,770,639	16,414,356
Total noncurrent liabilities	4,120,991,260	4,169,230,054
Total liabilities	4,772,497,825	4,740,378,742
NET POSITION		
Invested in capital assets, net of related debt	1,196,676,074	1,095,891,441
Restricted under trust indenture agreements	291,539,463	295,857,893
Restricted for supplemental pension benefit obligations	65,755	69,473
Unrestricted	567,820,608	458,931,125
Total net position	2,056,101,900	1,850,749,932

See accompanying notes to the financial statements

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2012
(With Comparative Totals for 2011)

	2012	2011
Operating revenues:		
Toll revenue	$ 922,390,189	$ 652,673,895
Toll evasion recovery	32,598,735	33,268,033
Concessions	2,272,864	2,421,164
Miscellaneous	12,569,929	9,507,791
Total operating revenues	969,831,717	697,870,883
Operating expenses:		
Engineering and maintenance of roadway and structures	40,054,392	44,803,170
Services and toll collection	107,225,405	106,466,995
Traffic control, safety patrol and radio communications	22,818,258	23,071,556
Procurement, IT, finance, and administration	21,452,099	22,176,542
Insurance and employee benefits	77,543,643	69,987,945
Depreciation and amortization	314,107,807	318,165,918
Total operating expenses	583,201,604	584,672,126
Operating income	386,630,113	113,198,757
Nonoperating revenues (expenses):		
Capital contributed under intergovermental agreements	701,954	2,262,302
Revenues under intergovermental agreements	7,405,421	6,753,264
Expenses under intergovermental agreements	(7,405,421)	(6,753,264)
Net decrease in fair value of investments	-	(299,150)
Net loss on disposal of property	(70,480)	(1,157,639)
Interest expense and amortization of financing costs	(199,542,713)	(206,933,905)
Bond interest subsidy (Build America Bonds)	16,244,130	16,244,130
Miscellaneous revenue/(expense)	(360)	4,383,831
Investment income	1,389,324	1,064,068
Total nonoperating expenses	(181,278,145)	(184,436,363)
Change in net assets	205,351,968	(71,237,606)
Net position at beginning of year	1,850,749,932	1,921,987,538
Net position at end of year	$ 2,056,101,900	$ 1,850,749,932

See accompanying notes to the financial statements.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY

(A Component Unit of the State of Illinois)

Statement of Cash Flows
Year Ended December 31, 2012
(With Comparative Totals for 2011)

	2012	2011
Cash flows from operating activities:		
Cash received from sales and services	$ 1,003,554,289	$ 766,304,571
Cash received from other governments for services	16,529,606	34,158,585
Cash paid for intergovernmental services	-	(1,278,111)
Cash payments to suppliers	(119,782,450)	(134,221,172)
Cash payments to employees	(143,200,049)	(140,565,396)
Net cash provided by operating activities	757,101,396	524,398,477
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(312,471,396)	(196,030,399)
Cash paid to other governments for capital assets	701,954	984,191
Proceeds from sale of property	379,967	995,761
Principal paid on revenue bonds	(53,040,000)	(49,910,000)
Bond subsidy (Build America Bonds)	16,244,130	16,244,130
Interest expense and issuance costs paid on revenue bonds	(206,323,155)	(211,492,881)
Net cash used in capital and related financing activities	(554,508,500)	(439,209,198)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	-	25,150,950
Purchase of investments	(72,000,000)	-
Interest on investments	1,389,324	1,292,158
Net cash provided by (used in) investing activities	(70,610,676)	26,443,108
Net increase in cash and cash equivalents	131,982,220	111,632,387
Cash and cash equivalents at beginning of year	995,188,260	883,555,873
Cash and cash equivalents at end of year	$ 1,127,170,480	$ 995,188,260
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 656,519,154	$ 453,263,176
Risk management reserved cash and cash equivalents	12,853,085	15,024,842
Cash and cash equivalents restricted for debt service	302,147,119	380,101,771
Cash and cash equivalents – I-PASS accounts	155,398,889	146,510,701
Supplemental pension benefit assets	252,233	287,770
Total cash and cash equivalents at end of year	$ 1,127,170,480	$ 995,188,260

See accompanying notes to the financial statements.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Statement of Cash Flows
Year Ended December 31, 2012
(With Comparative Totals for 2011)

	2012	2011
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	$ 386,630,113	$ 113,198,757
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	314,107,807	318,165,918
Provision for bad debt	17,012,217	47,642,875
Amortization of deferred revenue	(1,628,357)	(27,523,698)
Intergovernmental revenues	7,405,421	6,753,264
Intergovernmental expenses	(7,405,421)	(6,753,264)
Miscellaneous revenue (expense)	(360)	4,383,831
Effects of changes in operating assets and liabilities:		
Decrease in accounts receivable	9,319,540	7,881,080
Decrease in intergovernmental receivables	3,602,776	25,356,952
Decrease in lease receivable	-	28,444,750
Increase (decrease) in prepaid expenses	(359,573)	1,658,112
Decrease in net assets available for pension benefits	35,537	35,436
Increase in accounts payable	1,416,021	922,608
Increase (decrease) in accrued liabilities	2,922,011	(9,252,240)
Increase (decrease) in accrued compensated absences	(168,096)	297,583
Decrease in supplemental pension obligation	(31,819)	(30,502)
Increase in intergovernmental agreement payable	15,000,005	7,523,522
Increase in deposits and deferred revenue – I-PASS	9,018,727	7,381,718
Increase (decrease) in risk management claims payable	224,847	(1,688,225)
Net cash provided by operating activities	$ 757,101,396	$ 524,398,477

The fair value of investments decreased by $-0- in 2012 and increased by $586,575 in 2011, respectively.

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

The accounting policies and financial reporting practices of the Illinois State Toll Highway Authority (the Tollway), a component unit of the State of Illinois, conform to U.S. generally accepted accounting principles (GAAP), as promulgated by of the Governmental Accounting Standards Board (GASB).

(a) Financial Reporting Entity

The Illinois State Toll Highway Authority, a component unit of the State of Illinois, was created by an Act of the General Assembly of the State of Illinois – the Toll Highway Act – for the purpose of constructing, operating, regulating, and maintaining a toll highway or a system of toll highways and, in connection with the financing of such projects, is authorized to issue revenue bonds which shall be retired from revenues derived from the operation of the Tollway. Under the provisions of the Act, no bond issue of the Tollway, or any interest thereon, is an obligation of the State of Illinois. In addition, the Tollway is empowered to issue refunding bonds for the purpose of refunding any revenue bonds issued under the provisions of the Act, which are then outstanding.

The enabling legislation empowers the Tollway's Board of Directors with duties and responsibilities which include, but are not limited to, the ability to approve and modify the Tollway's budget, the ability to approve and modify toll rates and fees charged for use of the system, the ability to employ and discharge employees as necessary in the judgment of the Tollway, and the ability to acquire, own, use, hire, lease, operate, and dispose of personal property, real property, and any interest therein.

Component units are separate legal entities for which the primary government is legally accountable. The Tollway is a component unit of the State of Illinois for financial reporting purposes because exclusion would cause the State's financial statements to be incomplete. The governing body of the Tollway is an 11 member Board of Directors of which nine members are appointed by the Governor of Illinois with the advice and consent of the Illinois Senate. The Governor and the Secretary of the Illinois Department of Transportation are also members of the Tollway's Board of Directors. These financial statements are included in the State's comprehensive annual financial report and the State's separately issued basic financial statements. The Tollway itself does not have any component units.

(b) Basis of Accounting

The Tollway accounts for its operations and financings in a manner similar to private business enterprises; the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accordingly, the Tollway is accounted for as a proprietary fund (enterprise fund) using the flow of economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, all assets and all liabilities associated with the Tollway's operations are included in the Statement of Net Position. Revenue is recognized in the period in which it is earned and expenses are recognized in the period in which incurred.

Non-exchange transactions, in which the Tollway receives value without directly giving equal value in return, include fines for toll evasion.

(c) Cash Equivalents

With the exception of $34.5 million in locally held funds at December 31, 2012, all cash and investments are held for the Tollway either by the Illinois State Treasurer (the Treasurer) as custodian or by the bond trustee under the Tollway's Trust Indenture.

For purposes of the Statement of Cash Flows, the Tollway considers all highly liquid investments, including assets with a maturity of three months or less when purchased, repurchase agreements and investments held on its behalf by the Treasurer to be cash equivalents, as these investments are available upon demand.

(d) Investments

The Tollway reports investments at fair value in its Statement of Net Position with the corresponding changes in fair value being recognized as an increase or decrease to nonoperating revenue in the Statement of Revenues, Expenses and Changes in Net Position. All investments are held for the Tollway either by the Treasurer as custodian or by the bond trustee under the Tollway's Trust Indenture.

The primary objectives in the investment of Tollway funds is to ensure the safety of principal, while managing liquidity to meet the financial obligations of the Tollway, and to provide the highest investment return using authorized instruments.

All investments in U.S. Treasury and agency issues owned by the Tollway are reported at fair value. Fair value for the investments in Illinois Funds (a state-operated money market fund, sponsored by the Treasurer in accordance with Illinois state law that is rated AAAm by Standard & Poor's rating agency) is equal to the value of the pool shares. State statute requires that Illinois Funds comply with the Illinois Public Funds Investment Act. Other funds held for the Tollway by the Treasurer are invested in U.S. Treasury and agency issues at the direction of the Tollway and in repurchase agreements which are recorded at face value which approximates fair value.

The Trust Indenture, as amended, under which the Tollway's revenue bonds were issued, authorizes the Tollway to invest in U.S. Treasury and agency issues, money market funds comprised of U.S. Treasury and agency issues, repurchase agreements thereon, time deposits, and certificates of deposit. All funds held by the Tollway's bond trustee were held in compliance with these restrictions for the year ended December 31, 2012.

(e) Accounts Receivable

The Tollway's accounts receivable consist of various toll charges and amounts due from individuals and commercial, governmental and other entities. A provision for doubtful accounts has been recorded for the estimated amount of uncollectible accounts.

(f) Prepaid Expenses and Inventory

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The Tollway's inventory items consist mostly of consumable supplies that are quickly turned over and therefore the payments for such are directly expensed.

(g) Noncurrent Cash and Investments

Cash and investments that are externally restricted for sinking or reserve funds for the purchase or construction of capital or other noncurrent assets are classified as noncurrent assets in the Statement of Net Position.

(h) Capital Assets

Capital assets include the historical cost of land and improvements, easements, roadway and transportation structures (infrastructure), buildings and related improvements, software and equipment, with a cost exceeding $5,000. Most expenses for the maintenance and repairs to the roadway and transportation structures, buildings, and related improvements are charged to operations when incurred. All expenses for land, buildings, infrastructure, and construction in progress that increase the value or productive capacities of assets are capitalized. The Tollway capitalizes interest related to construction in progress.

Building	20 Years
Infrastructure	5 to 40 Years
Machinery, equipment and software	5 to 30 Years

(i) Accounting for Leases

The Tollway makes a distinction between 1) capital leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets and 2) operating leases under which the lessor effectively retains all such risks and benefits.

When the Tollway is lessee: Assets acquired under capital leases are included as capital assets in the Statement of Net Position. Assets acquired under capital leases are recorded at the lesser of the present value of the future minimum lease payments or the fair value of the asset at the beginning of the lease term and depreciated on a straight-line basis to the Statement of Revenues, Expenses and Changes in Net Position, over the useful life of the asset. A corresponding liability is established and minimum lease payments are allocated between the liability and interest expense. Capital lease liabilities are classified as current and noncurrent, depending on when the principal component of the lease payment is due. The Tollway is currently not a lessee under any capital leases.

When the Tollway is lessor: A lease receivable (current and noncurrent) is established on the Statement of Net Position which represents the future minimum rental payments guaranteed under the terms of the capital lease. Lease receipts are credited to the Statement of Revenues, Expenses and Changes in Net Positions in the periods in which they are earned over the term of the lease, as this represents the pattern of benefits derived from the leased assets. A bad debt reserve is recorded for any amounts whose collectability is uncertain. The Tollway is currently not a lessor under any capital leases.

(j) Long Term Accounts Receivable

In the course of business the Tollway may enter into contracts with various parties that call for payments to the Tollway to be made at a date more than one year in the future. These receivables are classified as long-term. See note 7.

(k) Deferred Bond Issuance Costs

Costs incurred in connection with the issuance of the bonds are amortized over the lives of the bonds, using the straight line method.

(l) Debt Refunding

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, when the Tollway refunds any of its bonds the difference between the carrying amount of the new bonds and the reacquisition price of the old bonds is deferred and amortized over the lesser of the life of the old debt or the life of the new debt, using the straight line method.

(m) Deferred Revenue

The Tollway recognizes revenue when earned. Amounts received in advance of the periods in which related services are rendered are recorded as a liability under "Deferred Revenue."

(n) Swap Agreements

In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Tollway records changes in fair values of the hedging derivative instruments (swaps) as deferred outflows of resources or deferred inflows of resources in the Statement of Net Position.

(o) Net Position

The Statement of Net Position presents the Tollway's assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for revenue bonds and other debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position results when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position consists of net positions that do not meet the criteria of the two preceding categories.

At December 31, 2012, restrictions on net positions consisted of:

Restricted for Supplemental Pension Obligation reflects monies set aside for a retirement plan established in 1990 and suspended in 1994.

Restricted under Trust Indenture Agreements result when constraints placed on net positions use either externally imposed creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislations.

When both restricted and unrestricted resources are available for a specific use, it is the Tollway's policy to use restricted resources first, then unrestricted resources as they are needed.

(p) Toll Revenue

Toll Revenue is recognized in the month in which the transaction occurs. The fines attributed to Toll Evasion Recovery are recorded as revenue when received in cash. Both tolls and fines recovered under the evasion recovery enforcement system are recorded as Toll Evasion Recovery revenue.

(q) Classification of Operating Revenues and Expenses

The Tollway's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its tollway system. All other revenues and expenses are reported as nonoperating revenues and expenses or as special items.

Toll Evasion revenue is shown net of bad debt expense; concession revenue includes only oasis revenue.

The majority of the Tollway's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation purposes. Nonoperating expenses include transfers under intergovernmental agreements and capital financing costs.

(r) Risk Management

The Tollway has self-insured risk retention programs with stop-loss limits for current employee group health and self-insured reserves for workers' compensation claims and has provided accruals for estimated losses arising from such claims.

(s) Comparative Data

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Tollway's assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses. Such prior year information does not include notes to the financial statements which are required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such prior information should be read in conjunction with the Tollway's financial statements for the year ended December 31, 2011, from which such partial information was derived. Certain 2011 balances have been reclassified in order to conform to 2012 presentation.

(t) Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

(a) Custodial Credit Risk -Deposits

Custodial credit risk is the risk that an institution holding Tollway deposits may fail and expose the Tollway to a loss if the Tollway's deposits were not returned upon maturity or demand. State law (30 ILCS 230/2C) requires that all deposits of public funds be covered by FDIC insurance or eligible collateral. The Tollway has no policy that would further limit the requirements under state law. As of December 31, 2012, the Tollway's deposits were not exposed to custodial credit risk.

(b) Schedule of Investments

As of December 31, 2012 the Tollway had the following investments and maturities:

		Investment Maturities (in years)	
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**
Repurchase agreements	$ 626,760,000	$ 626,760,000	$ -
Money market funds*	302,147,120	302,147,120	-
US Treasury Cert. of Indebtedness-SLGS	72,000,000	72,000,000	-
Illinois Funds*	163,354,323	163,354,323	-
	$ 1,164,261,443	$ 1,164,261,443	-

* Weighted average maturity is less than one year.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses from rising interest rates, and as a means of managing liquidity, the Tollway's investment policy requires that the majority of Tollway funds be invested in instruments with maturities of less than one year. No investment is to exceed a ten-year maturity.

(d) Credit and Concentration Risks

Credit risk is the risk that the Tollway will not recover its investments due to the ability of the issuer to fulfill its obligation. The Tollway's investment policy limits investment of Tollway funds to securities guaranteed by the United States government; obligations of agencies and instrumentalities of the United States; interest-bearing savings accounts, certificates of deposit, or bank time deposits with institutions which meet specified capitalization requirements; money market mutual funds registered under the Investment Company Act of 1940; the Illinois Funds; and repurchase agreements of government securities as defined in the Government Securities Act of 1986. Investment policy further requires that the investment portfolio be diversified in terms of specific maturity, specific issuer, or specific class of securities. Final maturities are limited to ten years; the majority of Tollway funds should be invested in maturities of less than one year. The Tollway was in compliance with these policies during 2012.

The Tollway's investments in debt securities (or the securities underlying the repurchase agreements) were rated by Moody's and Standard& Poor'sas follows for the year ended December 31, 2012:

	2012 (Moody's/S&P)		
Investment Type		**Fair Value**	**Rating**
Repurchase agreements	$	626,760,000	AAA/AA+
Money market funds		302,147,120	Aaa-mf/AAAm
Illinois Funds		163,354,323	N/R/AAAm
US Treasury Cert. of Indebtedness-SLGS		72,000,000	AAA/AA+

(3) Current Accounts Receivable

The Tollway's accounts receivable consist of various toll charges and other amounts due from individuals and commercial and other entities. A provision for doubtful accounts has been recorded for estimated uncollectible amounts. As of December 31, 2012, the Tollway's accounts receivable balance consists of the following:

December 31, 2012

	Gross accounts receivables	Allowance for doubtful accounts	Net accounts receivable
Tolls	$ 3,660,180	$ (434,868)	$ 3,225,312
Toll evasion recovery	19,443,719	(17,627,677)	1,816,042
Oases receivables	109,962	-	109,962
Damage claims/emergency services	197,023	(188,032)	8,991
Insufficient I-PASS	2,354,882	(1,827,215)	527,667
Over dimension vehicle permit	54,270	-	54,270
Fiber optic agreements	199,202	-	199,202
Other	2,621,719	(1,894,669)	727,050
Total non-governmental receivables	28,640,957	(21,972,461)	6,668,496
Various local and municipal government	24,581,235	-	24,581,235
IAG Agencies	9,228,405	-	9,228,405
Other agencies of the state of Illinois	2,164,286	-	2,164,286
Total intergovernmental receivables	35,973,926	-	35,973,926
Total receivables	$ 64,614,883	$ (21,972,461)	$ 42,642,422

(4) Prepaid Expenses

In the normal course of business the Tollway pays for services that will be consumed beyond the current year. These are established as prepaid expenses. As of December 31, 2012, the Tollway has $9.8 million in prepaid expenses. These are categorized as both current and noncurrent.

(5) Leases Receivable

During 2002, the Tollway, as lessor, entered into two 25-year lease agreements for the oasis system (a retail lease and a fuel lease). Under the terms of each lease, the lessee is financially responsible for rebuilding and renovating the oasis structures. At the end of each lease, ownership of the improvements reverts to the Tollway. In the retail lease, the lessee is responsible for the payment of all expenses associated with administration and operation of the facilities including the securing of tenants. In the fuel lease, the lessee is responsible for the operation of the service station and car wash facilities.

The fuel lease agreement requires the parties to complete a remediation program to ensure that the oasis system is in compliance with current environmental laws and that compliance continues for the term of the lease. The Tollway is solely responsible for the remediation program until it has received "No Further Remediation" (NFR) letters from the Illinois Environmental Protection Agency (IEPA), except for the DeKalb oases and the Belvidere North, which are the responsibility of ExxonMobil. The IEPA issues the letters along with approval for reimbursement of approved expenses from the LUST (Leaking Underground Storage Tank) Fund established by Congress. Remediation work has been completed at all oasis sites. NFR letters have been received for seven remediation sites controlled by the Tollway and by ExxonMobil for the DeKalb Oasis. The remaining sites are being contested over reimbursement and other technical issues. The Tollway believes that the remaining NFR letters, relating to five additional sites, will be issued without further material remediation costs being incurred.

The future minimum lease payments receivable under these agreements as of December 31, 2012 are as follows:

Year Ended December 31	Retail Lease	Fuel Lease	Total Leases
2013	$ 850,000	$ 900,250	$ 1,750,250
2014	850,000	900,250	1,750,250
2015	850,000	900,250	1,750,250
2016	850,000	900,250	1,750,250
2017	850,000	900,250	1,750,250
Thereafter	7,933,332	8,402,336	16,335,668
	$ 12,183,332	$ 12,903,586	$ 25,086,918

The future minimum leases receivable do not include contingent rents that may be owed under these leases should the lessees generate revenues in excess of specific target amounts. The future minimum lease amounts above will be treated as revenue in the year they are earned.

(6) Capital Assets

Changes in capital assets for the year ended December 31, 2012, are as follows:

	Balance January 1	Additions and transfers in	Deletions and transfers out	Balance December 31
Nondepreciable capital assets:				
Land and improvements	$ 315,128,948	$ 12,848,075	$ -	$ 327,977,023
Construction in progress	75,878,024	313,330,000	(256,452,690)	132,755,334
Total nondepreciable capital assets	391,006,972	326,178,075	(256,452,690)	460,732,357
Depreciable capital assets				
Buildings	52,066,435	1,959,171		54,025,606
Infrastructure	6,878,142,014	277,931,945	(99,710,657)	7,056,363,302
Machinery and equipment	209,017,669	10,144,818	(2,329,374)	216,833,113
Total depreciable capital assets	7,139,226,118	290,035,933	(102,040,031)	7,327,222,021
Less accumulated depreciation				
Buildings	(37,308,708)	(1,825,533)		(39,134,241)
Infrastructure	(2,254,819,832)	(298,753,905)	99,710,657	(2,453,863,080)
Machinery and equipment	(125,855,736)	(12,573,932)	1,878,927	(136,550,741)
Total accumulated depreciation	(2,417,984,276)	(313,153,369)	101,589,584	(2,629,548,062)
Total depreciable assets, net	4,721,241,842	(23,117,436)	(450,447)	4,697,673,959
Total capital assets, net	$ 5,112,248,814	$ 303,060,639	$ (256,903,137)	$ 5,158,406,316

(7) Long-Term Accounts Receivable

As of December 31, 2012, long-term accounts receivable consisted of the following:

Will County - I-355 South Intergovermental Agreement	$ 428,571
Village of Lemont - I-355 South Intergovermental Agreement	250,000
City of Lockport - I-355 South Intergovermental Agreement	428,571
Village of Homer Glen - I-355 South Intergovermental Agreement	428,571
Village of New Lenox - I-355 South Intergovermental Agreement	428,571
Various Other Intergovermental Agreements	1,948,859
Illinois Department of Transportation	91,296,945
	$ 95,210,088

(8) Revenue Bonds Payable

Changes in revenue bonds payable for the year ended December 31, 2012 are as follows:

Year Ending December 31, 2012

	Balance January 1	Additions	Deletions	Balance December 31	Amounts due within one year*
1992 Series A	$ 51,870,000	$ -	$ (51,870,000)	$ -	$ -
1998 Series A	191,935,000	-	(1,170,000)	190,765,000	56,365,000
1998 Series B	123,100,000	-	-	123,100,000	123,100,000
2005 Series A	770,000,000	-	-	770,000,000	-
2006 Series A-1	291,660,000	-	-	291,660,000	-
2007 Series A-1 & A-2	700,000,000	-	-	700,000,000	
2008 Series A-1 & A-2	478,900,000	-	-	478,900,000	
2008 Series B	350,000,000	-	-	350,000,000	-
2009 Series A	500,000,000	-	-	500,000,000	-
2009 Series B	280,000,000	-	-	280,000,000	-
2010 Series A-1	279,300,000	-	-	279,300,000	-
Totals	4,016,765,000	-	(53,040,000)	3,963,725,000	179,465,000
Unamortized deferred amount on refunding	(53,893,595)	-	4,458,174	(49,435,421)	
Unamortized bond premium	53,485,968	378,290	(6,423,595)	47,440,663	
Current portion of revenue bonds payable	(176,140,000)	(56,365,000)	53,040,000	(179,465,000)	
Revenue bonds payable, net of current portion	$ 3,840,217,373	$ (55,986,710)	$ (1,965,421)	$ 3,782,265,242	

*Principal amounts either due or for which required third-party liquidity is expiring within one year and was not renewed prior to report issuance date.

(a) Series 1992A Bonds

On October 14, 1992, the Tollway issued $459,650,000 of Priority Revenue Bonds (1992 Series A). The bonds financed certain capital projects, a deposit to the Debt Reserve Account and costs of issuance. A portion of the bonds were advance refunded. The final maturity of the bonds was January 1, 2012. No interest expense accrued during the year ended December 31, 2012.

(b) Series 1998A and 1998B Bonds

On December 30, 1998, the Tollway issued $325,135,000 of Refunding Revenue Bonds, consisting of $202,035,000 of Fixed Rate Bonds (1998 Series A) and $123,100,000 of Variable Rate Bonds (1998 Series B). The bonds financed the refunding of a portion ($313,105,000) of the Tollway's Series 1992A Bonds and also financed costs of issuance and accrued interest on the Series 1998A Bonds. The Series 1998A Bonds were sold with fixed interest rates ranging from 4.0% to 5.5% at yields which produced a net Original Issue Premium of $17,414,484. The Series 1998A Bonds, of which $190,765,000 were outstanding as of December 31, 2012, are not subject to redemption prior to maturity. The Series 1998B Bonds were initially issued in a weekly mode and were in a weekly mode during all of 2012. Interest rates on the Series 1998B Bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the Series 1998B Bonds are subject to demand for purchase from bondholders. Any such Series 1998B Bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Series 1998B Bonds tendered for purchase that are not remarketed to new bondholder(s) are funded, subject to certain conditions, under a Standby Bond Purchase Agreement among the Tollway, the Trustee, and Landesbank Hessen-Thüringen Girozentale, New York Branch.

Any such funded bonds that remain unremarketed on the expiration date of the Standby Bond Purchase Agreement and such Standby Bond Purchase Agreement is not replaced are required to be repaid by the Tollway on the earlier of: (i) their originally scheduled payment date; and (ii) over a five-year period in five equal annual installments, commencing on the expiration date of the Standby Bond Purchase Agreement. The cost of the Standby Bond Purchase Agreement is a per annum fee of 53 basis points times the commitment amount of $129,339,315, which consists of $123,100,000 for payment of principal and $6,239,315 for payment of interest. While in the weekly mode, the Series 1998B Bonds are subject to optional redemption by the Tollway. The expiration date of the Standby Bond Purchase Agreement is December 27, 2013. The Series 1998B Bonds are classified as a current liability due to the supporting liquidity facility expiring within one year and not renewed prior to report issuance. The scheduled Series 1998B principal payments are $53,900,000 on January 1, 2016 and $69,200,000 on January 1, 2017. The final maturity of the 1998A and 1998B bonds is January 1, 2016 and January 1, 2017, respectively.

The scheduled payments of principal and interest of the Series 1998A Bonds and the Series 1998B Bonds are insured by Assured Guaranty Municipal Corp., pursuant to the acquisition of the original bond insurer, Financial Security Assurance Inc., by Assured Guaranty Ltd. on July 1, 2009. The variable interest rate of the Series 1998B Bonds as of December 31, 2012 was 0.27%.

(c) Series 2005A Bonds

On June 22, 2005, the Tollway issued $770,000,000 of Senior Priority Revenue Bonds (2005 Series A). This issuance was the first bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. All maturities of the bonds were sold bearing 5.0% interest rates except for the $101,935,000 par amount maturing on January 1, 2020 which was sold bearing an interest rate of 4.125%. The bonds were sold at yields which produced a net Original Issue Premium of $60,405,414. The bonds are subject to optional redemption on or after July 1, 2015 at a redemption price of 100% of the principal amount plus accrued interest. The scheduled payments of principal and interest of this bond series are insured by Assured Guaranty Municipal Corp., pursuant to the acquisition of the original bond insurer, Financial Security Assurance Inc., by Assured Guaranty Ltd. on July 1, 2009, except for the principal and interest of the $101,935,000 maturing January 1, 2020, which is not insured. The final maturity of the bonds is January 1, 2023.

(d) Series 2006A Bonds

On June 7, 2006, the Tollway issued $1,000,000,000 of Senior Priority Revenue Bonds (2006 Series A-1 and Series A-2). This issuance was the second bond sale utilized to fund capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. All maturities of the bonds were sold bearing 5.0% interest rates at yields which produced an Original Issue Premium of $40,019,000. The bonds are subject to optional redemption on or after July 1, 2016 at a redemption price of 100% of the principal amount plus accrued interest. The scheduled payments of principal and interest of the bonds are insured by Assured Guaranty Municipal Corp., pursuant to the acquisition of the original bond insurer, Financial Security Assurance Inc., by Assured Guaranty Ltd. on July 1, 2009. On February 7, 2008, $708,340,000 of the 2006 Series A bonds was advance refunded by the Tollway's $766,200,000 Variable Rate Senior Refunding Revenue Bonds (2008 Series A-1 and Series A-2). The final maturity of the bonds is January 1, 2025

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(e) Series 2007A Bonds

On November 1, 2007, the Tollway issued $700,000,000 of Variable Rate Senior Priority Revenue Bonds (2007 Series A-1 and Series A-2). This issuance was the third bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. The bonds were sold at par and initially issued in a weekly mode and remained in a weekly mode through fiscal year end 2012. Interest rates on the bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the bonds are subject to optional redemption by the Tollway. While in the weekly mode, the bonds are subject to bondholder tender for purchase. Any such bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Funding for any bonds tendered for purchase that failed to be remarketed was available, under certain circumstances, from a Liquidity Facility in the form of a Standby Bond Purchase Agreement provided by Dexia Credit Local, New York Branch, through March 18, 2011, the effective expiration date of that Standby Bond Purchase Agreement. On March 18, 2011, the 2007 Series A Bonds were mandatorily tendered and, on the same day, subsequently remarketed as six separate sub-series, each sub-series secured by a direct-pay letter of credit that qualified as a Substitute Credit Facility under the Supplemental Indenture for the 2007 Series A Bonds. The following provides information regarding each of those sub-series and their respective letters of credit.

(f) Series 2007A-1a Bonds

On March 18, 2011 the Tollway remarketed $175,000,000 of the 2007 Series A-1 Bonds as 2007 Series A-1a (the “Series 2007A-1a Bonds”). While in the weekly mode, the Series 2007A-1a Bonds are secured by a direct-pay letter of credit from Citibank, N.A. pursuant to the terms of the Letter of Credit Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the “2007A-1a Credit Facility”). The 2007A-1a Credit Facility provides up to $175,000,000 for payment of principal and up to $3,595,891 for payment of interest (equivalent to 50 days’ accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-1a Credit Facility is utilized to purchase bonds tendered and not remarketed, and such bonds continue to fail to be remarketed, then such bonds are required to be repaid by the Authority thirteen months after the termination date of the 2007A-1a Credit Facility. The 2007A-1a Credit Facility, if not extended, is currently scheduled to expire on January 31, 2014. The cost of the 2007A-1a Credit Facility is a per annum fee of 75 basis points times the stated amount of $178,595,891. The variable interest rate of the Series 2007A-1a Bonds as of December 31, 2012 was 0.12%.

(g) Series 2007A-1b Bonds

On March 18, 2011 the Tollway remarketed $175,000,000 of the 2007 Series A-1 Bonds as 2007 Series A-1b (the "Series 2007A-1b Bonds"). While in the weekly mode, the Series 2007A-1b Bonds are secured by a direct-pay letter of credit from PNC Bank, National Association pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-1b Credit Facility"). The 2007A-1b Credit Facility provides up to $175,000,000 for payment of principal and up to $3,236,302 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-1b Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either (a) remain unremarketed for 180 days or (b) remain unremarketed on the termination date of the 2007A-1b Credit Facility, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the earlier of (i) 180 days after the date the bonds were purchased and (ii) the termination date of the 2007A-1b Credit Facility, and ending on the date three years following the date the bonds were purchased. The 2007A-1b Credit Facility, if not extended, is currently scheduled to expire on March 18, 2014. The cost of the 2007A-1b Credit Facility is a per annum fee of 75 basis points times the stated amount of $178,236,302. The variable interest rate of the Series 2007A-1b Bonds as of December 31, 2012 was 0.11%.

(h) Series 2007A-2a Bonds

On March 18, 2011 the Tollway remarketed $100,000,000 of the 2007 Series A-2 Bonds as 2007 Series A-2a (the "Series 2007A-2a Bonds"). While in the weekly mode, the Series 2007A-2a Bonds are secured by a direct-pay letter of credit from The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-2a Credit Facility"). The 2007A-2a Credit Facility provides up to $100,000,000 for payment of principal and up to $1,849,316 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2a Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed on the first business day of the fourth calendar month immediately succeeding the date the bonds were purchased, then such funded bonds are required to be repaid by the Authority in equal quarterly principal installments commencing on such first business day of the fourth calendar month immediately succeeding the date the bonds were purchased, and ending on the date four (4) years after the date the bonds were purchased. The 2007A-2a Credit Facility, if not extended, is currently scheduled to expire on March 17, 2014. The cost of the 2007A-2a Credit Facility is a per annum fee of 75 basis points times the stated amount of $101,849,316. The variable interest rate of the Series 2007A-2a Bonds as of December 31, 2012 was 0.11%.

(i) Series 2007A-2b Bonds

On March 18, 2011 the Tollway remarketed $107,500,000 of the 2007 Series A-2 Bonds as 2007 Series A-2b (the "Series 2007A-2b Bonds"). While in the weekly mode, the Series 2007A-2b Bonds are secured by a direct-pay letter of credit from Harris, N.A. pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-2b Credit Facility"). The 2007A-2b Credit Facility provides up to $107,500,000 for payment of principal and up to $1,988,014 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2b Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either (a) remain unremarketed for 180 days or (b) remain unremarketed on the termination date of the 2007A-2b Credit Facility, then such funded bonds are required to be repaid by the Authority in equal quarterly principal installments commencing on the date one year following the earlier of (i) 180 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2b Credit Facility, and ending on the date two years following the earlier of (i) 180 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2b Credit Facility. The 2007A-2b Credit Facility, if not extended, is currently scheduled to expire on March 18, 2014. The cost of the 2007A-2b Credit Facility is a per annum fee of 75 basis points times the stated amount of $109,488,014. The variable interest rate of the Series 2007-2b Bonds as of December 31, 2012 was 0.11%.

(j) Series 2007A-2c Bonds

On March 18, 2011 the Tollway remarketed $55,000,000 of the 2007 Series A-2 Bonds as 2007 Series A-2c (the "Series 2007A-2c Bonds"). While in the weekly mode, the Series 2007A-2c Bonds are secured by a direct-pay letter of credit from The Northern Trust Company pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-2c Credit Facility"). The 2007A-2c Credit Facility provides up to $55,000,000 for payment of principal and up to $1,017,123 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2c Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either

(a) remain unremarketed for 270 days or (b) remain unremarketed on the termination date of the 2007A-2c Credit Facility, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the next ensuing January 1 or July 1 after the earlier of (i) 270 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2c Credit Facility, and ending on the date three years following the earlier of (i) 270 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2c Credit Facility. The 2007A-2c Credit Facility, if not extended, is currently scheduled to expire on March 18, 2014. The cost of the 2007A-2c Credit Facility is a per annum fee of 70 basis points times the stated amount of $56,017,123. The variable interest rate of the Series 2007A-2c Bonds as of December 31, 2012 was 0.10%.

(k) Series 2007A-2d Bonds

On March 18, 2011 the Tollway remarketed $87,500,000 of the 2007 Series A-2 Bonds as 2007 Series A-2d (the "Series 2007A-2d Bonds"). While in the weekly mode, the Series 2007A-2d Bonds are secured by a direct-pay letter of credit from Wells Fargo Bank, National Association pursuant to the terms of the Reimbursement Agreement dated as of March 1, 2011 between the Tollway and such bank (the "2007A-2d Credit Facility"). The 2007A-2d Credit Facility provides up to $87,500,000 for payment of principal and up to $1,618,151 for payment of interest (equivalent to 45 days' accrued interest at 15%), including for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2007A-2d Credit Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to either (a) remain unremarketed for 181 days or (b) remain unremarketed on the termination date of the 2007A-2d Credit Facility, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the earlier of (i) 181 days after the date the bonds were purchased and (ii) the termination date of the 2007A-2d Credit Facility, and ending on the date three years following the date the bonds were purchased. The 2007A-2d Credit Facility, if not extended, is currently scheduled to expire on March 18, 2013. (See note 21 – Subsequent Events). The cost of the 2007A-2d Credit Facility is a per annum fee of 85 basis points times the stated amount of $89,118,151. The variable interest rate of the Series 2007A-2d Bonds as of December 31, 2012 was 0.12%.

(l) Series 2008A Bonds

On February 7, 2008, the Tollway issued $766,200,000 of Variable Rate Senior Refunding Revenue Bonds ($383,100,000 2008 Series A-1 and $383,100,000 2008 Series A-2). The bonds advance refunded $708,340,000 of the then-outstanding 2006 Series A Bonds and financed costs of issuance. Payments of principal when due at maturity and interest are insured by Assured Guaranty Municipal Corp., pursuant to the acquisition of the original bond insurer, Financial Security Assurance Inc., by Assured Guaranty Ltd. on July 1, 2009. The bonds were sold at par and initially issued in a weekly mode and have remained in a weekly mode through fiscal year end 2012. On July 1, 2010, $287,300,000 of the 2008 Series A-2 bonds was refunded by the Tollway's $279,300,000 Toll Highway Senior Refunding Revenue Bonds (2010 Series A-1). $383,100,000 of the 2008 Series A-1 Bonds and $95,800,000 of the 2008 Series A-2 Bonds remain outstanding. Interest rates on the bonds are set pursuant to the terms of a remarketing agreement. While in the weekly mode, the bonds are subject to optional redemption by the Tollway. While in the weekly mode, the bonds are subject to bondholder tender for purchase. Any such bonds tendered for purchase are remarketed pursuant to the terms of a remarketing agreement. Funding for any bonds tendered for purchase that failed to be remarketed was available, under certain circumstances, from a Liquidity Facility in the form of a Standby Bond Purchase Agreement provided by Dexia Credit Local, New York Branch, through February 7, 2011, the effective expiration date of that Standby Bond Purchase Agreement. On February 7, 2011, the 2008 Series A Bonds were mandatorily tendered and, on the same day, subsequently remarketed as three separate sub-series, each sub-series secured by a standby bond purchase agreement that qualified as a Substitute Liquidity Facility under the Supplemental Indenture for the 2008 Series A Bonds. The following provides information regarding each of those sub-series and their respective standby bond purchase agreements.

(m) Series 2008A-1a Bonds

On February 7, 2011 the Tollway remarketed $191,500,000 of the 2008 Series A-1 Bonds as 2008 Series A-1a (the "Series 2008A-1a Bonds"). While in the weekly mode, liquidity support is provided for the Series 2008A-1a Bonds by a Standby Bond Purchase Agreement dated February 1, 2011 among the Tollway, the Trustee, and JPMorgan Chase Bank, National Association (the "2008A-1a Liquidity Facility"). The 2008A-1a Liquidity Facility provides up to $191,500,000 for payment of principal and up to $2,203,562 for payment of interest (equivalent to 35 days' accrued interest at 12%) for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2008A-1a Liquidity Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed for 91 days, then such funded bonds are required to be repaid by the Authority in ten equal semi-annual principal installments commencing on the first business day of the sixth full month following the date 91 days after the date the bonds were purchased. The 2008A-1a Liquidity Facility, if not extended, is currently scheduled to expire on February 7, 2013. (See note 21 – Subsequent Events). The cost of the 2008A-1a Liquidity Facility is a per annum fee of 75 basis points times the commitment amount of $193,703,562. The variable interest rate of the Series 2008A-1a Bonds as of December 31, 2012 was 0.16%.

(n) Series 2008A-1b Bonds

On February 7, 2011 the Tollway remarketed $191,600,000 of the 2008 Series A-1 Bonds as 2008 Series A-1b (the "Series 2008A-1b Bonds"). While in the weekly mode, liquidity support is provided for the Series 2008A-1b Bonds by a Standby Bond Purchase Agreement dated February 1, 2011 among the Tollway, the Trustee, and PNC Bank, National Association (the "2008A-1b Liquidity Facility"). The 2008A-1b Liquidity Facility provides up to $191,600,000 for payment of principal and up to $2,141,721 for payment of interest (equivalent to 34 days' accrued interest at 12%) for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2008A-1b Liquidity Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed for 180 days, then such funded bonds are required to be repaid by the Authority in equal semi-annual principal installments commencing on the first business day of the sixth full month following the date 180 days after the date the bonds were purchased and ending on the date five years after the date the bonds were purchased. The 2008A-1b Liquidity Facility, if not extended, is currently scheduled to expire on February 7, 2014. The cost of the 2008A-1b Liquidity Facility is a per annum fee of 75 basis points times the commitment amount of $193,741,721. The variable interest rate of the Series 2008A-1b Bonds as of December 31, 2012 was 0.14%.

(o) Series 2008A-2 Bonds

On February 7, 2011 the Tollway remarketed $95,800,000 of the 2008 Series A-2 Bonds (the "Series 2008A-2 Bonds"). While in the weekly mode, liquidity support is provided for the Series 2008A-2 Bonds by a Standby Bond Purchase Agreement dated February 1, 2011 among the Tollway, the Trustee, and JPMorgan Chase Bank, National Association (the "2008A-2 Liquidity Facility"). The 2008A-2 Liquidity Facility provides up to $95,800,000 for payment of principal and up to $1,102,357 for payment of interest (equivalent to 35 days' accrued interest at 12%) for the purpose of paying the principal and interest portions of the purchase price of any bonds tendered and not remarketed. To the extent the 2008A-2 Liquidity Facility is utilized to purchase bonds tendered and not remarketed, and to the extent such bonds continue to remain unremarketed for 91 days, then such funded bonds are required to be repaid by the Authority in ten equal semi-annual principal installments commencing on the first business day of the sixth full month following the date 91 days after the date the bonds were purchased. The 2008A-2 Liquidity Facility, if not extended, is currently scheduled to expire on February 7, 2013. (See note 21 – Subsequent Events). The cost of the 2008A-2 Liquidity Facility is a per annum fee of 75 basis points times the commitment amount of $96,902,357. The variable interest rate of the Series 2008A-2 Bonds as of December 31, 2012 was 0.17%.

(p) Series 2008B Bonds

On November 18, 2008, the Tollway issued $350,000,000 of Toll Highway Senior Priority Revenue Bonds (2008 Series B). This issuance was the fourth bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed capitalized interest through June 30, 2009 and costs of issuance. The bonds were sold as a term bond maturing on January 1, 2033 bearing a 5.50% interest rate and priced to yield 5.70%, which produced an Original Issue Discount of $9,142,000. The bonds are subject to optional redemption on or after January 1, 2018 at a redemption price of 100% of the principal amount plus accrued interest. The bonds are not insured. In connection with the bond issue, a Surety Policy in the face amount of $100,000,000 was purchased from Berkshire Hathaway Assurance Corporation for deposit in the Debt Reserve Account. The Surety Policy expires on January 1, 2033.

(q) Build America Bonds

The American Recovery and Reinvestment Act of 2009 authorized the Tollway to issue taxable bonds known as "Build America Bonds" to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds. The receipt of such subsidy payments by the Tollway is subject to certain requirements, including the filing of a form with the Internal Revenue Service prior to each interest payment date. The subsidy payments are not full faith and credit obligations of the United States of America. The Series 2009A Bonds and Series 2009B Bonds are taxable Build America Bonds. All other Tollway bonds are tax-exempt bonds.

(r) Series 2009A Bonds

On May 21, 2009, the Tollway issued $500,000,000 of Toll Highway Senior Priority Revenue Bonds (Taxable 2009 Series A) (Build America Bonds – Direct Payment). The Tollway made an irrevocable election to designate the bonds as Build America Bonds pursuant to the provisions of Section 54AA(g) of the Internal Revenue Code of 1986. The Tollway covenanted to apply Build America Bonds subsidy payments to the payment of debt service. This issuance was the fifth bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. The bonds were sold as two term bonds maturing on January 1, 2024 and January 1, 2034. The bonds maturing January 1, 2024 bear an interest rate of 5.293%, were sold at a price of 100% of the par amount of the bonds, and are subject to optional redemption on or after January 1, 2019 at a redemption price of 100% of the principal amount plus accrued interest. The bonds maturing January 1, 2034 bear an interest rate of 6.184%, were sold at a price of 100% of the par amount of the bonds, and are subject to optional redemption at a redemption price equal to the greater of: (i) 100% of the principal amount of the bonds to be redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds to be redeemed, discounted to the date on which the bonds are to be redeemed on a semi-annual basis at the yield(s) to maturity as of such redemption date of the United States Treasury security(ies) with a constant maturity(ies) most nearly equal to the period from the redemption date to the maturity date(s) of the bonds to be redeemed, plus 30 basis points, plus, in each case, accrued interest. The bonds are not insured.

(s) Series 2009B Bonds

On December 8, 2009, the Tollway issued $280,000,000 of Toll Highway Senior Priority Revenue Bonds (Taxable 2009 Series B) (Build America Bonds – Direct Payment). The Tollway made an irrevocable election to designate the bonds as Build America Bonds pursuant to the provisions of Section 54AA(g) of the Internal Revenue Code of 1986. The Tollway covenanted to apply Build America Bonds subsidy payments to the payment of debt service. This issuance was the sixth bond sale utilized to finance capital projects in the Congestion-Relief Program. The bonds also financed a deposit to the Debt Reserve Account and costs of issuance. In connection with the issuance of the bonds, the Tollway deposited $12,000,000 funds on hand into the debt service account to pay the bond interest due on June 1, 2010 and a portion of the bond interest due on December 1, 2010. The bonds mature on December 1, 2034. The bonds bear an interest rate of 5.851% and were sold at a price of 100% of the par amount of the bonds. The bonds are subject to optional redemption at a redemption price equal to the greater of: (i) 100% of the principal amount of the bonds to be redeemed; and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds to be redeemed, discounted to the date on which the bonds are to be redeemed on a semi-annual basis at the yield to maturity as of such redemption date of the United States Treasury security with a constant maturity most nearly equal to the period from the redemption date to the maturity date of the bonds, plus 25 basis points, plus, in each case, accrued interest. The bonds are not insured.

(s) Series 2010A-1 Bonds

On July 1, 2010, the Tollway issued $279,300,000 of Toll Highway Senior Refunding Revenue Bonds (2010 Series A-1). The bonds refunded $287,300,000 of the Tollway's $383,100,000 then-outstanding 2008 Series A-2 Bonds. The bonds also financed costs of issuance. Maturities of the bonds ranging from January 1, 2018 through January 1, 2031 were sold bearing interest rates ranging from 3.50% to 5.25%. The bonds were sold at yields which produced a net Original Issue Premium of $9,648,275. The bonds are subject to optional redemption on or after January 1, 2020 at a redemption price of 100% of the principal amount plus accrued interest. In connection with the refunding, the Tollway terminated a variable-to-fixed interest rate exchange (swap) agreement with Depfa Bank plc. The swap agreement was in a notional amount of $287,325,000 and was terminated in its entirety on June 10, 2010. The Tollway made a termination payment of $10,331,527 from Tollway funds on hand in connection with the termination of the swap agreement.

(t) Defeased Bonds

On February 7, 2008, the Tollway issued $766.2 million of Variable Rate Senior Refunding Bonds (2008 Series A-1 and A-2) to advance refund $708.3 million of the 2006A ($208.3 million of A-1 and $500 million of A-2) Senior Priority Revenue Bonds with an interest rate of 5.0%. The net proceeds of $758.6 million (after payment of $7.6 million in underwriting fees, insurance and other issuance costs) plus an additional $8.8 million of 2006A Trustee-held monies were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of 2006A Senior Priority Revenue Bonds. As a result, the refunded portion of 2006A Senior Priority Revenue Bonds is considered to be defeased and the liability for those bonds was removed from the Statement of Net Position in 2008.

As of December 31, 2012 the principal amount of Tollway defeased bonds outstanding is $708.3 million.

All Series

Details of outstanding revenue bonds as of December 31, 2012, are as follows:

Issue of 1998 Series A, 5.50%, due on January 1, 2012-2016	$	190,765,000
Issue of 1998 Series B, variable rates, due on January 1, 2016-2017		123,100,000
Issue of 2005 Series A, 4.125% to 5.00%, due January 1, 2014-2023		770,000,000
Issue of 2006 Series A-1, 5.00%, due on January 1, 2018-2025		291,660,000
Issue of 2007 Series A-1, variable rates, due on July 1, 2024-2030		350,000,000
Issue of 2007 Series A-2, variable rates, due on July 1, 2024-2030		350,000,000
Issue of 2008 Series A-1, variable rates, due on January 1, 2018-2031		383,100,000
Issue of 2008 Series A-2, variable rates, due on January 1, 2018-2031		95,800,000
Issue of 2008 Series B, 5.50%, due on January 1, 2032-2033		350,000,000
Issue of 2009 Series A, 5.293% to 6.184% , due on January 1, 2019-2024		500,000,000
Issue of 2009 Series B, 5.851%, due on December 1, 2034		280,000,000
Issue of 2010 Series A-1, 3.50%, to 5.25% due on January 1, 2018-2031		279,300,000
Totals	$	3,963,725,000
Less current maturities *		(179,465,000)
Less unamortized deferred amount on refunding		(49,435,421)
Plus unamortized bond premium		47,440,662
Total long-term portion	$	3,782,265,241

*Principal amounts either due within one year or for which required third party liquidity is expiring within one year and were not renewed prior to report issuance.

Accrued Interest payable for the year ended December 31, 2012 was $ 82,527,649.

(Continued)

The annual requirements to retire the principal and interest amount for all bonds outstanding at December 31, 2012, are as follows:

Year ended December 31	Principal [1]	Interest [1]	Total debt service [1]
2013	56,365,000	191,960,972	248,325,972
2014	92,855,000	187,983,483	280,838,483
2015	97,795,000	182,911,733	280,706,733
2016	102,910,000	177,931,268	280,841,268
2017	107,850,000	172,962,060	280,812,060
2018	111,315,000	167,745,206	279,060,206
2019	137,785,000	161,531,643	299,316,643
2020	144,640,000	154,945,737	299,585,737
2021	150,695,000	147,920,092	298,615,092
2022	157,980,000	140,248,500	298,228,500
2023	165,615,000	132,162,947	297,777,947
2024	223,660,000	123,736,133	347,396,133
2025	198,605,000	113,564,691	312,169,691
2026	181,350,000	105,857,681	287,207,681
2027	246,565,000	97,876,107	344,441,107
2028	206,045,000	89,097,990	295,142,990
2029	215,850,000	80,349,130	296,199,130
2030	225,550,000	71,192,137	296,742,137
2031	110,295,000	61,618,063	171,913,063
2032	237,545,000	53,606,386	291,151,386
2033	249,790,000	39,734,988	289,524,988
2034	542,665,000	24,504,402	567,169,402
Total	$ 3,963,725,000	$ 2,679,441,347	$ 6,643,166,347

[1] Totals may not foot due to rounding.

The table above was prepared assuming the Tollway will renew its standby bond purchase agreement for the Series 1998B Bonds prior to its expiration on December 27, 2013. In the event the Tollway is unable to renew or replace this agreement, the Series 1998B bonds would be subject to mandatory tender and repayment in accordance with the terms described in footnotes 8(b). The outstanding principal of the Series 1998B Bonds has been classified as a current liability on the Statement of Net Position. All Liquidity/Credit Facility agreements that reached their expiration date prior to issuance of this report have been renewed.

(u) Capitalized Interest

In 2012, the Tollway's total interest expense for revenue bonds equaled $194.4 million, of which $4.4 million was capitalized in respect of construction in progress.

(v) Trust Indenture Agreement

On March 31, 1999, the Tollway executed an Amended and Restated Trust Indenture with the Trustee acting as fiduciary for bondholders. The Indenture establishes the conditions under which the Tollway may issue bonds and the security to be pledged to bondholders. The Indenture establishes two funds: (i) a Construction Fund to account for the spending of Tollway bond proceeds; and (ii) a Revenue Fund to account for the deposit of Tollway revenues. The Construction Fund is divided into different Project Accounts – one for each bond issue that finances new project(s). The Revenue Fund is divided into six different Accounts (some of which are further divided into Sub-Accounts) which establish an order of funding priority through which Tollway revenues flow. Revenues first fund the Operation and Maintenance Account, which is the only Account in the Revenue Fund in which bondholders do not have a security interest. Remaining revenues fund the other Accounts of the Revenue Fund in the following order of priority: the Debt Service Account, the Debt Reserve Account, the Renewal and Replacement Account, the Improvement Account, and the System Reserve Account. (the Indenture also allows for the creation of Junior Lien Bond Accounts; to date the Tollway has never issued Junior Lien Bonds.) All Accounts of the Construction Fund and the Debt Service Account and Debt Reserve Account of the Revenue Fund are held by the Trustee. The classification of Trustee-held funds in these financial statements is detailed in note 11.

(w) Arbitrage Rebate

In the 1980's, Congress determined that arbitrage rebate rules were needed to curb issuance of investment motivated tax-exempt bonds. These rules were designed to create additional safeguards against issuers obtaining an arbitrage benefit by issuing bonds either prematurely or in excess of actual need in order to benefit from an expected spread between tax-exempt borrowing cost and return on investment of bond proceeds. As a result, under certain conditions gain from arbitrage must be rebated to the United States Government. The Tollway determined that as of December 31, 2012, no arbitrage rebate liability had accrued.

(9) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2012, classified by type, and the changes in fair value of such derivatives instruments for the year then ended as reported in the 2012 financial statements are as follows (amounts in thousands; debit (credit))

	Changes in fair value		December 31, 2012		Notional
Cash flow hedges:	Classification	Amount	Classification	Amount	amount
Pay fixed, receive variable, interest rate swaps	Deferred outflow	$ 1,446	Derivative instrument liability	$ (308,755)	$ 1,301,975

As a means of lowering its borrowing costs, the Tollway had entered into ten separate variable-to-fixed interest rate exchange agreements (swaps) in connection with its three variable rate bond issues. Per the terms of the swaps, the Tollway pays a fixed rate of interest to the swap provider in exchange for a variable rate of interest expected to match or closely approximate the variable rate of interest owed by the Tollway to bondholders. At the time each of the swaps was entered into by the Tollway, the Tollway's fixed rate obligation in the swap was less than the fixed rate of interest obtainable by the Tollway from issuing fixed rate bonds.

Four of the swaps became effective February 7, 2008, two of which are associated with the 2008 Series A-1 bonds and two of which were associated with the 2008 Series A-2 bonds. One of the swaps associated with the 2008 Series A-2 Bonds was terminated on June 10, 2010 in connection with the Tollway's refunding of a portion of its 2008 Series A-2 Bonds on July 1, 2010. Four of the swaps became effective November 1, 2007, two of which are associated with the 2007 Series A-1 bonds and two of which are associated with the 2007 Series A-2 bonds. Two of the swaps became effective December 30, 1998 and are associated with the 1998 Series B bonds.

Details of these derivative instruments outstanding are as follows (amounts in thousands):

All #s in 000s

Bond Issues	Outstanding notional amount	Effective date	Swap Termination Date	Fixed rate paid	Variable rate received	Fair value as of 12/31/12	Counterparty	Estimated counterparty credit ratings (Moody's/S&P)
1998B	$ 67,705	12/30/1998	01/01/2017	4.3250%	Bond Rate	$ (9,182)	Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2 / AAA
1998B	55,395	12/30/1998	01/01/2017	4.3250	Bond Rate	(7,512)	JP Morgan Chase Bank, N.A.	Aa3 / A+
2007A-1	175,000	11/01/2007	07/01/2030	3.9720	SIFMA Index	(45,039)	Citibank N.A.	A3 / A
2007A-1	175,000	11/01/2007	07/01/2030	3.9720	SIFMA Index	(45,039)	Goldman Sachs Bank USA	A2 / A
2007A-2	262,500	11/01/2007	07/01/2030	3.9925	SIFMA Index	(68,264)	Bank of America, N.A.	A3 / A
2007A-2	87,500	11/01/2007	07/01/2030	3.9925	SIFMA Index	(22,755)	Wells Fargo Bank, N.A.	Aa3 / AA-
2008A-1	191,550	02/07/2008	01/01/2031	3.7740	SIFMA Index	(44,435)	The Bank of New York Mellon, N.A.	Aa1 / AA-
2008A-1	191,550	02/07/2008	01/01/2031	3.7740	SIFMA Index	(44,435)	Deutsche Bank AG, New York Branch	A2 / A+
2008A-2	95,775	02/07/2008	01/01/2031	3.7640	SIFMA Index	(22,094)	Bank of America, N.A.	A3 / A
Totals	$ 1,301,975					$ (308,755)		

The swap counterparty ratings included in the chart are from Moody’s Investors Service and Standard & Poor’s Corporation, respectively.

The notional amounts of the swaps match the outstanding principal amounts of the associated bonds, with the exception that the swap associated with the Tollway’s $95,800,000 outstanding 2008 Series A-2 bonds is in a notional amount of $95,775,000. The amortizations of the 2008 Series A-2 Bonds and the related swap result in the bond amount outstanding always exceeding the swap notional amount outstanding, with the difference between the two never exceeding $25,000.

Interest rate swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market values of the swaps were calculated using the zero coupon method as described in GASB 53.

Risks

(a) Credit Risk

Counterparty credit risk is the risk that a swap is terminated and the counterparty fails to make one or more required payments. The termination payment is a market-based payment approximating the value of the swap at the time of termination. The Tollway was not exposed to termination payment credit risk as of December 31, 2012 because the negative market values of each swap would render no payments owing by the counterparties in the event of a termination. If changes in interest rates were to create positive market values for the swaps in the future, the Tollway would be exposed to counterparty credit risk in the amount of those positive fair values. The swaps require full collateralization from the counterparty of any positive fair value of the swaps in the event the counterparty’s credit rating falls below a Standard & Poor’s rating of A- or a Moody’s Investor Services’ rating of A3. The swaps require full collateralization from the counterparty of positive market value of the swaps in the event the counterparty’s credit rating falls below a Standard & Poor’s rating of AA- or a Moody’s Investor Services’ rating of Aa3 and the amount of the positive market value exceeds certain thresholds as specified in the swap agreements. The swaps require such collateral to be held by a third party custodian in the form of cash, debt obligations issued by the U.S. Treasury or debt issued by federally sponsored agencies. The nine swaps outstanding as of December 31, 2012 are with eight different counterparties from seven different financial firms. The financial firm with the largest notional amount holds 28% of the total notional amount of the outstanding swaps.

(b) Basis Risk

Basis risk is the extent to which the Tollway's variable rate interest payments to bondholders differs from the variable rate payments received from the swap counterparties. The
Tollway's variable rate interest payments to bondholders are determined by rates established by remarketing agents on a weekly basis. In the case of the 1998 Series B swaps, the variable rate interest payments received from the swap counterparties are equal to the variable rate interest payments owed to bondholders, which renders this swap to be currently without basis risk. Under certain circumstances as specified in the 1998 Series B swap agreements and upon notice from the swap counterparties, the variable rate payments received from swap counterparties may change from a basis of the actual bond interest rate to the SIFMA 7-day Municipal Swap Index plus eight basis points. During 2012, the average interest rate paid to 1998 Series B bondholders was 0.33%, compared to a SIFMA 7-day Municipal Swap Index of 0.16%. In the case of the 2007 Series A-1 and Series A-2 swaps, the variable rate payments received from the swap counterparties is equal to the SIFMA 7-day Municipal Swap Index, so basis risk is incurred to the extent the rates set by remarketing agents on the Tollway's 2007 Series A-1 and A-2 bonds exceed the SIFMA 7-day Municipal Swap Index. During 2012, the average interest rate paid to Series 2007A bondholders was 0.16%, compared to a SIFMA 7-day Municipal Swap Index of 0.16%. In the case of the 2008 Series A-1 and Series A-2 swaps, the variable rate payments received from the swap counterparties are equal to the SIFMA 7-day Municipal Swap Index, so basis risk is incurred to the extent the rates set by remarketing agents on the Tollway's 2008 Series A-1 and A-2 bonds exceed the SIFMA 7-day Municipal Swap Index. During 2012, the average interest rate paid to Series 2008A bondholders was 0.24%, compared to a SIFMA 7-day Municipal Swap Index of 0.16%.

Low interest rates contributed to the negative December 31, 2012 market valuations (fair values) included in the preceding chart for the Tollway's swaps. At the time of the swaps, the synthetic fixed rates achieved by the swaps were less than the fixed rates that could have been achieved by issuing fixed rate bonds.

(c) Termination Risk

The Tollway's swap agreements do not contain any out-of-the-ordinary termination provisions that would expose it to significant termination risk. Consistent with agreements of this type, the Tollway and the counterparty each have the ability to terminate a swap agreement if the other party fails to perform under the terms of the agreement. The agreements allow either party to terminate in the event of a significant loss of creditworthiness by the other party. If a swap were to be terminated, the associated variable rate bonds would no longer be hedged and the Tollway would be subject to variable rate risk, unless it entered into a new hedge following termination. In addition, if the swap were to have a negative market value at the time of termination, the Tollway would be liable to the counterparty for a payment approximately equal to the market value of the swap.

(d) Rollover Risk

There is no rollover risk, given that the swap agreements have final maturities and amortizations that approximately match the final maturities and amortizations of the related bond issues.

Derivative Instrument Payments and Hedged Debt

As of December 31, 2012, aggregate projected debt service requirements of the Tollway's hedged debt and net receipts/payments on associated hedging derivative instruments are presented below. The projected amounts assume that the interest rates on variable-rate debt and reference rates on associated hedging derivative instruments as of December 31, 2012 will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the associated hedging derivative instruments will vary. The hedging derivative instruments column reflects only the net receipts/payments on derivative instruments that qualify for hedge accounting. All of the Tollway's derivative instruments as of December 31, 2012 qualified for hedge accounting.

Fiscal year ending December 31,	Hedged debt: Principal	Hedged debt: Interest	Hedging derivative instruments net payments	Total
2013	$ -	1,860,578	49,398,083	51,258,660
2014	-	1,860,578	49,398,083	51,258,660
2015	-	1,860,578	49,398,083	51,258,660
2016	53,900,000	1,715,048	47,212,438	102,827,485
2017	69,200,000	1,528,208	44,406,378	115,134,585
2018-2022	13,062,500	7,582,471	220,645,651	241,290,623
2023-2027	548,625,000	6,223,584	182,147,640	736,996,224
2028-2031	617,187,500	1,238,230	35,908,745	654,334,475
	$ 1,301,975,000	23,869,273	678,515,100	2,004,359,372

(10) Deferred Revenue

In the year 2000, the Tollway upgraded its communications network with the addition of a fiber optic system. Excess capacity on the fiber optic lines was leased to other organizations in order to offset the cost of the system. In 1999 and 2000, the Tollway entered into eight twenty-year fiber optic system lease agreements and at those times collected $26,086,389 in total upfront payments; the related revenue was deferred and has been and is being amortized over the lease terms. From 2002 through 2012 the Tollway entered into additional fiber optic leases in the total amount of $7,104,199. As before monies were collected at the beginning of each lease. These leases are being accounted for in the same manner.

The total deferred revenue balance for the fiber optic system was $33,190,588 at December 31, 2012, and accumulated amortization of deferred revenue was $17,740,210 as of December 31, 2012.

In 2012, some anticipated costs due the Tollway under intergovernmental agreements were invoiced before they were incurred, resulting in deferred revenue related to intergovernmental agreements.

A summary of changes in deferred revenue for the year ended December 31, 2012, is as follows:

	Balance at January 1	Current year activity	Balance at December 31
Deferred revenue			
Fiber optics	$ 32,526,205	664,383	33,190,588
Accumulated amortization	(16,111,853)	(1,628,356)	(17,740,209)
	16,414,352	(963,973)	15,450,379
Intergovernmental agreements	-	9,320,260	9,320,260
Accumulated amortization	-	-	-
	-	9,320,260	9,320,260
Totals			
Deferred revenue	32,526,205	9,984,643	42,510,848
Accumulated amortization	(16,111,853)	(1,628,356)	(17,740,209)
Net deferred revenue	$ 16,414,352	8,356,287	24,770,639

(11) Restricted Net Position

As of December 31, 2012, the Tollway reported the following restricted net position:

Description	December 31, 2012
Revenue bond trust indenture agreement restrictions	$ 235,174,463
Portion classified as invested in capital assets net of related debt	56,365,000
Net assets restricted under Trust Indenture agreement	291,539,463
Restricted for pension benefit obligation	65,755
Total	$ 291,605,218

(Continued)

(12) Contributions to State Employees' Retirement System

Plan Description: Substantially all of the Tollway's full-time employees, as well as the State Police assigned to the Tollway who are not eligible for any other state-sponsored retirement plan, participate in the State Employees' Retirement System (SERS), which is a component unit of the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system (PERS) in which state employees participate, except those covered by the State Universities, Teachers, General Assembly and Judges' Retirement Systems. SERS is governed by a 13 member Board of Trustees, consisting of the Illinois Comptroller, six trustees appointed by the Governor with the advice and consent of the Illinois Senate, four trustees elected by SERS members, and two trustees appointed by SERS retirees. SERS issues a separate comprehensive annual financial report (CAFR). The financial position and results of operations for SERS for fiscal years 2012 are also included in the state's Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2012.

A summary of SERS' benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR.

Also included therein is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

To obtain a copy of SERS' CAFR, write, call, or email:

State Employees Retirement System
2101 S. Veterans Parkway
Springfield, IL. 62794-9255
(217) 785-2340
sers@mail.state.il.us

Funding Policy: The contribution requirements of SERS members and the State are established by State statute and may be amended by action of the General Assembly and the Governor. The required contributions are determined by actuaries on an annual basis. The required contributions are computed in accordance with the Pension Code and a statutory funding plan that would increase the funding ratio of SERS to 90% of actuarial accrued liabilities as of June 30, 2045, which such funding plan does not conform with principles of the Governmental Accounting Standards Board (GASB). As of June 30, 2012, SERS funding ratio was 34.7% of actuarial accrued liabilities.

Tollway employees covered by SERS contribute between 4.0% and 8.5% of their annual covered payroll. The State contribution rates for the State's fiscal years ended June 30, 2012 were determined according to the statutory schedule.

Tollway contribution rates to SERS for the Tollway's SERS covered employees for the State fiscal years ended June 30, 2013, 2012, 2011 and 2010 were 37.987%, 34.19%, 27.988% and 28.377%, respectively. Tollway payments in the calendar years ended December 31, 2012, 2011 and 2010 were $37,894,514, $32,790,627, and $30,279,821, respectively.

In addition to contributions to this retirement plan, effective July 1, 1990, the Tollway adopted, under the provisions of the Tollway Act (605 ILCS 10/1 et. seq.), a noncontributory defined-benefit pension plan which covered employees who were members of SERS and who were not members of any collective bargaining unit. The plan was intended to meet the requirements of a tax-qualified plan under Section 401(a) of the Internal Revenue Code. The plan provided benefits based upon years of service and employee compensation levels. The Tollway's policy was to make contributions consistent with sound actuarial practice. Annual cost was determined using the projected unit credit actuarial method. The Tollway suspended the plan's benefits as of September 15, 1994, and terminated the plan effective December 31, 1994. As of December 31, 2012, the net positions available for these benefits were $252,223 (valued at the lesser of market value or actuarial value), and the pension benefit obligation was recorded as $186,478. As of December 31, 2012, 8 beneficiaries remained in the plan.

Other Post-Employment Benefits (OPEB): Under provisions of SERS, the State of Illinois provides certain health, dental, and life insurance benefits to annuitants who are former Tollway employees. Substantially all Tollway employees may become eligible for post-employment benefits if they eventually become annuitants. As of December 31, 2012, 958 retirees meet the eligibility requirements. Life insurance benefits are limited to $5,000 per annuitant age 60 or older. For the year ended December 31, 2012, the Tollway contributed $5,047,848 towards the state's current cost of benefits.

The actuarially determined annual OPEB cost for providing these benefits and the related OPEB obligations are recorded in the financial statements of the state agencies responsible for paying these benefits. Prior to State Fiscal Year 2013, the Illinois Department of Healthcare and Family Services (HFS) administered the Health Insurance Reserve Fund (for payment of health benefits), and the Department of Central Management

Services (CMS) administered the Group Life Insurance Funds (for payment of life insurance benefits). The administrative responsibilities are expected to be transitioned completely to CMS by the end of Fiscal Year 2013.

A summary of OPEB benefit provisions, changes in benefit provisions, and the authority under which benefit provisions are established are included as an integral part of the state's CAFR. Also included therein is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

(13) Risk Management

The Tollway has a self-insured risk program for workers' compensation claims, and is liable to pay all approved claims. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The estimated liabilities for asserted workers' compensation claims of $ 13,310,641 and both asserted and unasserted employee health claims of $ 291,685 as of December 31, 2012, are included in the accompanying financial statements.

Year	Estimated claims payable January 1	Current claims	Claims payments	Estimated claims payable December 31
2012	$ 13,377,479	$ 6,269,930	$ 6,045,083	$ 13,602,326
2011	15,065,704	3,571,763	5,259,988	13,377,479

Additionally, the Tollway purchases commercial insurance policies for general liability insurance and vehicle liability insurance which have a level of retention of $250,000 per occurrence. Property insurance coverage for damages to capital assets other than vehicles includes retention of $1,000,000 per occurrence. The Tollway has not had significant reductions in insurance coverage during the current or prior year nor did settlements exceed insurance coverage in any of the last three years.

(14) Compensated Absences

The liability reported in the Balance Sheet represents the vacation and 50% of unused sick time for the period beginning January 1, 1984, and ending December 31,1997, accrued by the employees, and is payable upon termination or death of the employee. The payment provided shall not be allowed if the purpose of the separation from employment and any subsequent re-employment is for the purpose of obtaining such payment. The Tollway's liability for unused annual vacation leave and sick leave as defined above is recorded in the accompanying financial statements at the employee's pay rate.

Amounts accrued as compensated absences payable at December 31, 2012 are as follows:

	Balance at January 1	Accrued	Used	Balance at December 31	Due within one year
2012	9,980,549	5,192,285	5,360,381	9,812,453	4,611,853

(15) Pledges of Future Revenues

All revenue bonds issued under the Tollway's Trust Indenture are secured by a pledge of and lien on Tollway revenues and certain other funds (excluding amounts reserved for the payment of maintenance and operating expenses) as provided in the Trust Indenture.

Bond issue	Purpose	December 31, 2012 Future pledged revenues	December 31, 2012 Term of commitment
1998 Series A Priority Refunding Revenue Bonds (Fixed Rate)	Refund Outstanding Bonds	$ 208,195,463	2016
1998 Series B Priority Refunding Revenue Bonds (Variable Rate)	Refund Outstanding Bonds	$ 144,727,163	2017
2005 Series A Senior Priority Revenue Bonds	Fund Congestion Relief Program	$ 1,040,023,766	2023
2006 Series A-1 Senior Priority Revenue Bonds	Fund Congestion Relief Program	$ 439,697,500	2025
2007 Series A-1 & A-2 Variable Rate Senior Priority Revenue Bonds	Fund Congestion Relief Program	$ 1,131,238,225	2030
2008 Series A-1 & A-2 Variable Rate Senior Refunding Revenue Bonds	Refund Outstanding Bonds	$ 746,625,131	2031
2008 Series B Senior Priority Revenue Bonds	Fund Congestion Relief Program	$ 735,257,675	2033
2009 Series A Senior Priority Revenue Bonds (Build America Bonds - Direct Payment)	Fund Congestion Relief Program	$ 1,065,400,910	2034
2009 Series B Senior Priority Revenue Bonds (Build America Bonds - Direct Payment)	Fund Congestion Relief Program	$ 640,421,600	2034
2010 Series A-1 Senior Priority Refunding Revenue Bonds	Refund Outstanding Bonds	$ 491,578,916	2031
		$ 6,643,166,349	

Proceeds from the bonds identified above provided financing or refinancing for the construction and/or improvement of the various toll highway systems in Illinois. Annual principal and interest payments on the bonds are expected to require approximately 25 percent of the currently projected pledged net revenues (based on approved future rate scheduled for passenger and commercial vehicles).

The total principal and interest remaining to be paid on the bonds is $6.6 billion. Principal and interest paid in the current year and total pledged net revenues were $248.6 million and $710.7 million, respectively. Annual principal and interest payments for synthetic fixed rate bonds (1998 Series B, 2007 Series A and 2008 Series A) are estimated based on rates applicable on December 31, 2012.

(16) Commitments

At December 31, 2012, there remain open for capital programs contracts totaling $ 561 million. The Tollway plans to fund remaining payments under these contracts through revenues and accumulated cash.

(17) Pending Litigation

There are lawsuits pending against the Tollway claiming, among other things, damages for wrongful discharge and personal injury. The Tollway's exposure is limited to the self-insured retention of $250,000 per general liability incident. Also pending are various Workers' Compensation claims and numerous Administrative Review actions in which individual parties are challenging the results of toll violation enforcement proceeding against them.

Management, after taking into consideration legal counsel's evaluation of such actions, is of the opinion that the outcome of these matters will have no material adverse effect on the financial position of the Tollway.

(18) Contingent Liabilities

A contingent liability is defined as a liability that is not sufficiently predictable to permit recording in the accounts but in which there is a reasonable possibility of an outcome which might affect financial position or results of operations. It is the opinion of management that the Tollway has no contingent liabilities as of December 31, 2012.

(19) New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2013.

Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance contained in pre-November 1989 FASB and AICPA Pronouncements*, was established to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Tollway implemented the provisions of this Statement in the year ending December 31, 2012.

Statement No. 63 – *Financial Reporting of Deferred Outflows of resources, Deferred Inflows of Resources, and Net Position*-The objective of this statement is to establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. The statement is effective for years beginning after December 15, 2011. The Tollway implemented this statement in the year ended December 31, 2012.

Statement No. 65- *Items Previously Reported as Assets and Liabilities* – The objective of this statement was to issue guidance on which balances previously reported as assets and liabilities should now be reported as deferred outflows or inflows of resources. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2013.

Statement No. 66 – *Technical Corrections – 2012*, an amendment of GASB Statements No. 10 and 62 – The objective of this statement is to resolve conflicting guidance that resulted from the issuance of GASB Statement No. 54 and 62. The Tollway is required to implement the provisions of this Statement for the year ending December 31, 2013.

Management has not yet fully determined the impact these Statements will have on the financial position and results of operations of the Tollway.

(20) Related Parties

The Tollway has entered into various intergovernmental agreements with the State of Illinois, through the Illinois Department of Transportation (IDOT). Intergovernmental receivables of approximately $115.9 million are recorded at December 31, 2012, representing construction projects performed by the Tollway that pertain to the infrastructure owned by IDOT. Accrued liabilities totaling approximately $59.6 million are recorded for amounts owed to IDOT for construction projects IDOT has performed for infrastructure assets owned by the Tollway.

(21) Subsequent Events

On January 14, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-1a Liquidity Facility supporting the $191,500,000 Series 2008A-1a Bonds from February 7, 2013 to June 7, 2013.

On January 14, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-2 Liquidity Facility supporting the $95,800,000 Series 2008A-2 Bonds from February 7, 2013 to June 7, 2013.

On February 27, 2013, Wells Fargo Bank, N.A., at the request of the Tollway, extended the 2007A-2d Credit Facility supporting the $87,500,000 Series 2007A-2d Bonds from March 18, 2013 to March 18, 2015.

On February 28, 2013, the Tollway's Board of Directors authorized the issuance of up to $1 billion of fixed rate refunding revenue bonds for the purpose of advance refunding Series 2005A and Series 2006A Bonds to achieve debt service savings.

On May 7, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-1a Liquidity Facility supporting the $191,500,000 Series 2008A-1a Bonds from June 7, 2013 to February 5, 2016.

On May 7, 2013, the Tollway, the Trustee, and JPMorgan Chase Bank, National Association executed an amendment extending the 2008A-1a Liquidity Facility supporting the $95,800,000 Series 2008A-2 Bonds from June 7, 2013 to February 5, 2016.

On May 16, 2013 the Tollway issued $500,000,000 of Toll Highway Senior Revenue Bonds, 2013 Series A (the 2013A Bonds). The 2013A Bonds were issued to finance costs of the Move Illinois Program, a deposit to the Debt Reserve Account and costs of issuance.

The Tollway has been notified by the U.S. Treasury of an 8.7% reduction in U.S. Treasury subsidies of Build America Bond interest payments. This reduction is expected to reduce the subsidy payments received by the Tollway for the Series 2009B interest payment due June 1, 2013 and the Series 2009A interest payment due July 1, 2013 by a total amount of $706,620.

Supplementary Information

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule 1

Schedule of Changes in Fund Balance – by Fund
Trust Indenture Basis of Accounting (Non GAAP)
Year ended December 31, 2012

	Revenue Fund	Construction Fund	Total
Increases:			
Toll revenue	$ 922,390,189	$ -	$ 922,390,189
Toll evasion recovery	32,598,735	-	32,598,735
Concessions	2,272,864	-	2,272,864
Interest	1,389,324	-	1,389,324
Miscellaneous	5,103,865	-	5,103,865
Total Increases	963,754,977	-	963,754,977
Decreases:			
Engineering and maintenance of roadway and structures	39,144,462	-	39,144,462
Services and toll collection	93,590,423	-	93,590,423
Traffic control, safety patrol, and radio communications	22,808,159	-	22,808,159
Procurement, IT, finance and administration	19,971,408	-	19,971,408
Insurance and employee benefits	77,543,642	-	77,543,642
Construction	351,491,108	-	351,491,108
Bond principal payments	53,040,000	-	53,040,000
Build America bond subsidy	(16,244,130)	-	(16,244,130)
Bond interest and other financing costs	199,165,007	-	199,165,007
Total decreases	840,510,079	-	840,510,079
Net increases	123,244,898	-	123,244,898
Change in fund balance	123,244,898	-	123,244,898
Fund balance, January 1	716,535,588	-	716,535,588
Fund balance, December 31	$ 839,780,486	$ -	$ 839,780,486

Statement of Net Position is presented on the full accrual basis in the basic financial statements

See accompanying independent auditors' report.

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule 1

Schedule of Changes in Fund Balance – by Fund
Trust Indenture Basis of Accounting (Non GAAP)
Year ended December 31, 2011

	Revenue Fund	Construction Fund	Total
Increases:			
Toll revenue	$ 652,673,895	$ -	$ 652,673,895
Toll evasion recovery	33,268,033	-	33,268,033
Concessions	2,346,143	-	2,346,143
Interest	1,064,067	-	1,064,067
Miscellaneous	8,064,286	-	8,064,286
Total Increases	697,416,424	-	697,416,424
Decreases:			
Engineering and maintenance of roadway and structures	43,666,796	-	43,666,796
Services and toll collection	88,737,420	-	88,737,420
Traffic control, safety patrol, and radio communications	23,060,557	-	23,060,557
Procurement, IT, finance and administration	20,521,788	-	20,521,788
Insurance and employee benefits	69,987,945	-	69,987,945
Construction	142,697,902	-	142,697,902
Bond principal payments	49,910,000	-	49,910,000
Build America bond subsidy	(16,244,130)	-	(16,244,130)
Bond interest and other financing costs	204,512,923	-	204,512,923
Total decreases	626,851,201	-	626,851,201
Net increases	70,565,223	-	70,565,223
Other changes in fund balances:			
Unrealized Gain/Loss on Investments	(299,150)	-	(299,150)
	(299,150)	-	(299,150)
Change in fund balance	70,266,073	-	70,266,073
Fund balance, January 1	646,269,515	-	646,269,515
Fund balance, December 31	$ 716,535,588	-	$ 716,535,588

Statement of Net Position is presented on the full accrual basis in the basic financial statements

See accompanying independent auditors' report.

Schedule 2

Schedule of Changes in Fund Balance – Revenue Fund – by Account
Trust Indenture Basis of Accounting (Non GAAP)
Year ended December 31, 2012

	Revenue fund and accounts							
		Maintenance and operations						
	Revenue account	Operating sub account	Operating reserve sub account	Debt service	Debt service reserve	Renewal and replacement	Improvement	Total
Increases:								
Toll revenue	$ 922,390,189	$ -	$ -	$ -	$ -	$ -	$ -	$ 922,390,189
Toll evasion recovery	32,598,735	-	-	-	-	-	-	32,598,735
Concessions	2,272,864	-	-	-	-	-	-	2,272,864
Interest	215,252	-	-	42,984	101,759	660,937	368,391	1,389,324
Miscellaneous	5,103,865	-	-	-	-	-	-	5,103,865
Intrafund transfers	(974,131,882)	258,502,976	10,400,000	242,294,539	-	300,000,000	162,934,367	-
Total increases	(11,550,977)	258,502,976	10,400,000	242,337,523	101,759	300,660,937	163,302,758	963,754,977
Decreases:								
Engineering and maintenance of roadway and structures	-	39,144,462	-	-	-	-	-	39,144,462
Services and toll collection	-	93,590,423	-	-	-	-	-	93,590,423
Traffic control, safety patrol, and radio communications	-	22,808,159	-	-	-	-	-	22,808,159
Procurement, IT, finance and administration	-	19,971,408	-	-	-	-	-	19,971,408
Insurance and employee benefits	-	77,543,643	-	-	-	-	-	77,543,643
Construction expenses	-	-	-	-	-	219,967,216	131,523,891	351,491,108
Bond principal payments	-	-	-	53,040,000	-	-	-	53,040,000
Build America bond subsidy	-	-	-	(16,244,130)	-	-	-	(16,244,130)
Interest and other financing costs	-	-	-	198,958,110	206,897	-	-	199,165,007
Total decreases	-	253,058,094	-	235,753,980	206,897	219,967,216	131,523,891	840,510,079
Net increase (decrease)	(11,550,977)	5,444,882	10,400,000	6,583,543	(105,138)	80,693,721	31,778,867	123,244,898
Unrealized gain/loss on investments	-	-	-	-	-	-	-	-
Transfer of funds for swap termination	-	-	-	-	-	-	-	-
Change in fund balance	(11,550,977)	5,444,882	10,400,000	6,583,543	(105,138)	80,693,721	31,778,867	123,244,898
Fund balance, January 1	21,389,531	9,019,528	17,000,000	96,015,027	207,285,388	228,560,164	137,265,951	716,535,588
Fund balance, December 31	$ 9,838,554	$ 14,464,410	$ 27,400,000	$ 102,598,570	$ 207,180,250	$ 309,253,884	$ 169,044,817	$ 839,780,486

Note: Totals may not foot due to rounding.
See accompanying independent auditors' report.

(continued)

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)
Schedule of Changes in Fund Balance – Revenue Fund – by Account
Trust Indenture Basis of Accounting (Non GAAP)
Year ended December 31, 2011

Schedule 2

	Revenue fund and accounts							
		Maintenance and operations						
	Revenue account	Operating sub account	Operating reserve sub account	Debt service	Debt service reserve	Renewal and replacement	Improvement	Total
Increases:								
Toll revenue	$ 652,673,895	$ -	$ -	$ -	$ -	$ -	$ -	$ 652,673,895
Toll evasion recovery	33,268,033	-	-	-	-	-	-	33,268,033
Concessions	2,346,143	-	-	-	-	-	-	2,346,143
Interest	742,790	-	-	8,720	12,711	192,997	106,849	1,064,067
Miscellaneous	8,064,286	-	-	-	-	-	-	8,064,286
Intrafund transfers	(712,004,365)	247,544,455	-	244,042,073	-	174,000,000	46,417,837	-
Total increases	(14,909,218)	247,544,455	-	244,050,793	12,711	174,192,997	46,524,686	697,416,424
Decreases:								
Engineering and maintenance of roadway and structures	-	43,666,796	-	-	-	-	-	43,666,796
Services and toll collection	-	88,737,420	-	-	-	-	-	88,737,420
Traffic control, safety patrol, and radio communications	-	23,060,557	-	-	-	-	-	23,060,557
Procurement, IT, finance and administration	-	20,521,788	-	-	-	-	-	20,521,788
Insurance and employee benefits	-	69,987,945	-	-	-	-	-	69,987,945
Construction expenses	-	-	-	-	-	121,731,699	20,966,203	142,697,902
Bond principal payments	-	-	-	49,910,000	-	-	-	49,910,000
Build America bond subsidy	-	-	-	(16,244,130)	-	-	-	(16,244,130)
Interest and other financing costs	-	-	-	204,306,026	206,897	-	-	204,512,923
Total decreases	-	245,974,506	-	237,971,896	206,897	121,731,699	20,966,203	626,851,201
Net increase (decrease)	(14,909,218)	1,569,949	-	6,078,897	(194,186)	52,461,298	25,558,483	70,565,223
Unrealized gain/loss on investments	(299,150)	-	-	-	-	-	-	(299,150)
Transfer of funds for swap termination	13,475,782	-	-	-	-	-	(13,475,782)	-
Change in fund balance	(1,732,586)	1,569,949	-	6,078,897	(194,186)	52,461,298	12,082,701	70,266,073
Fund balance, January 1	23,122,117	7,449,579	17,000,000	89,936,130	207,479,573	176,098,866	125,183,250	646,269,515
Fund balance, December 31	$ 21,389,531	$ 9,019,528	$ 17,000,000	$ 96,015,027	$ 207,285,387	$ 228,560,164	$ 137,265,951	$ 716,535,588

See accompanying independent auditors' report.

(continued)

(1) Summary of Significant Accounting Policies

The 1999 Amended and Restated Trust Indenture (the Trust Indenture) requires the Tollway to provide separate funds for construction (Construction Fund) and for operations (Revenue Fund), which funds are not appropriated by the Illinois General Assembly. The Trust Indenture permits the Tollway to create additional accounts for the purpose of more precise accounting. The Illinois State Treasurer holds monies for the Tollway as ex-officio custodian and has recorded these monies in a custodian account. This account is part of the Maintenance and Operation Account within the Revenue Fund.

Prior to fiscal year 2005, the Tollway issued separate financial statements, prepared on the basis of accounting described below, in order to demonstrate compliance with the requirements of the Trust Indenture (Trust Indenture Statements). Beginning in 2005, the Tollway has included schedules, prepared on the basis of accounting described below, in the supplementary information section of this report. The Tollway believes that these schedules, along with the GAAP basis financial statements contained in this report, are sufficient to demonstrate compliance with the requirements of the Trust Indenture. As a result, separate Trust Indenture Statements are no longer prepared. Certain items in the presentation of the Trust Indenture information contained herein vary from the presentation previously used in the Trust Indenture Statements. In addition, the schedules contained in this section of the report present only the Revenue Fund and the Construction Fund. Previously, the Trust Indenture Statements included "Infrastructure and Long-term Debt of Accounts," which was optional reporting allowed under the Trust Indenture.

(a) Basis of Accounting

Under the provisions of the Trust Indenture, the basis of accounting followed for the Construction Fund and the Revenue Fund within the Schedule of Changes in Fund Balance by Fund, differs in certain respects from accounting principles generally accepted in the United States of America.

The major differences are as follows:

1. Capital construction and asset acquisitions are charged against fund balance as incurred. In addition, there is no provision for depreciation.
2. Monies received from sale of assets are recorded as revenue when the cash is received.
3. Monies received for long term fiber optic leases are recorded as revenue when received.

(continued)

4. Principal retirements on revenue bonds are expensed when paid. The results of defeasement are accounted for as revenue or expense at the time of the transaction.

5. Bond proceeds (including premiums) are recorded as income in the year received. Amounts received from refunding issuances, if any, are recorded net of transfers to the escrow agent.

6. Unrealized gains and losses on Debt Reserve invested funds are netted against interest and other financing costs.

7. Bond issuance costs are expensed as incurred.

8. Capital lease obligations are not recorded. Payments under capital leases are expensed in the period payments are made.

9. Interest related to construction in progress is not capitalized.

10. Recoveries of expenses are classified as decreases in operating expenses for trust indenture and as miscellaneous operating revenue for GAAP.

11. In trust indenture, transponder purchases and other miscellaneous expenses are reflected in the Renewal and Replacement fund as construction expense. For GAAP the expenses are reflected as an operating expense.

12. Construction expenses incurred under intergovernmental agreements are decreased by payments received under these intergovernmental agreements.

Therefore, the accompanying Schedules of Changes in Fund Balance by Fund, which are prepared in accordance with the aforementioned accounting principles, are not intended to, and do not, present the financial position or the results of operations in accordance with accounting principles generally accepted in the United States of America.

(continued)

A description of the individual accounts within the Revenue Fund and Construction Fund, as well as the required distribution of revenues collected, is as follows:

(b) The Revenue Fund

All revenues received by the Tollway other than investment income shall be delivered by the Tollway to the Treasurer, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer shall, at the direction of the Tollway, transfer or apply the balance as of such date of transfer in the Revenue Fund not previously transferred or applied in the following order of priority:

A. To the Operating Sub-Account, operating expenses set forth in the annual budget for the fiscal year in an amount equal to one-twelfth of the total approved budget, less all other amounts previously transferred by the Treasurer for deposit to the credit of the Operating Sub-Account during that fiscal year, less the balance, if any, which was on deposit to the credit of the Operating Sub-Account on December 31 of the preceding fiscal year.

B. To the Operating Reserve Sub-Account, the amount specified by the Tollway, but not to exceed thirty percent of the amount annually budgeted for operating expenses.

C. To the Interest Sub-Account, an amount equal to interest due on unpaid bonds, plus one-sixth of the difference between the interest payable on bond and interest due within the next six months.

D. To the Principal Sub-Account, an amount equal to any principal due plus one-twelfth of any principal of such outstanding senior bonds payable on the next principal payment date.

E. To the Redemption Sub-Account, an amount for each bond equal to one-twelfth of any sinking fund installment of outstanding bonds payable within the next twelve months.

F. To the Provider Payment Sub-Account, amounts as provided in any supplemental indenture for paying costs of credit enhancement or qualified hedge agreements for bonds or for making reimbursements to providers of credit enhancement or qualified hedge agreements for bonds.

G. To the Debt Service Reserve Account, an amount sufficient to cause the balance in it to equal the debt reserve requirement and to make reimbursement to providers of reserve account credit facilities.

(continued)

H. To the Junior Bond Debt Service or Junior Bond Debt Reserve Account, any amounts required by supplemental indentures.

I. To the Renewal and Replacement Account, one-twelfth the portion of the renewal and replacement amount set forth in the annual budget for the fiscal year.

J. The balance of such amounts in the Revenue Funds are to be applied as follows:

1) To the credit of the Improvement Account for allocation to a project as determined by the Tollway in its sole discretion, until the balance in the Account is equal to the improvement requirement or a lesser amount as the Tollway may from time to time determine.

2) To the credit of the System Reserve Account, the entire amount remaining in the Revenue Fund after depositing or allocating all amounts required to be deposited to the credit of the above Accounts and Sub-Accounts.

(c) Maintenance and Operation Account

The Maintenance and Operation Account consists of the Operating Sub-Account and the Operating Reserve Sub-Account. Moneys in the Operating Sub-Account are applied to operating expenses at the direction of the Tollway.

Revenues are transferred to the Operating Sub-Account to cover the expenses set forth in the annual budget for the current fiscal year. One-twelfth of the operating expenses outlined in the annual budget are transferred to this account once a month. Revenue is recorded on an accrual basis and as such may not be available for allocation until the cash is collected.

The Operating Reserve Sub-Account receives or retains an amount not to exceed 30% of the amount budgeted for operating expenses in the annual budget for the current fiscal year. Monies in the Operating Reserve Sub-Account are held as a reserve for the payment of operating expenses and are to be withdrawn if moneys are not available to the credit of the Operating Sub-Account to pay operating expenses.

If the Tollway determines that the amount in the Operating Reserve Sub-Account exceeds that amount necessary, the excess will be withdrawn from such Sub-Account and applied as revenues. By resolution, the Board voted to maintain a $25 million fund balance in this account and has subsequently authorized a fund balance of $17 million.

(continued)

(e) (d) Debt Service Account

The Debt Service Account consists of the Interest Sub-Account, the Principal Sub-Account, the Redemption Sub-Account, and the Provider Payment Sub-Account, to be held by the Trustee.

Revenues are required to be deposited to cover the interest and principal amounts due and unpaid for bonds, credit enhancement or qualified hedge agreements. Revenues must also be deposited to the credit of the Debt Reserve Account in an amount sufficient to cause the balance in it to equal the debt reserve requirement.

The Debt Service Reserve Account receives funds to provide an amount sufficient to cause the balance in it to equal the debt reserve requirement and to make any required reimbursement to providers of reserve account credit facilities.

(f) Renewal and Replacement Account

Revenues must be credited to the Renewal and Replacement Account in an amount set forth in the annual budget for the renewal and replacement deposit. An amount set forth in the budget shall be determined based on recommendations of the Consulting Engineer. Additional funds can be transferred to this account by the Tollway, based on the capital plan expenditures.

(g) Improvement Account

At the direction of the Tollway, the balance of amounts in the Revenue Fund are applied to the Improvement Account, for allocations to projects, determined by the Tollway, until the balance in the Account is equal to the improvement requirement.

(h) System Reserve Account

At the direction of the Tollway, the balance in the Revenue Fund is deposited to the credit of the System Reserve Account to provide for deficiencies in any other account or sub-account. If all accounts have sufficient funds, System Reserve Account funds can be used to pay off debt, fund construction projects, make improvements or pay for any other lawful Tollway purpose.

(i) The Construction Fund

The Construction Fund is held as a separate segregated fund. The Construction Fund receives funds from the sale of bonds (other than refunding bonds) and investment of proceeds. The
Treasurer establishes and maintains within the Construction Fund a separate, segregated account for each Project, the costs of which are to be paid in whole or in part out of the Construction Fund.

(continued)

(2) Miscellaneous

The following items are reported as Bond Interest and Other Financing Costs:

Components of Bond Interest and Other Financing Costs - 2012

		Debt Service	Debt Reserve	Total
Bond interest expense	$	193,888,119	-	193,888,119
Other financing costs		5,069,991	206,897	5,276,888
	$	198,958,110	206,897	199,165,007

Other Information:

- Construction and other capital expenses for Renewal and Replacement and Improvement include accrued expenses.
- Bond Interest expense includes accrued interest payable at December 31.
- In November 2008 the Tollway purchased a $100 million surety bond. This policy is being amortized over the life of the bonds (24.1 years). The amortization is shown in the debt reserve column above.
- Cash balances held by the Trustee at December 31, 2012, are $171 million in the Debt Service accounts and $203 million in the Debt Reserve account.
- During 2010 the Tollway Board of Directors authorized $30 million to be transferred from the Improvement fund to the Debt Service fund for swap termination payments only. $10.3 million of these funds were used to terminate swaps associated with the 2008 A-2 bond series. The remaining balance cannot be used to meet debt service obligations. This amount is included in the Debt Service amount above.
- Insurance and Employee Benefits includes expense for retirement, workers compensation, the employer portion of FICA, and medical insurance.

(continued)

Schedule 3

Schedule of Capital Assets by Source [1]
Year Ended December 31, 2012

	2012	2011
Capital assets (at original cost):		
Land and improvements	$ 327,977,023	$ 315,128,948
Buildings	54,025,606	52,066,435
Infrastructure [2]	6,917,204,365	6,743,340,271
Vehicles	41,818,915	41,419,697
Office equipment	34,869,290	32,461,205
Information systems	140,144,911	135,136,767
Construction in progress	132,755,334	75,878,024
Total Capital Assets	$ 7,648,795,444	$ 7,395,431,347
Capital assets provided from:		
Bond proceeds net of related interest income	$ 5,552,273,927	$ 5,552,273,927
Revenues	2,096,521,517	1,843,157,420
Total sources of capital assets	$ 7,648,795,444	$ 7,395,431,347

[1] Prepared in accordance with the Trust Indenture (non-GAAP).

[2] Infrastructure assets do not include capitalized interest totaling $139.1 million and $134.8 million at December 31, 2012 and 2011, respectively.

See accompanying independent auditors' report.

(continued)

ILLINOIS STATE TOLL HIGHWAY AUTHORITY
(A Component Unit of the State of Illinois)

Schedule 4

Schedule of Changes in Capital Assets [(1) (3)]
Year ended December 31, 2012

	Balance January 1, 2012	Additions	Deletions (2)	Balance December 31, 2012
Land and improvements	$ 315,128,948	$ 12,848,075	$ -	$ 327,977,023
Buildings	52,066,435	1,959,171	-	54,025,606
Infrastructure	6,743,340,271	273,574,752	(99,710,657)	6,917,204,366
Vehicles	42,150,441	436,280	(767,809)	41,818,912
Office equipment	31,775,059	3,993,978	(899,747)	34,869,290
Information systems	135,092,169	5,714,560	(661,818)	140,144,911
Construction in progress	75,878,024	313,330,000	(256,452,690)	132,755,334
Total capital assets	$ 7,395,431,347	$ 611,856,816	$ (358,492,721)	$ 7,648,795,442

	Balance January 1, 2011	Additions	Deletions [(2)]	Balance December 31, 2011
Land and improvements	$ 313,258,059	$ 1,870,889	$ -	$ 315,128,948
Buildings	47,126,097	4,940,338	-	52,066,435
Infrastructure	6,671,712,756	142,624,418	(70,996,903)	6,743,340,271
Vehicles	41,891,084	7,122,229	(6,861,872)	42,150,441
Office equipment	31,035,451	1,425,754	(686,146)	31,775,059
Information systems	128,887,564	6,249,203	(44,598)	135,092,169
Construction in progress	74,417,230	114,539,658	(113,078,864)	75,878,024
Total capital assets	$ 7,308,327,241	$ 278,772,489	$ (191,668,383)	$ 7,395,431,347

(1) Prepared in accordance with state compliance requirments, infrastructure assets do not include capitalized interest totaling $139.1 million and $134.8 million as of December 31, 2012 and 2011, respectively.
(2) Infrastructure deletions above represent assets that are fully depreciated on a GAAP basis.
(3)No depreciation is reflected in this schedule.
See accompanying independent auditors' report.

APPENDIX B

CONSULTING ENGINEER'S REPORT

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May 1, 2014

Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, IL 60515

Attention: Ms. Kristi Lafleur
Executive Director

Subject: Consulting Engineer's Report

Dear Ms. Lafleur,

AECOM Technical Services, Inc. is pleased to submit this report as the Consulting Engineer to The Illinois State Toll Highway Authority in anticipation of the issuance of Toll Highway Senior Revenue Bonds, 2014 Series B supporting the Move Illinois Program.

This report provides a summary of the condition of the existing Tollway system and identifies the projects to be undertaken to rebuild, modernize and expand the 56-year old, 286 mile system. This report also provides estimates of operating expenses, renewal and replacement deposits, and construction costs and schedules.

The report reflects the scope, cost and schedule of completion of the sub-projects that make up the Move Illinois Program and the Congestion-Relief Program, as developed by the Authority's Program Management Office (the "PMO"), which costs vary in detail based upon the stage of implementation of each sub-project as more fully described therein.

The Consulting Engineer has reviewed the forecasts provided by the PMO and believes that forecasted costs are appropriate for the types of projects described and that the overall cost of the program at $12.15 billion appears reasonable. In addition, costs to complete the remaining portions of the CRP are identified, which depicts the ongoing success the Tollway has had delivering significant capital projects.

Utilizing information provided by Tollway Finance Department staff and project scopes and schedules from the PMO, we have developed estimates of Operating Expenses. Renewal and Replacement Deposit recommendations were developed based upon the types of projects included in the Move Illinois Program, Congestion-Relief Program and other needs of the Tollway.

We wish to acknowledge the cooperation and assistance provided to us by the Tollway staff in the preparation of this report. We appreciate the opportunity to be of service to the Tollway.

Sincerely,

Denise M. Casalino, P.E.
Senior Vice President

Consulting Engineer's Report

Prepared by:

AECOM

May 1, 2014

CONSULTING ENGINEER'S REPORT

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1.0 History and Status

The Illinois State Toll Highway Authority is a user-financed administrative agency of the State of Illinois whose purpose is to operate, maintain and service a system of toll roads located in northern Illinois. The Illinois State Toll Highway Authority began in 1953 as the Illinois State Toll Highway Commission, created by an act of the Illinois State legislature. The Illinois State Toll Highway Commission was directed by the legislature to construct the original 187 miles of the Tollway system that included the Tri-State, Northwest (now the Jane Addams Memorial) and East-West (now the Reagan Memorial) Tollways. These routes opened to traffic in 1958. On April 1, 1968 the Illinois State Toll Highway Commission became the Illinois State Toll Highway Authority, (hereafter referred to as the Tollway).

The Tollway has been an important component of the transportation network in northern Illinois. When it opened in 1958, it was envisioned as a high-speed bypass around the urban core of Chicago. However, over the last five decades, the Tollway system has evolved to not only continue this function, but to also serve both commercial and commuter-oriented traffic within the Chicago metropolitan region. Expansion of the system through the construction of extensions and new routes was initiated to keep pace with overall traffic growth in the region. Improvements have been made in coordination with and in response to transportation planning efforts at both the regional and state levels.

The Tollway has grown over the last five decades as a result of Legislative directives:

- In 1970, the Governor approved the construction of the Reagan Memorial Extension (originally called the East-West Extension), between IL Route 56 west of Aurora and US Route 30 near Sterling – Rock Falls, which added an additional 69.5 miles to the system. This extension was included in the original authorization for the Tollway system but was not included in the original construction. This route was opened to traffic in 1974.

- In 1984, the Illinois State legislature directed the Illinois State Toll Highway Authority to construct the Veterans Memorial Tollway (originally called the North-South Tollway), which added an additional 17.5 miles to the system. This route opened to traffic in 1989.

- In July 1993, the Illinois General Assembly authorized the Tollway to construct the South Extension of the Veterans Memorial Tollway from I-55 to I-57 (the portion from I-55 to I-80 opened to traffic in November 2007), the North Extension of the North-South Tollway from Lake-Cook Road to IL-120 in Grayslake and east to I-94, and the Richmond Extension from IL-120 in Grayslake to the Illinois-Wisconsin border near Richmond, Illinois. In 1995, the Tollway was further authorized to construct the Elgin-O'Hare Extension and the Western O'Hare Bypass. Studies by the Illinois Department of Transportation have been completed for the Elgin-O'Hare Extension and the Western O'Hare Bypass. The projects are now collectively known as the "Elgin O'Hare Western Access" (EOWA) project and are identified within the Move Illinois Program described below. In addition, the Move Illinois Program includes studies for North Extension of the Veterans Memorial Tollway.

Effective March 31, 1999, the "Amended and Restated Trust Indenture" (the "Indenture") renamed the Capital Improvement Program as the Improvement Program (I) and the Major Improvement Program as the Renewal and Replacement Program (RR). Improvement projects are those that add to or improve the existing Tollway infrastructure while Renewal and Replacement projects are those that maintain, repair or improve the existing infrastructure. Funding for these programs is provided entirely through user fees (i.e., tolls), concession revenues, interest earnings, and revenue bonds.

There are currently 286 miles of mainline roadway consisting of 1,667.5 mainline lane miles, 76.4 auxiliary lane miles, 249.6 ramp lane miles, 59.1 plaza cash lane miles, 105 interchanges, and 642 bridges.

In mid-2004, the Tollway unveiled a $5.3 billion 10-Year Congestion-Relief Plan that addressed the condition of the existing infrastructure, congestion relief, the need of growing communities, and enhancement of local economies. As part of the long-range planning process, a comprehensive re-evaluation of the entire system and an extensive review of the condition of the Tollway's then 274-miles of roadways and structures were completed. Tollway staff met with various community leader groups to develop concepts and to validate ideas of the proposed 10-year program. The Congestion-Relief Plan was approved by the Tollway Board at the September 2004 Board meeting. Upon board approval, it became known as the Congestion-Relief Program (CRP).

The Tollway reassessed the CRP during the spring of 2007. A number of projects were reevaluated and were modified or enhanced due to the condition of the roadway and overpass bridges or to accommodate input from municipalities. Also, due to increased material and overall construction costs during the 2005 and 2006 construction seasons, the estimates for projects in design were adjusted. Finally, several significant additions were made to the CRP to address portions of the system and to provide access improvements to the Tollway. Based upon these CRP changes, the overall budget for the CRP was increased by approximately $1.0 billion and the schedule was lengthened by two years. The revised Congestion-Relief Program was approved by the Tollway Board at the September 7, 2007 Board meeting. Since that time, costs and schedules for projects have been modified based upon market dynamics. Information detailing the completion of CRP projects is included in a later section. The completion of projects remaining under the CRP program is expected to be paid for entirely with revenue funds.

In November 2008, the Tollway Board of Directors approved an additional $1.8 billion capital program entitled Congestion-Relief Program Phase II – Tomorrow's Transportation Today ("TTT"). The program contained two major components: Green Lanes, to promote ride-sharing and transit options, and Interchange Improvements including (i) a new interchange at the crossing of the Tri-State (I-294) and I-57, (ii) an upgrade of the Jane Addams Memorial Tollway (I-90) interchange with I-290 and IL-53 and (iii) adding new or expanded arterial interchanges. TTT was intended to be financed by bonds backed by toll revenues including a toll increase for commercial vehicles to become effective in 2015 and variable toll rates to be established for single-occupant passenger vehicles using the Green Lanes. At this time, the TTT program has been terminated with no expenditure of funds or project progress. Portions of TTT projects and the commercial vehicle toll increase are included in the Move Illinois Program described in the following paragraph and in Sections 3 and 4.

On August 25, 2011, the Tollway Board of Directors approved a $12.1 billion long range plan for the Tollway System known as "Move Illinois: The Illinois Tollway Driving the Future" (as approved, the "Move Illinois Program" or "MI"). The key goals of the Move Illinois Program are to:

- Save drivers time and money

- Drive the economic engine
- Build a 21st century transportation system
- Take care of the existing system
- Be the “cleanest and greenest” program in history

The program includes two elements – maintaining the existing Tollway system and enhancing regional mobility with new priority projects. The program and the projects that make up the program are described in detail in later sections of this report.

2.0 Condition of the Existing Tollway System

The Tollway continues to function as an essential component of the transportation network in northern Illinois. As part of the CRP and Move Illinois Program (collectively, the "Capital Programs") to date, approximately 48% of the system mainline pavement has been constructed, reconstructed, or reconstructed and widened, approximately 45% of the system mainline pavement has been rehabilitated, Open Road Tolling (ORT) has been implemented at all 22 mainline toll plazas systemwide, and the Veterans Memorial Tollway (I-355) South Extension to I-80 has been completed.

Though significant progress has been made with regard to the Tollway infrastructure, there are still many challenges remaining. The original mainline pavements not addressed by the Capital Programs to date continue to be maintained at high levels; however, some infrastructure elements will require attention in the near future due to the effects of age and increasing traffic volumes. The remaining original mainline pavements have in some cases, had three to four pavement rehabilitations and/or asphalt overlays. Many of the original bridge decks have had bituminous overlays (now removed), concrete overlays (existing) and have been widened to respond to increasing traffic demand.

The geometry of the existing roadway system generally meets or exceeds Federal highway design criteria.

A majority of the system mainline pavement, that was not reconstructed or reconstructed and widened as part of the CRP (approximately 32% systemwide), is programmed for reconstruction or reconstruction and widening as part of the Move Illinois Program between 2013 and 2026. Additionally, sections of pavement rehabilitated as part of the CRP (approximately 21% systemwide) are programmed for rehabilitation required by the pavement preservation program as part of the Move Illinois Program between 2013 and 2026.

At the conclusion of the current Capital Programs, the Tollway will have:

- Reconstructed approximately 62.6 centerline miles or 22.9% of the mainline pavement systemwide;
- Reconstructed and widened approximately 145.1 centerline miles or 53.2% of the mainline pavement systemwide;
- Rehabilitated approximately 57.9 centerline miles or 21.2% of the mainline pavement systemwide;
- Rehabilitated and widened approximately 5.5 centerline miles or 2.0% of the mainline pavement systemwide;
- Added approximately 29.3 centerline miles or 10.7% of mainline pavement systemwide.

NOTE: The above percentages are based upon the approximately 272.8 centerline miles of mainline pavement existing prior to the CRP and do not include expansion of ramp, auxiliary or plaza pavements. Also, the above mileage numbers may include both a rehabilitation project under CRP and reconstruction project under the Move Illinois Program and both projects are counted in both discussions.

In addition, it is anticipated that the Tollway will have increased the systemwide lane mileage by approximately 35% at the conclusion of the current Capital Programs. This will be accomplished through various widening projects, construction of route extensions, and the inclusion of the Elgin O'Hare Western Access.

Inspections are performed annually throughout the entire Tollway System (Annual Inspections) pursuant to requirements of the Amended and Restated Trust Indenture of the Illinois State Toll Highway Authority, effective March 31, 1999 (Trust Indenture). The purpose of these inspections is to evaluate Tollway assets which include but are not limited to pavement, bridges, overhead sign structures, structural walls, drainage structures, slopes, ditches, safety appurtenances and facilities. Certain Tollway assets including bridges, structural walls, overhead sign structures, and facilities are inspected on multi-year cycles which are described in further detail later in this report.

At the time of this report, final results of the 2013 Annual Inspection were not yet available. Field data collection for most roadway segments and facilities has been completed, with analysis and condition report development currently underway. The condition of the existing system as described is based on the results of the 2012 Annual Inspections. Early results of the 2013 Annual Inspections indicate that the overall condition of the pavement, bridges, structural walls and overhead sign structures has improved due to the completion of capital program projects through 2012 and the intermittent pavement repair projects performed as required on each of the Tollway routes. The overall condition of the Tollway facilities has also improved due to ongoing rehabilitations at the maintenance yard facilities and repairs performed by the Tollway Maintenance Division.

As in previous years, the 2012 Annual Inspection was completed by the Consulting Engineer on the entire 286 miles of the Tollway System. The following sections summarize the 2012 Annual Inspection findings of the Consulting Engineer. The deficiencies noted will be addressed by the Tollway Maintenance Division or as part of the current Capital Programs and in some cases, have already been addressed.

2.1 Pavement

The Tollway roadway pavement is inspected annually. The inspection includes: a structural evaluation, a pavement surface evaluation, and a visual inspection that detail areas for repair to be completed by contract or by the Tollway Division of Maintenance and Traffic (Maintenance Division).

Visual Inspection Overview

Visual inspection of the Tollway roadway pavement was conducted by the Tollway's Consulting Engineer during the spring and summer of 2012. The inspection consists of the recording of visible deficiencies of the mainline and ramp pavements from edge-of-shoulder to edge-of-shoulder including all bridge decks, shoulders, gutters and curbs. Prior to the visual inspection, the Inspectors interview each Maintenance Section Manager/Supervisor and document any concerns. Through the results of these interviews and subsequent visual inspections, repair quantities are estimated and prioritized based on the level of severity and repair recommendations are created. These repair quantities and recommendations are utilized to assist the Tollway Maintenance Division in scheduling work activities; to aid the Engineering Division in ensuring that all necessary repairs are included in upcoming construction contracts; and to aid the Planning Division in the determination and creation of future repair programs. An overall condition rating is then assigned for the areas inspected based upon the estimated repair quantities and level of severity. This overall condition rating typically coincides with the CRS rating discussed elsewhere within this report.

Structural Evaluation Overview

The structural evaluation of the Tollway roadway pavements was conducted by the Tollway's Pavement Consultant during the summer and fall of 2012. This evaluation consists of Falling Weight Deflectometer (FWD) testing and pavement coring program. The results of which are utilized to assess the structural integrity of the mainline pavement.

FWD testing is completed by measuring the deflections caused by an impulse deflection device that applies a dynamic load by dropping a weight onto a circular load plate placed on the pavement surface. The results of the FWD testing are utilized to determine pavement layer and subgrade structural parameters, to evaluate load transfer characteristics at pavement joints and to detect the presence of subsurface voids.

The pavement coring program consisted of six-inch diameter full depth cores taken through bound pavement layers at strategically placed locations throughout the Tollway System. Pavement cores are used to verify pavement layer thickness and to inspect material and bonding conditions.

Surface Evaluation Overview

The pavement surface evaluation of the Tollway roadway system was performed during the summer and fall of 2012. This evaluation utilizes electronic and visual surveillance of the pavement surface to determine the extent of pavement distress. The Tollway utilizes a pavement inspection and evaluation system similar to that developed by the Illinois Department of Transportation (IDOT) which categorizes pavement conditions using Condition Rating System (CRS) values. This system is a subjective measurement of pavement surface condition based on a 1 to 9 scale; with 9 representing a newly constructed or resurfaced pavement and 1 representing a completely failed pavement. While both the Tollway and IDOT consider a CRS rating of less than 4.5 "poor", IDOT may consider it tolerable on a rural route. On the Tollway system and other higher level facilities, a CRS of 5.5 or less indicates a riding surface that has become uncomfortable and inconsistent with Tollway operations and user expectations. Therefore, a CRS of 5.5 or less on the Tollway system is a candidate for repairs or rehabilitation.

Based on the Tollway's maintenance and repair histories and pavement age, the Consulting Engineer considers pavement with a CRS value between 6.0 and 6.5 as "transitional" likely requiring repairs in the following two to seven years due to the diminishing life span of repeated repair cycles. The CRS ratings utilized for the Tollway pavement surface evaluation are provided in the following table.

Table 1: CRS Rating System

CRS Rating	General Pavement Surface Condition
< 4.5	Poor
4.5 – 5.9	Fair
6.0 – 6.5	Transitional
6.6 to 7.4	Good
>7.5	Excellent

It should be noted that while the riding surface may reflect a high CRS rating, the aging pavement substructure, drainage problems, or other unknown conditions that may exist below the pavement surface are unaccounted for by the CRS rating. For example, a section of the recently constructed Veterans Memorial Tollway (I-355) South Extension and one on the recently resurfaced portion of the Jane Addams Memorial Tollway (I-90) would both exhibit a high CRS rating; however, the age and condition of the pavement substructures on these two sections are entirely different.

CRS values are determined by digitally recording surface conditions and measuring certain types of surface distress and rideability of pavements through the collection of electronic sensor data. This data is collected by a semi-automatic survey process which utilizes a survey vehicle outfitted with cameras that capture continuous images of the pavement surface and panoramic images of the roadway. The images and sensor data are processed by trained CRS rating personnel who assign CRS values. A summary of the most recent systemwide CRS ratings is included in the following table:

Table 2: Summary of Pavement Surface CRS Ratings from 2012 Annual Inspection, Lane Miles

Tollway Route	Excellent >7.5	Good 6.6-7.4	Transitional 6.0-6.5	Fair 4.5-5.9	Poor 0-4.4	Not rated **
Tri-State (I-294)	299.7	62.1	10.4	22.7	16.0	14.3
Tri-State and Edens Spur (I-94)	101.8	84.0	11.4	0.0	0.0	12.0
Jane Addams Memorial (I-90)	214.4	10.7	9.0	135.1	2.1	12.7
Reagan Memorial (I-88)	227.2	144.2	54.4	8.8	0.0	33.5
Veterans Memorial (I-355)	145.1	10.2	6.8	3.1	0.0	19.6
Total*	988.1	311.2	91.9	169.6	18.1	19.6
% of Total	59.1%	18.6%	5.5%	10.2%	1.1%	5.5%

* Lane Miles Surveyed does not equal total actual mainline mileage (2048.9) due to approximate beginning and ending points of the field survey, and the exclusion of auxiliary lanes and other lane types.

** Sections that contained construction and the long bridges such as the Mile Long and Bensenville bridges on I-294 were excluded from the survey and listed as "Not Rated"

Note: This evaluation does not include auxiliary or ramp lanes that are required for entering and exiting the Tollway. Due to this, route and system totals, may not match information in other sections of the report. Percentages may not total to 100% due to rounding.

Ramp lanes are evaluated on a three year basis due to the reduced traffic and anticipated improved condition compared to the mainline, though the Tollway may begin to monitor the ramps more closely since the current programs are not expected to address many of the system's ramps. Auxiliary lanes are generally in better condition than the adjacent mainline lanes due to reduced traffic and are generally maintained in conjunction with the mainline lanes.

As previously stated, CRS ratings are a subjective measurement of the pavement surface condition. These ratings are only one indicator of overall pavement condition and if used alone can be misleading. A newly resurfaced or overlaid roadway will likely receive an "excellent" CRS rating even though the underlying concrete pavement and base could be largely deteriorated. In such a case the "excellent" CRS rating is expected to rapidly deteriorate to a "transitional" or "poor" CRS rating and the pavement will likely require additional work in a relatively short period of time. It is anticipated that Tollway pavement sections not reconstructed as part of the recent

Capital Program projects which received a CRS rating of “good” to “excellent” in 2012 will rapidly deteriorate to a transitional or lower rating due to the condition of the underlying concrete base pavement.

Considering this, the Remaining Service Life (RSL) rating system was developed. The RSL takes into account current CRS ratings, traffic volumes, and pavement thickness information. This data is projected to determine how many theoretical years are remaining before a terminal level is reached and major repairs would be required. The RSL categories are developed using specific pavement performance models, historical condition data for a specific pavement type, and assumed rehabilitation treatments. The RSL categories have been found to be a reliable indicator of pavement performance. However, if there is any deviation from the future rehabilitation treatments assumed in developing the performance model, then the model will no longer accurately predict pavement performance, and the RSL may be incorrect.

Historically, the Tollway RSL categories included 0 years, 1-2 years, 3-4 years, 5-8 years, 9-12 years and 13 or more years. In 2010, additional RSL categories of 13-19 years and 20 or more years were created to allow for better programming of future rehabilitation projects. New pavement with an expected life of 30 or more years would typically be categorized with an RSL of 20 or more years. In contrast, pavement categorized with an RSL of 0 years will require extensive intermittent pavement repairs to maintain the pavement integrity.

The Tollway has generally been successful in maintaining consistent pavement conditions to date. This has been accomplished through activities performed by the Maintenance Division and programmed major repair work through the Capital Programs. However, this strategy cannot continue indefinitely. While the failed RSL category has improved, the 5 to 8 year RSL category continues to increase. This is indicative of the short-term repairs implemented by the Tollway in the past.

As part of the Capital Program to date, approximately 48% of the system mainline pavement has been constructed, reconstructed, or reconstructed and widened which addresses the concern of failing base pavement on those portions of the system. However, there is still a substantial amount of pavement that has not been reconstructed. In addition to ongoing intermittent repairs systemwide, other short term repairs in these unreconstructed sections include asphalt resurfacing on the Jane Addams Memorial Tollway (I-90) completed in 2011, on the Edens Spur (I-94) completed in 2010, on the Reagan Memorial Tollway (I-88) completed in 2012, and on the Tri-State Tollway (I-294) completed in 2012. These short-term repairs serve to improve pavement surface conditions and rideability along these routes; however they do not adequately address the deterioration of the underlying concrete base pavement. Based on pavement age and repair histories, reconstruction of these pavements is likely the most cost-effective long term repair strategy. Currently, a majority of the system mainline pavement (approximately 32% systemwide) not reconstructed or reconstructed and widened to date, is programmed for reconstruction or reconstruction and widening as part of the Capital Programs between 2013 and 2026. Additionally, sections of pavement constructed, reconstructed, reconstructed and widened or rehabilitated as part of the CRP (approximately 21% systemwide) are programmed for rehabilitation required by the pavement preservation program as part of the *Move Illinois* Program between 2013 and 2026.

While the Tollway’s annual maintenance efforts have focused on protecting the basic integrity of the roadway through projects such as emergency patching and intermittent pavement repairs, the original pavement infrastructure continues to deteriorate due to load-related (vehicle loading) and non-load related (environmental) impacts. In the past, this had resulted in a repair cycle that continued to accelerate until the implementation of CRP where more substantial improvements were initiated. The strategy of maintaining pavement through small-scale maintenance projects is no longer feasible due to increasing construction costs, repair quantities, and reduced pavement life. The current Capital Programs are focusing on rehabilitating or reconstructing the aging infrastructure through the reconstruction of approximately 45% of the system mainline pavement and a commitment to reconstruct or reconstruct and widen an additional 39% of the system mainline pavement thus having reconstructed or reconstructed and widened approximately 84% of the entire mainline system by 2026. Most pavement sections exhibiting advance deterioration are either currently under construction or are programmed for construction by 2016.

The first year of the CRP was 2005, which began to address long-term pavement repairs. As part of this, the underlying concrete base pavement deterioration issues along the Tri-State Tollway (I-294/I-94) and the Reagan Memorial Tollway (I-88) have been or are programmed to be addressed. As is shown in the following table, approximately 47% of surveyed pavement systemwide in 2012 was categorized with an RSL of eight years or less. The pavement within these categories will require repairs within the next eight years to maintain pavement integrity. This is a major improvement over the 95% of pavement systemwide which was within these categories in 2004 before the CRP began.

Table 3: Summary of Pavement RSL Values from 2012 Annual Inspection, Lane Miles

Tollway Route	20+ Years	13-19 Years	9 - 12 years	5 – 8 years	3 – 4 years	1 – 2 Years*	0 Years*	Not rated ***
Tri-State (I-294)	239.2	6.2	12.6	100.3	8.1	8.6	38.6	11.6
Tri-State and Edens Spur (I-94)	159.9	6.9	4.4	16.7	4.2	0.9	4.4	12.0
Jane Addams Memorial (I-90)	9.6	0.0	81.3	16.6	197.5	47.0	18.9	12.9
Reagan Memorial (I-88)	75.2	41.8	27.6	89.2	152.7	38.3	9.8	33.5
Veterans Memorial (I-355)	66.4	52.9	16.8	27.0	0.0	1.1	0.9	19.6
Total**	550.3	107.8	142.7	249.8	362.5	96.0	72.5	89.6
% of Total	32.9%	6.4%	8.5%	14.9%	21.7%	5.7%	4.3%	5.4%

* Critical areas in need of attention. (Jane Addams Memorial Tollway (I-90) – programmed for reconstruction and widening in 2013 to 2015, Reagan Memorial Tollway (I-88) – programmed for rehabilitation and reconstruction in various years). The majority of the Tri-State Tollway (I-294) sections identified with 0-2 years of RSL were rehabilitated in 2012.

** Lane Miles Surveyed does not equal total actual system lane mileage (2048.9) due to approximate beginning and ending points of the field survey, and the exclusion of auxiliary lanes and other lane types.

*** Sections that contained construction and the long bridges such as the Mile Long and Bensenville bridges on I-294 were excluded from the survey and listed as “Not Rated”

Note: This evaluation does not include auxiliary or ramp lanes that are required for entering and exiting the Tollway. Due to the lack of auxiliary lane analysis, route and system totals may not match information in other sections of the report. Percentages may not total to 100% due to rounding.

Summary of Pavement Condition

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

The 77.6-mile Tri-State Tollway (I-294/I-80/I-94) was constructed in 1958 as part of the original pavement network and consisted of either two or three lanes in each direction. The two lane portions of this route were widened to three lanes in each direction in 1966 and at various times throughout the 1970s. As part of these widening projects, an HMA (Hot Mix Asphalt) overlay was also typically added to the original lanes. A portion of the route from approximately 95th Street to Balmoral Avenue, commonly referred to as the Central Tri-State, was widened to four lanes in each direction and either reconstructed or partially reconstructed in 1992 & 1993. A rehabilitation of the Central Tri-State was completed in 2012 which included full depth concrete patches, removal of the existing HMA overlay and the placement of a thicker SMA (Stone Matrix Asphalt) overlay. This Central Tri-State mainline pavement is scheduled for reconstruction in 2020 to 2022 as part of the Move Illinois Program. The majority of the mainline pavement along this route outside the limits of the Central Tri-State were reconstructed or reconstructed and widened to four lanes in each direction in 2006 to 2009 as part of the CRP.

For the purposes of this report, the Tri-State Tollway is separated into three sections. These are the South, Central, and North Tri-State Tollway.

South Tri-State Tollway (I-394 to 95th Street):
The majority of this pavement was rated in “excellent” condition (CRS) with an RSL rating of 20 years or more. The pavement from the Bishop Ford Freeway (I-94) to 163rd Street has undergone reconstruction and widening which was completed in 2007. The pavement from 163rd Street to 95th Street has undergone reconstruction and widening which was completed in 2009.

Central Tri-State Tollway (95th Street to Balmoral Avenue):
This section of pavement was omitted from the 2012 structural and pavement surface evaluations due to active construction. This section was last evaluated in 2011 and at that time, the condition of this pavement varied widely from “excellent” to “poor” condition (CRS) with an RSL rating generally ranging between 0 and 8 years. The pavement from 95th Street to Balmoral Avenue was widened and either reconstructed or partially reconstructed in 1992 and 1993. The partial reconstruction and widening included the reconstruction of the outside (third) lane in each direction on the existing six-lane facility and the addition of a new fourth lane in each direction. The remaining two inside lanes in each direction were left in place, rehabilitated, and resurfaced. The reconstruction and widening areas included jointed plain concrete pavement throughout. A rehabilitation of this section was completed in 2012 which included full depth concrete patches, removal of the existing HMA overlay and the placement of a thicker SMA overlay. Reconstruction of this section is programmed to occur in 2020 to 2022 as part of the Move Illinois Program. Intermittent repairs will likely be required in this area by 2017 and possibly annually thereafter until this scheduled reconstruction.

North Tri-State Tollway (Balmoral Avenue to Russell Road):
The majority of this pavement was rated in “excellent” to “good” condition (CRS) with an RSL rating of 20 years or more. The pavement from Balmoral Avenue to the Deerfield/Edens Spur improvement limits and from Half-Day Road to the Russell Road has undergone reconstruction and widening which was completed in 2009.

The Deerfield/Edens Spur improvement was a project completed in 2000 which included the removal of the original Toll Plaza 25 (Deerfield), widening and reconstruction of the Tri-State

Tollway in the vicinity of Deerfield Road, reconstruction of the west end of the Edens Spur, construction of the new mainline Toll Plaza 24 on the Edens Spur, and reconfiguration of the Deerfield Road interchange ramps.

Edens Spur (I-94)

The 4.8-mile Edens Spur (I-94) was constructed in 1958 as part of the original pavement network and consisted of two lanes in each direction. An HMA overlay was added to this pavement in 1976 and was subsequently resurfaced in 1995. Rehabilitation of this section was completed in 2010 which included removal of the existing HMA overlay and the placement of an SMA overlay. As part of the Deerfield/Edens Spur improvement project, the west end pavement was reconstructed in 1997 and Plaza 24 (Edens Spur) was constructed in 1998. Plaza 24 (Edens Spur) was subsequently converted to ORT in 2006. The majority of this pavement was rated in “excellent” or “good” condition (CRS) with an RSL rating of 3 to 19 years. These ratings are primarily a result of the rehabilitation completed in 2010 which has extended the RSL of this pavement. Reconstruction of this route is programmed to occur in 2021 to 2022 as part of the Move Illinois Program. Intermittent HMA repairs will likely be required in this area by 2015 and possibly annually thereafter until this scheduled reconstruction.

Jane Addams Memorial Tollway (I-90)

The 75.9-mile Jane Addams Memorial Tollway (I-90), originally referred to as the Northwest Tollway until 2008, was constructed in 1957 as part of the original pavement network and consisted of two lanes in each direction. The pavement from East River Road to Barrington Road was widened to three lanes in each direction in 1967. The pavement from Barrington Road to US Route 20 (Marengo-Hampshire) was widened to three lanes in each direction in 1992 and 1998. The pavement from Newburg Road to Rockton Road was reconstructed and widened to three lanes in each direction in 2008. The majority of this route has received a series of HMA overlays and subsequent resurfacings since the original construction. In addition, intermittent HMA pavement repairs have been completed in 2000, 2001, 2004 and 2008 to 2011 throughout this route to extend the service life of the pavement. A rehabilitation of all lanes from milepost 54.4 (near Illinois Route 31) to milepost 63.7 (near Barrington Road) was completed in 2011 which included full depth concrete patches, removal of the existing HMA overlay and the placement of a thicker SMA overlay. A rehabilitation of all lanes was completed from milepost 25.0 (Genoa Road) to milepost 29.2 (near Shattuck Road) in 2011 which included removal of the HMA overlay and the placement of a thicker SMA overlay.

The condition of the pavement east of Newburg Road varies widely from “excellent” to “fair” condition (CRS) with an RSL rating ranging between 0 and 4 years. The condition of the pavement west of Newburg Road was rated in “excellent” condition (CRS) with an RSL rating of 9 to 12 years. The higher CRS ratings with respect to the low RSL ratings for the pavement east of Newburg Road can be attributed to recent rehabilitation or resurfacing projects. These projects, while improving the CRS ratings, did not adequately address the deteriorating original concrete pavement and base. In addition, the resurfacing from Elgin to Newburg Road utilized material that has resulted in unpredictable failures that are difficult to identify for the annual intermittent HMA repair contracts. Some of this material was removed as part of the 2011 rehabilitation projects however, much still remains beneath the newly placed SMA surface. Reconstruction and widening of this route east of Newburg Road is under construction through 2015 as part of the Move Illinois Program.

Reagan Memorial Tollway (I-88)

The 26.7-mile Reagan Memorial Tollway (I-88) east of Illinois Route 56, originally referred to as the East-West Tollway until 2006, was constructed in 1957 as part of the original pavement network and consisted of two lanes in each direction. The pavement from the Eisenhower Expressway to Naperville Road was widened to three lanes in each direction in 1977. As part of these widening projects, an HMA overlay was also typically added to the original lanes. The pavement from Naperville Road to the Prairie Path was reconstructed and widened to three lanes in each direction in 1987. The pavement from Prairie Path to Plaza 61 (Aurora) and from Plaza 61 (Aurora) to Orchard Road was reconstructed and widened to three lanes in each direction in 2000 and 2008 respectively. The pavement from York Road to Naperville Road and from Naperville Road to Illinois Route 59 was reconstructed and widened to four lanes in each direction in 2008-2009 and 2004-2005 respectively. Subsequently, the pavement from the Eisenhower Expressway to York Road was resurfaced in 2008-2009.

The majority of the pavement along this route was rated in “excellent” to “good” condition (CRS) with an RSL rating that varies widely between 5 to 20 or more years (over 60% with an RSL of 13 to 20 or more years). Concrete pavement repairs were completed in 2008 and should continue as budget permits from Illinois Route 59 to the Fox River to extend the pavement life within this section. Reconstruction and widening of this route from Deerpath Road to Illinois Route 56 was completed in 2012 as part of the CRP. Reconstruction from the Eisenhower Expressway to York Road is scheduled to occur in 2017 to 2019 as part of the Move Illinois Program.

Reagan Memorial Extension (I-88)

The 69.5-mile Reagan Memorial Tollway (I-88) Extension west of Illinois Route 56 was constructed in 1974 as a western extension to the original Reagan Memorial Tollway (I-88) and consisted of two lanes in each direction. The pavement received an HMA overlay in 1993. This HMA overlay was placed to a nominal 2¼ inch thickness, which was thinner than the typical 3 inch HMA overlay thickness. The thinner asphalt overlay was originally intended to act as a bond breaker for a future concrete overlay. However, due to the poor performance of a similar concrete overlay installation on a section of the original Reagan Memorial Tollway (I-88) the concrete overlay was never placed. Instead, the HMA overlay remained as the riding surface. This thinner HMA overlay did not perform well and required constant repairs by the Tollway Maintenance Division. In January 2001, the HMA overlay between Illinois Route 56 and Illinois Route 251 failed and the Tollway initiated immediate emergency repairs. Adverse weather conditions during the course of these emergency repairs limited their effectiveness and life expectancy thus requiring subsequent full-width, shoulder to shoulder resurfacing during the summer of 2001.

The majority of the pavement between Illinois Route 56 and Illinois Route 251 was rated in “excellent” to “transitional” condition (CRS) with an RSL rating of 1 to 12 years (approximately 67% with an RSL of 1-4 years and 29% with an RSL of 5-12 years). A rehabilitation of the pavement from Illinois Route 56 to Illinois Route 251 was completed in 2012 which included the removal of the existing HMA overlay and the placement of a thicker SMA overlay. The higher CRS ratings with respect to the lower RSL ratings for this pavement can be attributed to the 2012 rehabilitation. These projects were intended to rehabilitate the pavement surface and did not include rehabilitation of the deteriorating original concrete pavement and base. It is expected that this original concrete pavement and base will continue deteriorating and may require a more frequent rehabilitation cycle.

The 2004 Annual Inspections and preliminary development of intermittent HMA repair quantities in 2005 revealed severe deterioration of the pavement west of Illinois Route 251. It was decided to accelerate the reconstruction of this pavement that was originally programmed in 2006. The reconstruction included the removal of the original HMA overlay, the rubblization of the original concrete base pavement, and the application of a 6 inch HMA overlay. The rubblization consisted of breaking the original concrete pavement into baseball-size and smaller pieces. The intent of this reconstruction is the eventual removal of 2 inches of HMA overlay and the application of an additional 6 inch HMA overlay for a total HMA thickness of 10 inches in 2015.

The majority of the pavement west of Route 251 was rated in “excellent” to “transitional” condition (CRS) with an RSL rating of 3 to 4 years. This pavement is showing signs of distress not typically related to a pavement of this construction or age. Investigations continue to be conducted to determine the cause of this condition and to recommend repairs to extend the life of this pavement to that of a typical rubblized pavement section. This pavement will continue to be monitored in the coming years. The areas of pavement that were resurfaced but not rubblized, such as at bridges and large culverts, are deteriorating. The Maintenance Division continues to make the necessary ongoing repairs and intermittent HMA repairs began in 2010. The shoulders throughout this section are exhibiting similar spring time heave issues similar to those that existed prior to the rubblization work. It is recommended that the final stage of placing the additional six inch thick asphalt layer be completed and that the areas not rubblized be reconstructed as part of this work. The placement of the final asphalt layer within this section is scheduled to occur in 2015 as part of the CRP.

Veterans Memorial Tollway (I-355)

The 17.5-mile Veterans Memorial Tollway (I-355) north of Interstate 55, referred to as the North-South Tollway until 2007, was constructed in 1988 and consisted of two lanes in each direction except between Maple Avenue and Butterfield Road which consisted of three lanes in each direction. The pavement from Plaza 89 (Boughton) to Maple Avenue and from Butterfield Road to North Avenue was widened to three lanes in each direction in 1994 and 1996 respectively. The pavement from Boughton Road to Interstate 55 was widened to three lanes in each direction in 2007 as part of the Veterans Memorial Extension project discussed later in this report. The pavement from Interstate 88 to 75th Street was widened to four lanes in each direction in 2008 and 2009. As part of these 2008 and 2009 widening projects, an HMA overlay was also added to the original three lanes. Rehabilitation of the pavement outside the limits of the aforementioned widening projects from North Avenue to Interstate 88 and from 75th Street to Boughton Road was complete in 2010 and included the placement of an SMA overlay to all lanes in each direction.

The majority of this pavement was rated in “excellent” to “good” condition (CRS) with an RSL rating of 5 to 19 years. Sections of this pavement which were not recently rehabilitated are exhibiting mid-slab breaks and other concrete deterioration typical to pavement of this age and design. Rehabilitation of this remaining pavement occurred in 2013 as part of the Move Illinois Program.

Veterans Memorial Tollway (I-355) South Extension

The 12.3-mile Veterans Memorial Tollway (I-355) South Extension was constructed in 2007 as a southern extension to the original Veterans Memorial Tollway (I-355) south of Interstate 55 to Interstate 80 and consists of three lanes in each direction. Upon completion of the extension construction, the entire route was memorialized as the Veterans Memorial Tollway. This extension serves 13 municipalities/townships in three counties, and provides a regional connection that improves north-south mobility between Interstate 55 and Interstate 80.

The majority of this pavement was rated in “excellent” condition (CRS) with a RSL rating of 20 or more years.

2.2 Roadway Appurtenances

The Tollway roadway appurtenances are visually inspected annually by the Consulting Engineer. This inspection consisted of the recording of visible deficiencies from the edge-of-shoulder to the right-of-way fence including the drainage systems and all safety appurtenances. Repair quantities were then estimated and prioritized based on the level of severity. These quantities are used to assist the Maintenance Division in scheduling work activities and the Engineering department in scheduling future contracts. Based upon this information, an overall condition rating was assigned for each area. The overall condition ratings utilized for the visual inspections are provided in the following table.

Table 4: Visual Roadway Appurtenances Inspection Ratings Summary

Rating	Description
Excellent	No deficiencies requiring repairs other than preventative maintenance noted.
Good	Deficiencies noted requiring repairs typically within the capabilities of the Tollway Maintenance Division.
Fair	Deficiencies noted requiring repairs by Contract or by the Tollway Maintenance Division. Deficiencies requiring repairs by Contract are typically beyond the capabilities of the Tollway Maintenance Division due to size, quantity, or repair process.
Poor	Deficiencies noted throughout which are beyond the capabilities of the Tollway Maintenance Division due to size, quantity, or repair process.

Drainage Systems

Visual inspection of the Tollway roadway drainage systems was performed during the spring and summer of 2012. This inspection consisted of the recording of visible deficiencies of the drainage structures, crossing culverts, slopes, ditches and vegetation.

The drainage systems throughout the Tollway System are generally in good to fair condition. The majority of the embankment slopes are stable. Typical deficiencies noted during the inspections included concrete headwall issues; drainage structures requiring cleaning; drainage structures requiring repair due to heaving or sinking which may have been caused by expansion and contraction of the pavement or gutter during the summer months; tire rutting, washouts, sinkholes and erosion of slopes; and ditches identified requiring cleaning or restoration due to erosion. The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section. Corrective repairs are recommended to be performed by the Tollway Maintenance Division within their capabilities. All deficiencies beyond the capabilities of the Maintenance Division are recommended for inclusion with any future contracts. Closed drainage systems are typical throughout the urban areas systemwide. Only limited inspections can be performed on closed drainage systems due to limited access, therefore it is recommended to have these televised and/or flushed to obtain better inspection data and to determine the general condition of these systems.

Crossing culverts are inspected for functionality, obstructions and conveyance. The crossing culverts throughout the Tollway System are generally structurally sound. However, some have exposed reinforcement bars, misaligned wingwalls, honeycombing of the concrete surface, open joints, deterioration of the metal pipe (metal pipe culverts), or require cleaning. The crossing culverts not replaced during recent reconstruction or rehabilitation projects may in some cases be over 50 years old.

The deterioration of Corrugated Metal Pipes (CMPs) continues to be a major concern regarding the drainage structures systemwide. The deterioration typically occurs along the flow line or at the joints of the pipe. This causes backfill material and soil to erode through the pipe during rain events creating voids beneath the roadway. As the volume of these voids increases, the probability of roadway pavement slab settlement or failure also increases. In many cases, these pipes may have been extended due to roadway widening or other construction. Although the ends of these pipes may appear in excellent condition, further examination reveals deterioration of the original pipe and separation of the joints where the original pipe joins the new.

Due to the collapse of several CMP crossing culverts, the Consulting Engineer completed a detailed systemwide inspection of all culverts which cross beneath Tollway pavement with a diameter of three feet or greater in 2007. The purpose of this inspection was to identify CMP culverts that require re-lining, repair or replacement. Culverts classified as bridges by the Federal Highway Administration (FHWA) were not included in the inspection and are included with the bridge inspections.

To date, many CMPs have been replaced or lined as part of reconstruction or rehabilitation contracts. Additionally, two repair/lining contracts were completed in 2010 to repair or line CMPs with a diameter of three feet or greater that cross beneath pavement. These contracts have addressed some major concerns with crossing CMPs. However, smaller diameter and non-mainline crossing CMPs still require repair or replacement in future projects.

Due to the large quantity of CMPs located throughout the Tollway System and the over 50 years of changing roadways, not all CMPs may have been identified for repair or replacement in the initial contracts. It is recommended that replacement or repair/lining of CMPs systemwide continue in ongoing and future contracts as they are identified. If there are no programmed Capital Program projects in the near future, it is recommended that these drainage structures be televised, flushed and repaired in a systemwide contract.

The current Capital Programs include funds for drainage and safety improvements which are anticipated to include the repair or replacement of some CMPs.

Tall grasses and weeds have become increasingly problematic throughout the Tollway System. The high vegetation impedes the progress of the annual inspections by disguising sinkholes, erosion, and blocked/damaged drainage structures. It also provides available cover for deer and other wildlife near active roadways. Ticks have also increasingly become a hazard for the Tollway Maintenance Division and inspectors accessing the un-mowed right-of-way.

In the past, significant drainage system damage was averted due to early detection by Tollway Maintenance Division personnel operating the mowers. Additionally, regular mowing encourages the growth of grass and inhibits the growth of weeds. Weeds, however, are opportunistic and tend to crowd out the grasses if they are not controlled. If regular mowing is not conducted, weeds will gradually displace the grasses.

It is recommended that the Tollway allow for mowing at least biannually. The first occurring either in late autumn when growth is virtually halted or early spring when vegetation growth is beginning and a second mowing mid-season. This will help control overgrowth, allow for twice yearly systemwide visual inspection by the Tollway Maintenance Division, reduce fall fire hazards and help make right-of-way maintenance easier. This will also make the annual inspections more efficient by allowing the inspectors to readily observe deficiencies that may have gone unnoticed due to the high vegetation.

Safety Appurtenances

Visual inspection of the Tollway roadway safety appurtenances was performed during the spring and summer of 2012. This inspection consisted of the recording of visible deficiencies of the concrete barriers, guardrails/terminals, cable median barriers, impact attenuators, delineators and reflectors, roadway lighting and ITS systems, right-of-way fence, ground mounted traffic signs, pavement markings and raised pavement markers.

Concrete Barriers, Guardrail/Terminals, Cable Median Barriers, and Impact Attenuators:

The concrete barriers, guardrails, cable median barrier systems, and impact attenuators throughout the Tollway System are generally in excellent to fair condition. The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section. Corrective repairs are recommended to be performed by the Tollway Maintenance Division within their capabilities. All deficiencies beyond the capabilities of the Maintenance Division are recommended for inclusion with any future contracts.

The guardrail/terminals within the limits of Capital Program reconstruction/rehabilitation projects have been upgraded as applicable. However, guardrail/terminal installations outside of these areas and in some cases within the limits of rehabilitation contracts, as well as along interchange ramps have generally not been upgraded, do not conform to the current Tollway standards, and in some instances have not been successfully tested under the requirements of National Cooperative Highway Research Program (NCHRP) Report 350. Some of these guardrail/terminal installations have mechanical deficiencies which the Tollway Maintenance Division works diligently to repair. Additionally, Tollway policy requires that any guardrail/terminal safety concerns or damages as a result of vehicular accidents be addressed within 24 hours, though procurement requirements for new material sometimes prohibit this.

It should be noted that the FHWA does not require replacement of any safety appurtenance with new standards just for the sake of replacing. Installations of safety appurtenances are considered acceptable if they were installed according to the standard at the time of installation. In other words, if the safety appurtenance was crash-worthy at the time of installation, then it is still considered crash-worthy.

Guardrail/terminal standards are regularly updated to reflect current crash test data and new technologies. The current Tollway guardrail/terminal standards were developed in conformance with the requirements of NCHRP Report 350. In 1993, NCHRP Report 350 was published by the NCHRP which conducts research in areas of highway planning, design, construction, operation and maintenance nationwide. NCHRP Report 350 presents uniform guidelines for the crash testing of highway safety features, recommends evaluation criteria for the assessment of the crash test results, and presents guidelines for the in-service evaluation of safety features. These guidelines are developed utilizing current technology and the collective judgment and expertise of experts in the field of roadside safety design. NCHRP Report 350 parts A and B are available for free download at:

- http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_rpt_350-a.pdf
- http://onlinepubs.trb.org/onlinepubs/nchrp/nchrp_rpt_350-b.pdf

As stated previously, the FHWA does not require that the safety appurtenances throughout the Tollway System be upgraded just for the sake of replacing, however the Tollway has no tort immunity as many governmental agencies do. The Tollway Risk Management Division works in conjunction with other departments to maintain loss control. Considering these factors and to protect the interests of the Tollway, the guardrail installations systemwide which have not been successfully tested under NCHRP Report 350 requirements are currently programmed to be upgraded to the current Tollway Standard.

The current Capital Programs include funds for drainage and safety improvements systemwide which should include the replacement of non-NCHRP Report 350 compliant guardrail installations.

Median cable barrier systems are installed west of the Fox River on the Jane Addams Memorial Tollway (I-90), west of Deerpath Road on the Reagan Memorial Tollway (I-88), along the Edens Spur (I-94), at the southern terminus of the Veterans Memorial Tollway (I-355), and along the Reagan Memorial Tollway (I-88) connector ramps with the Tri-State Tollway (I-294) commonly referred to as the Mary and Nora ramps. Median cable barrier systems consist of tensioned cables extending between bridges and emergency turnarounds in grassy median locations to minimize the occurrence of vehicles crossing into oncoming traffic. The median cable barrier system is a relatively new safety device with few federal standards, though all installations are inspected to ensure they meet the current industry practices. The Consulting Engineer continues to monitor the federal and state agencies for best practices and other policies regarding the median cable barrier systems.

Delineators and Reflectors:

The delineators and reflectors throughout the Tollway System are generally in excellent to fair condition. Damage to these typically occurs due to traffic accidents or by snowplows. As these inspections typically occur at the end of the winter season, it is common to note large quantities of missing or damaged reflectors. The Tollway Maintenance Division performs regularly scheduled maintenance on these items systemwide at least twice annually.

The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section. Corrective repairs are recommended to be performed by the Tollway Maintenance Division within their capabilities. All deficiencies beyond the capabilities of the Maintenance Division are recommended for inclusion with any future contracts.

Raised Pavement Markers:

The raised pavement markers (RPMs) throughout the Tollway System are generally in good to poor condition. Many areas of missing reflectors or castings were noted during the inspections. As these inspections typically occur at the end of the winter season, it is common to note large quantities of missing or damaged reflectors. The Tollway Maintenance Division performs regularly scheduled maintenance on these items systemwide at least twice annually. However, since the replacement of missing castings is typically beyond the capabilities of the Maintenance Division, it is recommended that missing or damaged castings continue to be included with any future contracts or systemwide contracts.

Please note that RPMs have not been installed as part of many recent reconstruction and rehabilitation projects while a study was conducted to review their use. In 2012, it was decided to include RPMs as part of all contracts systemwide. The Tollway is in the process of programming the installation of RPMs in sections of pavement which they were not originally included. This work started in 2013.

Pavement Markings:

The pavement markings throughout the Tollway System are generally in excellent to fair condition. Typical deficiencies noted were missing or damaged section of pavement markings. The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section.

The Consulting Engineer maintains a Pavement Marking Database (available upon request) which contains historical installation data and retroreflectivity values collected by the Tollway's Pavement Management Consultant. These values are updated as new information becomes available. The retroreflectivity values in conjunction with visual inspection and age of the markings is utilized by the Tollway to determine areas for inclusion in the annual systemwide pavement marking contract and the scheduling of future contracts.

The ongoing annual pavement marking renewal program continues to improve the pavement marking visibility throughout the system. As part of this annual program, pavement markings are upgraded and maintained through the use of epoxy paint. The Tollway has engaged the Pavement Management Consultant to perform retroreflectivity testing of several pavement marking materials with recessed and surface applications. The study, located along the Reagan Memorial Tollway (I-88), the Veterans Memorial Tollway (I-355) and the Jane Addams Memorial Tollway (I-90) is expected to indicate future pavement marking practices to be utilized systemwide.

Since pavement marking replacement is typically beyond the capabilities of the Maintenance Division, it is recommended that areas of deficient pavement markings as identified in the visual inspection and areas which exhibit low retroreflectivity be included with the annual systemwide pavement marking contract.

Roadway Lighting System:

The roadway lighting systems throughout the Tollway System are generally in good to fair condition. The majority of the light poles appeared to be plumb with no noticeable movement or tilt. The typical deficiencies noted during the inspections were concrete or helix foundations which have been installed too high (over four inches from finished grade) or installations with improper breakaway devices. These are generally not shielded with guardrail and minimize the effectiveness of the breakaway bases installed on the poles by creating a snag point. Additionally, instances of missing light pole handholes with exposed pole wiring were noted.

It is recommended that, as part of any future contracts, a barrier warrant analysis be performed at all locations where unshielded concrete and/or helix light pole foundations have been installed too high above finished grade and at locations where unshielded ground mounted light poles do not include sufficient breakaway devices to determine the appropriate course of action.

The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section. Corrective repairs are recommended to be performed by the Tollway Maintenance Division within their capabilities. All deficiencies beyond the capabilities of the Maintenance Division are recommended for inclusion with any future contracts.

Intelligent Transportation System (ITS):

The ITS systems throughout the Tollway System are generally in excellent to good condition. Instances were noted at which a pole mounted ITS device has been located possibly within the roadway clear zone without proper shielding. It should be noted that even if a breakaway device is installed at such a pole, the wiring within the pole is not installed with breakaway connectors thus rendering the breakaway device ineffective.

It is recommended that, as part of any future contracts, a barrier warrant analysis be performed at all locations where unshielded ITS elements are possibly installed within the clear zone to determine the appropriate course of action.

The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section. Corrective repairs are recommended to be performed by the Tollway Maintenance Division within their capabilities. All deficiencies beyond the capabilities of the Maintenance Division are recommended for inclusion with any future contracts.

Right-of-Way Fence:

The right-of-way fence throughout the Tollway System is generally in excellent to good condition. Recent reconstruction projects have included the replacement of existing four foot high field right-of-way fence with the current Tollway standard six foot high chain-link fence. This type of fence is more compatible with the continued development of properties adjacent to the roadway and serves as a better barrier to pedestrians and animals from entering the Tollway property.

The majority of right-of-way fence along the Tri-State Tollway (I-294/I-94) and the Reagan Memorial Tollway (I-88) and all of the Veterans Memorial Tollway (I-355) has been upgraded to the current Tollway standard chain-link fence as required. Additionally, approximately half of the Jane Addams Memorial Tollway (I-90) has been upgraded to the current Tollway standard chain-link fence as required. The Tollway follows guidelines for land use such that fence in the vicinity of residential or public access is to be upgraded to the current Tollway standard six foot chain-link fence; whereas fence located in rural or other areas not readily accessible such as farm fields may remain with the four foot high field fence.

It is recommended that the original four foot high field fence continue to be upgraded, where necessary, to the current Tollway standard six foot high chain-link fence as major projects are programmed. In areas where no major projects are programmed, it is recommended that right-of-way fence improvements be programmed into a systemwide contract.

The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section. Corrective repairs are recommended to be performed by the Tollway Maintenance Division within their capabilities. All deficiencies beyond the capabilities of the Maintenance Division are recommended for inclusion with any future contracts.

Ground Mounted Traffic Signs:

The ground mounted traffic signs throughout the Tollway System are generally in good to fair condition. Damage to these signs typically occurs due to traffic accidents or by snowplows. The Tollway Sign Shop repairs or replaces these as damage occurs. Additionally, instances were noted at which wooden ground mounted traffic sign posts are either installed with incorrectly placed or missing breakaway holes.

The specific deficiencies identified during the inspections are documented in the Annual Field Inspection Reports prepared for each Maintenance Section. Corrective repairs are recommended to be performed by the Tollway Maintenance Division within their capabilities. All deficiencies beyond the capabilities of the Maintenance Division are recommended for inclusion with any future contracts.

Please note: The ground mounted traffic sign inspection does not include overhead sign structures which are discussed elsewhere within this report. In addition, traffic signs are only rated based upon visual inspection of the physical condition. Retroreflectivity measurements are not taken as part of these inspections and are not accounted for in the ratings assigned.

New standards were developed for milepost markers across the nation per the Manual on Uniform Traffic Control Devices (MUTCD). Therefore, the Tollway Maintenance Division developed a new milepost marker standard conforming to the MUTCD standards while meeting the needs of field staff and patrons. These new milepost markers were placed at quarter mile increments instead of the past half mile increments on all routes by December of 2009, with the exception of the Jane Addams Memorial Tollway in which the new markers were installed in October 2010. The Tollway utilized existing contracts and the Maintenance Division to install the new milepost markers.

The Tollway had also investigated re-numbering each route to ensure proper mile marker placement conforming to the Federal Guidelines for interstate numbering. Based on the results of this investigation, the North Tri-State Tollway and the Edens Spur (I-94) mile marker numbering was reversed in December 2009 and the Jane Addams Memorial Tollway (I-90) mile marker numbering was reversed in October 2010. This effort will eventually allow for exit numbering to be utilized on the Tollway System with work starting in 2014 on most routes with the exception of the Jane Addams Memorial Tollway (I-90) which will be installed as part of the reconstruction and widening between 2013 and 2015 and Tri-State Tollway (I-294/I-94) and the Edens Spur (I-94) which will occur in 2014. The reversing of mile marker numbering was coordinated with all outside agencies, particularly those involved in emergency response. Training for the new mile markers was required by internal staff in Dispatch, Maintenance, TIMS, Toll Operations, IT and Engineering.

2.3 Structural Elements

The structural elements inspected throughout the Tollway System consist of bridges, large culverts, retaining walls, noise abatement walls, sight screen walls and overhead sign structures.

Bridges and Large Culverts

In accordance with FHWA guidelines, bridges throughout the Tollway System must receive a routine inspection at least every two years. A routine inspection consists of, at a minimum, a complete visual inspection of all major components of the bridge. Routine inspections determine the physical and functional condition of the bridge and identify any changes from “Initial” or previously recorded conditions. Inspection of underwater portions of the substructure is limited to observations during low-flow periods. The Tollway conducted routine bridge inspections in 2012 and the resultant “Structure Inspection Field Reports” were reviewed by the Consulting Engineer.

As part of the inspections, condition ratings are assigned to the deck, superstructure, and substructure components for each bridge inspected. The bridge deck consists of the wearing surface, joints, and parapets. The superstructure consists of beams, diaphragms, and stiffeners. The substructure consists of piers, abutments, bearings, foundations, slope and crash walls, and piling.

It should be noted that many of the bridge decks which pass over the Tollway are not under the Tollway’s jurisdiction. However, these bridge decks are included with the inspection as an informational courtesy to the responsible agency.

The FHWA classifies culverts as bridges if the span of the culvert is at least 20 feet when measured along the centerline of the roadway. Therefore, all Tollway culverts that meet this criterion are also inspected at a minimum every two years as part of the bridge inspections and are assigned a condition rating similar to that of the bridges. A Health Index, as described below, is then determined from this condition rating. The Health Index for culverts is directly related to the condition ratings used for the annual bridge inspections. This rating is an all-encompassing review of the culvert elements and only recorded as a single rating value. In 2009, the Health Index calculation for culverts was changed to follow the same description as bridges.

There are currently 642 structures classified as bridges throughout the Tollway System. Of these, there are 567 vehicular bridges, nine railroad bridges, 55 culvert bridges, one land bridge, four pedestrian bridges, and six over-the-road oasis structures. Of these structures, 307 were inspected by the Tollway in 2012.

The FHWA guidelines do not include bridge deck ratings in the determination of the overall bridge condition rating. Therefore, the deck is not typically the driving force behind replacement. However, the deck is important in the programming of repair work based on general aesthetics and rideability. The deck is also the most visible bridge component to the traveling motorist/patron. Since the Tollway is patron-oriented and bridge deck repairs, other than minor deterioration, are typically beyond the capabilities of the Tollway Maintenance Division, the deck should be accounted for in the overall bridge condition rating.

Considering this, the Consulting Engineer created a Health Index in order to more appropriately quantify the condition of the bridges throughout the Tollway System. The Health Index is a weighted representation of the deck, superstructure and substructure ratings based on field inspections and is intended to give an overall indication of the structural integrity of a bridge. A higher weight is placed on the deck rating because the deck tends to deteriorate faster than the other components of the bridge.

The Health Index is a number on a scale from 0 to 100 with 100 being the best. It does not consider the individual ratings of components such as joints, diaphragms or bearings, though these ratings are generally used to develop future repair contracts. The Health Index replaces the “Overall Condition” rating that had been used prior to 2005 to classify the bridges. The following table provides descriptions of the bridge Health Index numbers.

Table 5: Bridge Health Index Number Descriptions

H.I.	Description
≥90	No problems or some minor problems noted. No action required.
89 – 80	Some areas of minor deterioration. Minor repair by Maintenance or Contract would prevent additional deterioration.
79 – 70	Structural elements are sound but exhibit minor section loss or deterioration. Repair Contract likely needed within 5 years.
69 – 60	Advanced section loss. Repair Contract should be initiated within 2 years.
< 60	Advanced loss of section and deterioration. Local failures possible. Immediate attention needed

The following table illustrates the bridge inspection health index summary. Since the bridges are on a two-year inspection cycle, the table illustrates the health index rating for all bridges inspected in 2011 and 2012.

Table 6: Bridge Inspection Summary

Health Index	2011	2012	Total
≥90	281 (83.9%)	251 (81.8%)	**532 (82.9%)**
80-89	34 (10.1%)	44 (14.3%)	**78 (12.1%)**
70-79	16 (4.8%)	11 (3.6%)	**27 (4.2%)**
60-69	4 (1.2%)	1 (0.3%)	**5 (0.8%)**
<60	-	-	-
Total	**335**	**307**	**642**

Five bridges have a health index indicating repairs are necessary within two years. The Tollway Engineering Department works diligently to include necessary bridge repairs in upcoming contracts. Of the five bridges, one bridge was scheduled for deck replacement in 2012 and one bridge was scheduled for reconstruction 2011 thru 2012. These bridges are jointly maintained, with IDOT having jurisdiction for the deck. Another bridge is fully maintained by IDOT and a timeframe for work on this bridge has not been communicated to the Tollway. The other two bridges are rated low because of frozen bearings. This condition does not impact the capacity of the structure and these bridges are programmed to be rehabilitated in 2015 as part of the Jane Addams Memorial Tollway (I-90) reconstruction.

In 2012, the Consulting Engineer performed an in-depth inspection of 39 bridges throughout the Tollway System. In-depth inspections are performed by the Consulting Engineer at those bridges most in need of repair as identified in the previous year's biennial inspection by the Tollway and which are not already programmed into a repair contract or were identified for monitoring. The in-depth inspection is conducted in addition to the biennial inspection. If a railroad bridge was scheduled for inspection, the adjacent twin bridge was also inspected while permission for railroad site access was available. Additionally, the Tollway has requested that the Consulting Engineer also inspect Fracture Critical bridges carrying highway traffic. In-depth inspections are generally not performed for bridges included in current design or construction contracts. The intent of the in-depth inspection is to gather defect repair quantities in order to develop anticipated costs and contract scopes for future bridge repair projects. The Consulting Engineer has provided the Tollway with repair recommendations resulting from the in-depth inspections in 2012 and a grouping of the bridges into recommended contracts for design and construction.

Bridge deck age is also a good general indicator of the amount of bridge work that may be required in the future. The typical expected service life of a bridge deck is between 40 to 50 years. It is recommended that bridge decks aged over 40 years be replaced during the next repair cycle to reduce the need and frequency of interim repairs. The following table provides the number and percentage of bridge decks throughout the Tollway System within various age categories. To date, the bridge decks aged over 40 years are programmed for construction as part of the multi-year systemwide budget or the Capital Program

Table 7: Bridge Deck Age

	Age	Number of Decks	Percent of Total
Bridge Decks:	Over 40 Years	217	37.0%
	25 to 40 Years	12	2.0%
	1 to 25 Years	354	60.3%
	Under 1 Year	4	0.7%
Total		**587***	**100%**

** This bridge deck age summary does not include bridge culverts*

Structural Walls

Structural walls include retaining walls, noise abatement walls and sight screen walls. Visual inspections of the structural walls located throughout the Tollway System are performed annually. Due to the number of structures to be inspected, the effort is scheduled as a multi-year task. The structural walls throughout the Tollway System are generally inspected on a four-year cycle. However, newly constructed structures or those last rated in excellent condition may be inspected on a slightly extended cycle due to the expectation of their remaining in excellent condition for several years. Approximately, one quarter of Tollway structural walls are inspected each year.

A total of 104 structural walls consisting of 65 retaining walls, 30 noise abatement walls and nine sight screen walls were inspected in 2012 on the Tri-State Tollway (I-294) from Milepost 39.25 (near Canadian Pacific RR) to Milepost 52.8 (near Edens Spur), the Tri-State Tollway (I-94) from Milepost 0.0 (near Wisconsin border) to Milepost 25.3 (near Edens Spur), the Edens Spur (I-94) from Milepost 25.3 (near Tri-State) to Milepost 30.8 (near Edens Expressway) and the Reagan Memorial Tollway (I-88) from Milepost 134.7 (near Meyers Road) to Milepost 140.5 (near Eisenhower Expressway). Detailed reports were prepared and submitted under a separate cover for these structural walls.

An overall condition rating is assigned for each structural wall inspected. In order to improve objectivity and uniformity between maintenance sections and inspectors, a condition rating system was developed for the structural wall inspections. The condition ratings utilized for the structural wall inspections are included in the following table.

Table 8: Structural Wall Inspection Ratings Summary

Rating	Description
Excellent	There are no problems noted.
Good	Good condition exists with only minor problems noted.
Fair	Fair condition exists with minor section loss, cracking or spalling observed.
Poor	Poor condition exists with signs of advanced deterioration, section loss, wide cracks, water seepage, and out of plumb but stable condition. Wall requires close monitoring.
Critical	Critical condition exists with major defects, significant deterioration and section loss, obvious vertical or horizontal movement affecting wall stability exists. Wall requires replacement or immediate attention.

Deficiencies noted at structural walls rated in excellent to fair condition are typically minor and do not require immediate attention. These deficiencies are typically addressed by the Maintenance Division or are included in a future contract. Therefore, recommendations are only provided for structural walls rated in poor to critical condition since those deficiencies typically require either monitoring or immediate attention.

The following table illustrates the structural wall inspection summary. Since the structural walls are inspected on a four-year inspection cycle, the table illustrates the condition rating for all structural walls inspected from 2009 to 2012.

Table 9: Structural Wall Inspection Summary

Condition	2009	2010	2011	2012
Excellent	-	43 (28.9%)	7 (7.4%)	22 (21.2%)
Good	63 (73.2%)	55 (36.9%)	12 (12.6%)	38 (36.5%)
Fair	19 (22.1%)	34 (22.8%)	54 (56.8%)	35 (33.7%)
Poor	4 (4.7%)	9 (6.0%)	18 (18.9%)	8 (7.7%)
Critical	-	8 (5.4%)	4 (4.2%)	1 (1.0%)
Total Walls Inspected	**86**	**149**	**95**	**104**

There have been a number of reconstruction and new route constructions completed in 2007 to 2009 as part of the CRP, with many new retaining and noise abatement walls constructed systemwide. Many of these structures are not accounted for in the above table of inspections over the previous four years as they have yet to be phased into the inspection schedule. This is due to the expectation that they will remain in excellent condition for several years. These structures are expected to be phased into the inspection schedule during the 2013 to 2014 inspections.

The majority of structural walls throughout the Tollway System are generally in excellent to fair condition. There were 52 structural walls systemwide rated in poor or critical condition over the previous four years. The wood noise abatement walls rated in critical condition in 2010 were repaired by the Maintenance Division. The remainder of structural walls rated in critical and poor condition in 2010 were scheduled for repair in 2014. Two of the structural walls rated critical in 2011 were repaired by the Maintenance Division. The one structural wall rated critical in 2012 was repaired by the Maintenance Division in 2013. The remainder of the structural walls rated in critical condition will be monitored until they are repaired in upcoming contracts. The structural walls rated in poor condition will be repaired in upcoming contracts within the next two years.

Overhead Sign Structures

Visual inspections of the overhead sign structures located throughout the Tollway System are performed annually. Due to the number of structures to be inspected, the effort is scheduled as a multi-year task. The overhead sign structures throughout the Tollway System are generally inspected on a four-year cycle. However, newly constructed structures or those last rated in excellent condition may be inspected on a slightly extended cycle due to the expectation of their remaining in excellent condition for several years. Approximately, one quarter of Tollway overhead sign structures are inspected each year.

A total of 168 overhead sign structures were inspected in 2012 on the Tri-State Tollway (I-294/I-80) from Milepost 0.0 (near I-94) to Milepost 6.0 (near 159th Street), the Tri-State Tollway (I-94) from Milepost 22.0 (near Half Day Road) to Milepost 25.3 (near the Edens Spur), the Edens Spur (I-94) from Milepost 25.3 (near Tri-State Tollway) to Milepost 30.1 (near the Edens Expressway, the Jane Addams Memorial Tollway (I-90) from Milepost 55.5 (near Fox River Bridge) to Milepost 78.6 (near Tri-State Tollway) and the Veterans Memorial Tollway (I-355) from Milepost 0.0 (near I-80) to Milepost 12.5 (near I-55). Detailed reports were prepared and submitted under a separate cover for these overhead sign structures.

An overall rating is assigned for each overhead sign structure inspected. In order to improve objectivity and uniformity between maintenance sections and inspectors, a condition rating system was developed for the overhead sign structure inspections. The condition ratings utilized for the overhead sign structure visual inspections are included in the following table.

Table 10: Overhead Sign Structure Inspection Ratings Summary

Rating	Description
Excellent	There are no problems noted.
Good	Good condition exists with only minor problems noted. Rust or foundation cracking observed.
Fair	Fair condition exists with the following: loose bolts, missing safety chains, damaged lighting, sign legend/background problems, etc.
Poor	Poor condition exists with signs of moderate structural cracking or collision damage. Sign structure requires monitoring.
Critical	Critical condition exists with major structural defects or loose components that could fall on roadway. Overhead sign requires immediate attention.

Deficiencies noted at overhead sign structures rated in excellent to fair condition are typically minor and do not require immediate attention. These deficiencies are typically addressed by the Maintenance Division or are included in a future contract. Therefore, recommendations are only provided for overhead sign structures rated in poor to critical condition since those deficiencies typically require either monitoring or immediate attention.

The following table illustrates the condition rating for all overhead sign structures inspected from 2009 to 2012. In addition, the table accounts for special inspections conducted in interim years.

Table 11: Overhead Sign Structure Inspection Summary

Condition	2009	2010	2011	2012
Excellent	15 (11.2%)	24 (14.8%)	49 (31.0%)	30 (18.0%)
Good	92 (68.7%)	100 (61.7%)	95 (60.1%)	98 (58.0%)
Fair	25 (18.7%)	35 (21.6%)	13 (8.2%)	35 (21.0%)
Poor	2 (1.4%)	2 (1.2%)	1 (0.6%)	5 (3.0%)
Critical	-	1 (0.6%)*	--	--
Total Sign Structures Inspected	**134**	**162**	**158**	**168**

** Sign NS29.0T, NB was rated critical in 2010 due to damage from a vehicle collision in July 2010. It was repaired, and re-inspected in 2011, and rated as fair.*

There have been a number of reconstruction and new route constructions completed in 2007 to 2009 as part of the Capital Programs. As part of these contracts, many new overhead sign structures were constructed systemwide. In 2010, the systemwide overhead sign structure inventory was verified and updated. At that time, many new overhead sign structures were added to the inventory for inclusion in the inspection schedule. Many of these structures had not yet been phased into the inspection schedule due to the expectation that they will remain in excellent condition for several years.

It was decided to inspect a portion of the newly constructed overhead sign structures in 2011. To accommodate this inclusion, several structures last inspected in 2007 and scheduled for inspection in 2011 were shifted to the 2012 inspection schedule. The structures chosen for this extended inspection cycle were those who had previously been rated in good condition or better.

The remaining structures that were added to the inventory in 2010 were added to the 2012 inspection schedule. To accommodate this inclusion, the inspection cycles of certain structures last rated in good condition in their previous inspection were deferred to later years to rebalance the number of structures inspected each year as part of the four-year cycle.

The majority of the overhead sign structures throughout the Tollway System are generally in excellent to fair condition. There are ten overhead sign structures last rated in poor condition and one sign structure last rated in critical condition. The critical condition rating was assigned to NS29.0T, NB, which was damaged by a contractor. This sign span has been replaced with the original supports remaining. The structure is rated in fair condition due to collision damage in the support beams that was deemed structurally insignificant by the Contractor's engineer and therefore not repaired. The Consulting Engineer verified that this damage was not structurally significant and concurred with the Contractor's determination.

Of the sign structures rated poor in 2012, two were repaired in 2013; four are included in DUR contracts for repair in 2014; and one will be replaced during the I-90 reconstruction work scheduled for 2015 2016.

2.4 Facilities

Visual inspections of the facilities located throughout the Tollway System are performed annually by the Tollway's Consulting Engineer. The inspection consists of the recording of visible deficiencies of all facility elements including but not limited to buildings, tunnels, canopies, and sites with associated appurtenances. Facilities that are inspected include maintenance facilities, toll plazas, telecommunications buildings, oases and miscellaneous facilities.

Due to the number of Tollway facilities to be inspected of various complexities, the effort is scheduled as a multi-year task. The facilities throughout the Tollway System are generally inspected on a four-year cycle. However, newly constructed facilities or facilities last rated in excellent condition may be inspected on a slightly extended cycle due to the expectation of these facilities remaining in excellent condition for several years. Approximately, one quarter of Tollway facilities are inspected each year

The objective of these inspections is to assess the general condition of Tollway facilities and associated site elements, identification of elements requiring remedial work, to make repair or replacement recommendations, and an evaluation of the remaining useful life. The data provided by these inspections is utilized by the Tollway in programming repairs and replacements of various facility components and to aid the Tollway Building Maintenance Division in planning and estimating maintenance repairs. The evaluations and recommendations are based upon visual observations, discussions with Tollway Building Maintenance Division personnel, and the reviews of available reports. Emphasis is given to the identification of specific issues identified by on-site personnel experienced with the actual operating conditions of the facility. No destructive or non-destructive testing is performed and no physical samples are collected as part of these inspections.

An overall condition rating is assigned for each facility inspected. Additionally, a separate condition rating is also typically assigned to each associated facility element. In order to improve objectivity and uniformity between facilities inspected and inspectors, a rating system was developed. Based upon the assigned condition rating, the future inspection schedule for each facility may either remain on a four-year cycle or be recommended for more near-term inspections. The overall condition ratings utilized for the visual inspections are provided in the following table.

Table 12: Visual Facilities Inspection Ratings Summary

Rating	Description
Excellent	All four conditions must be exhibited: • New Facility or component • No repair required • Condition like new • Component performing as intended
Good	All three conditions must be exhibited: • Facility is performing essentially as intended • Minor repair required (i.e. paint, clean, patching, etc.) • Less than 25% of the replacement cost of the facility or component is required to return the component to intended condition.
Poor	Any condition exhibited may be cause for rating: • Facility is approaching end of useful life

	• Major components need extensive repair / replacement work • 25% - 50% of the replacement cost of the system or component is required to return the component to intended condition
Critical	Any condition exhibited may be cause for rating: • System or component is non-functioning • Safety or environmental concerns are prevalent (If component exhibits safety or environmental concerns, entire system will be graded as critical) • More than 50% of the replacement cost of the facility or component is required to return the component to intended condition

Many of the facilities located throughout the Tollway System are over fifty years old and are candidates for rehabilitation or replacement of their component systems. Renovation work performed at these facilities has enabled them to continue to function. Architectural and site improvements have been made to maintenance facilities on an “as needed” basis through capital improvement projects. In addition, the I-PASS implementation program has enabled many upgrades, renovations, and replacement of toll plazas. To date, all mainline toll plazas have been reconstructed or rehabilitated to accommodate ORT. Although the inspected facilities are functional, the condition of the major systems (mechanical, electrical, HVAC, plumbing, roofing, etc.) continues to deteriorate resulting in inefficiencies and higher operational costs.

Tollway Building Maintenance Division forces provide necessary day to day repairs of facilities to the extent possible. More intensive repair and rehabilitation work is performed as part of Capital Programs.

Maintenance Facilities and Miscellaneous Facilities

The maintenance facilities typically consist of garages, offices, salt domes, gas pumping facilities, storage buildings, telecommunication towers and other components.

The Tollway initiated a contract for a Maintenance Facilities Program Manager in 2007. This contract annually evaluated the work required at the maintenance facilities and prioritized the work based on available funding.

The Consulting Engineer completed an assessment for each maintenance facility throughout the system in 2006 and 2007. These assessments reviewed the functionality, efficiency and condition of the sites, buildings, and all associated components located within and made recommendations for improvement or replacement. Details of these assessments are available in the respective Assessment and Recommendation Report for each maintenance facility. These reports were utilized to develop a ten year Facilities’ Capital Program to repair or replace a number of maintenance facility buildings, which such program began in late 2008. The initial emphasis of this program was the repair of existing systems and the improvement of the working environment for Tollway employees. These improvements have been and continue to be consistent with the Tollway’s desire for sustainable facilities. The budget for the program is subject to annual review and approval.

To date, the following improvements have been made at most of the appropriate maintenance facility buildings as part of the Facilities’ Capital Program.

- The existing carbon monoxide (CO) detection and exhaust systems were tested and either repaired or replaced
- The lighting systems in the maintenance shops were replaced with new more efficient luminaires with better color rendition
- Maintenance facility garages with gabled roofs had the gutters and downspouts replaced and snow guards installed
- Locker room renovations
- Fuel system upgrades
- Various roof repairs
- Oil dispensing system replacement
- Electrical system upgrades and generator installation
- Emergency lighting installation
- Selective asbestos abatement
- Salt dome and chloride station replacement

As a result of the adoption of the Move Illinois Program, a number of maintenance facilities are programmed for relocation, reconstruction or rehabilitation. Due to this, the emphasis at these facilities has shifted to keep them functional until the programmed reconstruction or rehabilitation. As a result, Professional Service Bulletin No. 12-5 was issued in October 2012 which included contract RR-12-4079 (Maintenance Facilities) that began in 2013. The purpose of this contract is to provide Phase I and II engineering services for the development of a master plan and design/architectural plans for the maintenance facilities. The scope of work includes the following:

- Development of a short-term maintenance repair plan to keep the existing facilities functional until reconstruction or rehabilitation.
- Development of master plans for reconstructed or relocated maintenance facilities.
- Development of the plats of survey for the Maintenance Facility M-4, M-8 and Elgin-O'Hare Western Access maintenance facilities.
- Development of contract documents for the construction of the maintenance buildings including the finalization of two prototype designs for the reconstructed and relocated maintenance facilities.
- Development of a strategy to maintain facilities and maintenance operations during construction.
- Site investigations and potential remediation.

These improvements completed to date and those anticipated as part of contract RR-12-4079 have been and will continue to be consistent with the Tollway's desire for sustainable facilities. It is anticipated that the improvements which were not completed as part of the original Facilities' Capital Program will be addressed as part of contract RR-12-4079 as budget permits.

In 2001, it was first recommended to program the replacement of deteriorated salt dome roofs throughout the system into a systemwide contract and to replace the vehicle storage building at Maintenance Facility M-1 by 2006. To date, salt dome repair/replacement has been completed at Maintenance Facilities M-1, M-2, M-3, M-4, M-7, M-8, M-11, and M-12 and at the Illinois Route 251 salt dome.

The currently identified condition of the maintenance facilities is as follows:

- M-1 (Alsip) – Good Condition identified in 2011 inspection

- M-2 (Hillside) – Good Condition identified in 2006 inspection
- M-3 (Park Ridge) – Poor Condition identified in 2008 inspection
- M-4 (Gurnee) – Good Condition identified in 2006 inspection
- M-5 (Arlington Heights) – Poor Condition identified in 2012 inspection
- M-6 (Marengo) – Good Condition identified in 2010 inspection
- M-7 (Rockford) – Good Condition identified in 2010 inspection
- M-8 (Naperville) – Poor Condition identified in 2010 inspection
- M-11 (DeKalb) – Good Condition identified in 2006 inspection
- M-12 (Dixon) – Good Condition identified in 2006 inspection
- M-14 (Downers Grove) – Poor Condition identified in 2008 inspection

Toll Plazas

There are a total of 74 toll plazas consisting of 22 mainline plazas, two attended ramp plazas, and 50 unattended ramp plazas located throughout the Tollway system. Of those inspected during the most recent inspection cycles:

- 7 (9.5%) were recently constructed and not inspected,
- 5 (6.8%) were last rated in excellent condition,
- 55 (74.3%) were last rated in good condition,
- 7 (9.5%) were last rated in poor condition, and
- 0 (0%) were last rated in critical condition.

The majority of Toll Plazas throughout the Tollway system were last rated in excellent to good condition. There are seven Toll Plazas systemwide last rated in poor condition. These facilities will be monitored until repair or replacement is completed. Items noted as recently constructed above have yet to be phased into the inspection schedule due to the expectation that they will remain in excellent condition for several years. These facilities are scheduled for inspection during the 2013 to 2014 inspections.

Telecommunication Towers

There are a total of nine standalone Telecommunication Towers which include a local control building housing fiber, IT and communication requirements located throughout the Tollway system. There are a total of 62 communication towers that relay data throughout the system that are located at toll plazas or maintenance facilities where the communication is routed directly into a communications room within that facility and therefore inspected as part of that facility. Of those standalone Telecommunications Towers inspected during the most recent inspection cycles:

- 4 (44%) were recently constructed and not inspected,
- 2 (22%) were last rated in excellent condition,
- 2 (22%) were last rated in good / satisfactory condition,
- 1 (11%) was last rated in poor condition, and
- 0 (0%) were last rated in critical condition,

The majority of Telecommunication Towers throughout the Tollway system were last rated in excellent to good condition. There is one Telecommunication Tower last rated in poor condition. This facility will be monitored until repairs or replacement is completed.

Items noted as recently constructed above have yet to be phased into the inspection schedule due to the expectation that they will remain in excellent condition for several years. These facilities are scheduled for inspection during the 2013 to 2014 inspections.

Oases

In 2002, the Tollway entered into a lease agreement with a private company for the operation of the seven Oases on the system. The lease agreement required the company to rehabilitate the oases. Oasis remediation work, including new fuel stations, car wash and convenience stores at all oases, was completed and all reopened between 2004 and 2006. The facilities, fueling stations and car parking lots were upgraded as part of these projects; however, little or no work was completed in the adjacent truck parking lots. Additionally, inspections became the responsibility of the lessees upon completion of the rehabilitation projects. In 2009, at the request of the Tollway, the inspections of the Oases by the Consulting Engineer resumed.

Six Oases were last inspected in 2009 and found to be in good condition, requiring minor or no repair work, except for the truck parking lots and some access roads.

The Belvidere Oasis which is located along the Jane Addams Memorial Tollway (I-90) at milepost 24.0 and was inspected in 2012. This facility was rated in overall good condition with the exception of the parking areas which are exhibiting deterioration requiring repair.

As part of the reconstruction and widening of I-90, the Des Plaines Oasis was closed on March 16, 2014. The building and bridge structure will be demolished under the reconstruction work.
The two adjoining fuel stations and convenience stores operated by 7-Eleven will remain open to provide services for both eastbound and westbound travelers along I-90.
In September 2013, the Tollway Board approved a resolution to reconstruct Oases parking lots with half of the costs to be reimbursed by the leasing company.

2.5 Intelligent Transportation Systems (ITS)

Deployment of Intelligent Transportation Systems (ITS) on the Tollway began in the late 1980s with installation of Road Weather Information Systems (RWIS) for monitoring atmospheric and pavement conditions during inclement weather. The system was further expanded with the construction of a system-wide fiber optic communications network and the I-PASS electronic tolling initiative in the late 1990s.

Since then, the Tollway ITS system has been expanded and enhanced to include a system-wide network of communications, monitoring, and traveler information tools. This system has enhanced the Tollway's ability to meet the overarching traffic and incident management goals and objectives of improving the mobility, efficiency, and safety of the Tollway roads.

To date the Tollway ITS system includes the following primary components:

- System-wide fiber optics and communications equipment
- Electronic toll collection
- Closed circuit camera surveillance (CCTV) – for detecting, verifying and monitoring congestion and incidents
- Dynamic message signs (DMS) – for providing traveler information to the motoring public
- Remote Traffic Microwave Sensors (RTMS) traffic detection devices – for measuring travel speeds and congestion on mainline and ramp segments

- Portable changeable message signs (PCMS) – for providing traveler information to motorists on a short-term basis or within construction zones
- Weigh-in-motion (WIM) – to assist overweight vehicle enforcement measuring the weight of vehicles moving at highway speeds
- Road weather information systems (RWIS) – to assist management of and response to snow and ice events by measuring atmospheric and pavement conditions
- Wireless Queue/Count Stations – for automatic queue detection, wrong way driver detection and traffic counting

These components are integrated into a central Traffic and Incident Management System (TIMS) which is monitored and controlled from the traffic operations center at the Central Administration (CA) building. The TIMS is a management platform that allows operators to monitor traffic conditions in real-time, manage response and clearance of incidents, monitor construction zones, and communicate with a variety of stakeholders including Tollway staff, other traffic management centers, the media, and directly to the motorist.

Since 2010, the Tollway's focus has shifted from significant expansion of the ITS system, which coincided with the broader CRP, to maintenance and improvement of existing assets. While additional deployment was scaled down compared to recent years, the system did continue to expand as part of both standalone ITS projects and the "mainstreaming" of ITS system within larger roadway rehabilitation projects. Major deployments included the following.

- Weigh-in-Motion (WIM): Building on the three sites in operation at the end of 2009, the Tollway began expanding the WIM systems through the deployment of two key sites. These two sites were constructed on either end of the Tri-State Tollway (I-294 & I-94) such that traffic may be weighed entering the Tollway System from either Wisconsin or Indiana. These two sites are the first of several planned for the Tri-State Tollway which generally carries the highest volume of commercial vehicle traffic. These sites will assist District 15 of the Illinois State Police to enforce vehicle weight limits and ultimately extend the life of the Tollway's infrastructure by minimizing the volume of unpermitted overweight vehicles.

- Edens Spur (I-94): As part of the Edens Spur (I-94) rehabilitation project in 2010, several additional ITS elements were included to complete coverage for the current systems in use. These included the deployment of three additional CCTV cameras, two additional RTMS vehicle detectors, and two additional ramp queue/count stations. The ramp queue/count station technology is a dual-purpose application. Operational data with regards to stopped or slowed traffic on ramps will be provided to allow the Tollway to respond to potentially hazardous conditions which may impact traffic flow. In addition, it will provide Tollway traffic engineers with traffic volume data used for planning purposes. This secondary function is a new application of basic traffic detection that eliminates the need for the Tollway to periodically deploy temporary traffic counting devices thus reducing costs over time while minimizing the hazards involved with the setup and takedown of temporary counters. The ITS portion of this project was completed in 2011 with the integration of a back office ramp queue/count system server at CA and successful end to end system testing.

- Smart Work Zone: Also as part of the Edens Spur (I-94) project in 2010, the Tollway continued its initiative to utilize technology to better manage construction work zones. A Smart Work Zone is the application of the Tollway's fundamental traffic and incident management practices and procedures on a construction work zone to enhance safety and mobility through that area. Traffic and Incident Management becomes even more crucial in construction work zones as capacity is reduced, motorists have more information to process, conditions are subject to change regularly, the safety of motorists and workers must be addressed and mobility must be maintained. Contending with and balancing these issues requires a clear picture of what is occurring within the construction work zone. The application of a Smart Work Zone was implemented by utilizing Contractor resources including 3rd party software and portable ITS equipment. In 2011, the Tollway tested its newly developed in-house Smart Work Zone TIMS application on the Jane Addams Memorial Tollway (I-90) construction projects. The Tollway evaluated the various benefits and costs of each approach and determined that the most efficient and cost effective method for managing work zones of future construction projects was to expand the utilization of the Tollway owned TIMS software functions which utilize any existing ITS equipment located within the construction limits.

- TIMS Software Modernization: Work continued through 2011 on the modernization of the TIMS central management software. Modernization and enhancement of the ten year old software is expected to increase the overall stability and performance of this system which has grown to communicate with thousands of devices and manage over 500 events every day. A major effort started during 2011 was to recode most TIMS applications in the Java language to run on industry standard UNIX servers due to the exit of Sun Corporation, the Tollway's server vendor, from the industry. Recoding of the Corba based video control and viewing system in Java was completed in 2013.

- ITS expansion through small projects and mainstreaming as part of the 2012 Reagan Memorial Tollway (I-88) and Tri-State Tollway (I-294) rehabilitation projects. This included the deployment of ten wireless queue/count stations, nine Blue Toad units, forty-three additional RTMS units and twenty-three additional CCTV cameras. In addition to providing immediate operational benefits, this deployment also assisted the Tollway to effectively manage the 2012 rehabilitation projects by installing the ITS equipment early in the projects, thereby enhancing the number of sensors and cameras available for use by the 2012 Smart Work Zones.

- Nokia (formerly Traffic.com) Revenue Reinvestment: Currently both Nokia owned and Tollway owned traffic sensors are operated and operationally maintained by Nokia. Since the network of traffic sensors is located within the Tollway right-of-way, it is mutually beneficial to both the Tollway and Nokia. In exchange for the access to Tollway facilities, Nokia provides the Tollway data generated through these sensors and a portion of the revenue generated by the sale of traffic and traveler information services. In 2011, the Tollway and Nokia developed a plan to expand the sensor network into the remaining areas of the Tollway system not covered by the original project and fund it through the reinvestment of revenue generated by the partnership. The Tollway will use these additional data sources to supplement and validate current data sources, enhance data accuracy and timeliness, and ultimately provide better information to Tollway motorists on current travel conditions. Construction was completed in 2013.

- Improve maintenance and management systems with the goals of reducing system downtime. Significant progress has been made towards the implementation of a comprehensive maintenance and management program during the previous two years. Two contracts have been instrumental in this process and its continued progress. The ITS and Fiber Optics Program Management and Support contract has assisted the Tollway in developing maintenance procedures and the management tools to effectively and efficiently implement those procedures. The Traffic and Security Monitoring and Management Systems Maintenance contract has provided the Tollway with hands on repair and replacement services for field equipment and devices. Both of these contracts were renewed in 2012.

- More than half of the communications between various ITS elements and CA is still through the original, analog fiber optic communication infrastructure installed in the 1990s. The Tollway issued an RFP for a systemwide construction project in 2013 to migrate all remaining analog video communications to the digital Next Generation Network. Recent ITS deployments have exclusively utilized the Tollway's Next Generation Network. Full Digital Video Migration will significantly increase system performance, capacity and reliability while reducing per unit maintenance costs.

Plans for 2013 were focused on the integration of new ITS devices such as blue tooth traffic speed sensors and portable roadside camera systems, as well as enhancement of key ITS components.

2.6 Environmental Initiatives

The Tollway is committed to protecting the environment and implementing green initiatives throughout the Tollway system and construction projects. Recycling and waste reduction is utilized in most construction projects including recycling tires, shingles or waste asphalt surfaces in new HMA pavements or rubblized old concrete in new base materials. The Tollway is also working with Argonne Laboratories to investigate various solar technologies effectiveness in the upper Midwest. Current environmental initiatives throughout the Tollway include:

Systemwide Wetland and Endangered Species Mitigation Coordination and Permitting

The Tollway continued wetland and endangered species mitigation due to impacts resulting from the current Capital Programs. Generally these conservation measures have been implemented but there are regulatory requirements that commit the Tollway to five years of monitoring and management of these sites post construction.

More specifically, these monitoring and management efforts included conservation measures for the state endangered Eastern Massasauga Rattlesnake and the federally endangered Hine's emerald dragonfly and wetland mitigation. The conservation efforts for the Eastern Massasauga Rattlesnake included habitat restoration on Cook County Forest Preserve lands with completion in 2013, outside of a woodland burn planned for the fall of 2014 or spring of 2015. The ongoing Hine's emerald dragonfly research and habitat restoration in Cook, DuPage and Will County will continue through 2014. This first of its kind endeavor involves new rivulet habit creation for the species as well as genetic population research and ongoing larval and adult surveys. Preliminary survey results indicate the habitat restoration has been successful and larval populations have increased. A field tour of the restoration sites was given to the Regulatory staff of the U.S. Army Corps of Engineers.

For wetland mitigation required as part of I-355 South Extension Individual Permit, wetlands were restored and Spring Creek was re-meandered as part of the 153 acre mitigation site within the Spring Creek Greenway in Will County. Management and monitoring of the Spring Creek mitigation site was completed in 2011 and in 2012, the site was given final approval from the U.S. Army Corps of Engineers since all performance standards had been achieved as required by the permit. Additionally, the Tollway has partnered with IDOT on a 160 acre wetland mitigation project in North Chicago. Work at the North Chicago mitigation site commenced in 2010 with the clearing of invasive shrubs and herbaceous plants. Habitat for threatened and endangered species was enhanced and expanded which has resulted in the establishment of a diverse and high quality native plant community. In 2012, the Tollway initiated wetland and endangered species mitigation efforts resulting from unavoidable impacts required for the Move Illinois Program.

In cooperation with The Nature Conservancy, the Tollway relocated the state endangered species mountain blue-eyed grass (*Sisyrinchium montanum*) from the I-294/I-57 Interchange Project corridor. The Tollway also procured the services of The Nature Conservancy to conduct mitigation for isolated wetland impacts at the Indian Boundary Prairies, a dedicated Nature Preserve which is adjacent to the project area.

Construction began and final design plans were prepared in 2012 for the I-294/I-57 Interchange Project. Dixie Creek and the I-57 Drainage Ditch will be relocated to enhanced channels with larger channel cross sections and improved flow areas. The channel cross section will contain a low flow channel at the bottom that will be meandered to provide more natural flow characteristics. Native vegetation will be established on the gentler sloping ditch banks and will provide habitat that does not presently exist. The native vegetation will complement the adjacent natural areas and minimize weed seed dispersal to the adjacent natural areas.

The monitoring and management efforts at these sites are being provided by a combination of consultants, contractors and universities. Monitoring reports are provided to the regulatory agencies on an annual basis.

Fuel Reduction Task Force Support

Executive Order 11 to Reduce the Environmental Impact of Illinois State Government Operations, issued in 2009 has set a goal for State agencies to reduce fuel consumption by 10% by December 2010, and reduce petroleum product consumption by 20% by 2012, using 2008 fuel consumption as a baseline. The Tollway convened a Fuel Reduction Task Force to develop plans for meeting this requirement. In 2008, the Tollway used 1.64 million gallons of petroleum products. In 2012, approximately 1.28 million gallons of petroleum products were used; a reduction of 21.9%. The Fuel Reduction Task Force met quarterly in 2012 to further the reduction goals. Strategies such as increased use of alternative fuels (including E85), reduced idling time, more efficient travel patterns, the purchase of hybrid and electric vehicles and incorporation of reduction technologies (such as vehicle governors or Idle Right technology) were implemented.

Bioswale Water Quality Improvement Demonstration Project

The Bioswale Demonstration Project is the implementation of a water quality improvement/stormwater management demonstration technique to treat roadway surface water runoff. Bioswales are open, gently sloping, vegetated channels designed to filter stormwater runoff from the roadway. By slowing and filtering the water, pollutants settle in the bioswale prior to reaching the nearest stream or waterway. The Tollway partnered with the Forest Preserve District of Cook County to construct bioswales on 16 acres of Forest Preserve property adjacent to the North Tri-State Tollway (I-294/I-94).

The final water quality project includes 21 bioswales along more than 30,000 linear feet of roadway adjacent to the Forest Preserve. The bioswales were planted with a mix selected for tolerance to the harsh roadside environment while at the same time providing a water quality benefit. Construction of the bioswales was completed in 2011 and during 2012, the University of Illinois monitored the vegetation and the quality/quantity of stormwater runoff as it flows through the system. The bioswales are increasing infiltration and reducing stormwater velocity. Native vegetation has established in the bioswales, providing uptake of roadway pollutants.

Green Interchange (I-90 at IL Rt. 47)

The Tollway in partnership with IDOT, the Village of Huntley, Kane and McHenry Counties initiated design efforts for a complete interchange at the Jane Addams Memorial Tollway (I-90) and Illinois Route 47. With construction completed in 2013, this interchange became the Tollway's first "green" interchange. The final design for the interchange incorporated stormwater Best Management Practices along with energy efficiency and renewable energy sources including; LED lighting, infiltration detention basins planted with native vegetation for water quality improvements, ramp shoulder pavement that will reduce stormwater runoff by allowing water to seep into open voids in the pavement, geothermal heating and cooling systems along with reflective roofing applications and vegetative trellises all designed to reduce heating and cooling demands of the associated ramp toll plaza buildings.

NPDES Inspection and Annual Reporting

The Tollway has complied with the Storm Water Management Program ILR40 Permit conditions under the Small Municipal Separate Storm Sewer System (MS4), permit number ILR400494. An Annual Inspection of the entire system is completed during the five-year reporting period covered under the February 2009 permit. The Annual Inspection includes data collection for storm sewer base map development, illicit discharge recording and visual dry weather screening for the entire system. The Tollway has an electronic record keeping system which facilitates documentation of compliance with the ILR40 Permit. Electronic records are kept for new projects started during or after Year 5 of the reporting period covered by the original ILR 400494 permit; these records include erosion control plan reviews, pre-construction minutes, County Soil and Water Conservation District involvement, Notice of Intent forms, any Incidence of Non-Compliances that may be issued, Notice of Termination forms, and Post Construction Punch Lists.

2.7 Systemwide Flooding Study

Severe pavement flooding occurred along the Tri-State Tollway (I-294) between Cermak Road and 31st Street on the morning of July 24, 2010. The Consulting Engineer investigated the site and determined that all southbound mainline lanes and the southbound Cermak Road exit ramp were flooded with up to 2.5 feet of standing water. This situation was generally attributable to several factors, including:

- Stormwater runoff leaving the Tollway's jurisdiction into a private drainage system which acted as a bottleneck.
- The low pavement elevations along the Tri-State Tollway (I-294) did not have an overflow route to Salt Creek for higher frequency storm events in case the drainage system was surcharged.
- A detention basin stand-pipe control structure that was clogged by debris.
- The dual 60-inch diameter culverts draining offsite runoff beneath the Tri-State Tollway (I-294) were restricted by the dual 60-inch diameter culverts beneath Cermak Road since one of these pipes was lined with a 30" diameter pipe.

Subsequent to this flood event, the Consulting Engineer conducted a survey of the entire Tollway roadway system for locations with similar issues.

The Consulting Engineer studied as-built drawings and interviewed each Maintenance Section

Manager to determine which locations exhibit traits with a potential risk of flooding. A field evaluation was then conducted at each of these predetermined locations and documented utilizing the Tollway's GIS database.

During the field evaluations, potential for flooding was ranked based on the following criteria:

- Site geometry including roadway and site grading.
- Presence and condition of drainage structures and surrounding right of way.
- Condition of stormwater runoff receiving stream or destination.
- Determination if stormwater runoff enters another agency's jurisdiction prior to reaching the receiving stream or destination.

Based upon this investigation, one location along the Tri-State Tollway (I-294) south of Cermak Road at Milepost 29.5 was noted with a high risk of flooding. Improvements in this location are currently under design.

Additionally, twelve locations were noted with a moderate risk of flooding. Drainage improvement work at these locations has been added to existing contracts and the Maintenance Division has begun to implement minor repairs to decrease the flooding risk at these locations.

The locations noted with a low flood risk either require no improvements or minor repairs that will decrease the flooding risk. The minor repairs have been or will be performed by the Maintenance Division.

Four locations identified as requiring no work to mitigate flooding potential have been included for special inspections as part of the annual visual inspections of the drainage system to monitor to flow conditions within each location.

3.0 Move Illinois: The Illinois Tollway Driving the Future

What was envisioned in 1953 as a bypass to route interstate traffic around Chicago has become an integral hub for commerce and commuter travel and a system of roadways critical to the movement of goods, services, and people throughout Northern Illinois. The Tollway has planned for the future to ensure that its customers have a fully rebuilt, state-of-the-art system that will provide better travel conditions and accommodate the needs of the traveling public well into the 21st century.

As required by the Toll Highway Act, the Illinois Tollway undertook a process to develop a long-term capital plan which resulted in a comprehensive 15-year capital program to complete the rebuilding of the 55-year old system and commit approximately $12 billion in transportation funding to improve mobility, relieve congestion, reduce pollution and link economies across Northern Illinois. Move Illinois: The Illinois Tollway Driving the Future mapped out the Illinois Tollway's next capital program for 2012 – 2026.

The Move Illinois Program will create jobs, stimulate local economies and provide the congestion relief customers want and need. The Illinois Tollway is committed to ensuring that this region remains competitive with other major cities in the U.S. and around the world and unlocking the economic potential of the region for years to come.

The program outlined in this report funds necessary improvements to the existing Tollway system. These needs are programmed to be performed at the right time to keep the existing 286 miles in a state of good repair. The projects include:

- Reconstructing and widening the Jane Addams Memorial Tollway (I-90) from the Tri-State Tollway (I-294) near O'Hare Airport to the I-39 interchange in Rockford
- Reconstructing the central Tri-State Tollway (I-294) from 95th Street to Balmoral Avenue and the Edens Spur (I-94)
- Preserving the Reagan Memorial Tollway (I-88)
- Preserving the Veterans Memorial Tollway (I-355)
- Repairing roads, bridges, and maintenance facilities
- Other capital projects

In addition, the program commits money to new priority projects that focus on enhancing regional mobility including:

- Constructing a new interchange at I-294/I-57 and 147th Street ramps
- Constructing the Elgin O'Hare Western Access, including completion of the Elgin O'Hare and construction of the West Bypass between I-90 and I-294, and rehabilitation and widening of the existing Elgin O'Hare expressway
- Planning for transit options on the Jane Addams Memorial Tollway (I-90)
- Planning for the Illinois Route 53 Corridor
- Planning for the Illiana Expressway
- Planning for other routes as determined by the Board of Directors

Some of the projects included in the Move Illinois Program have been modified from the previous capital program, the Congestion Relief Program (CRP). The current state of the CRP is described in detail in the section 5.0 of this report.

The table below provides the estimated annual program expenditures required to fund the current Move Illinois Program. This table is based upon information provided by: (i) the Tollway for the year 2012; and (ii) the Program Management Office (PMO), a consultant to the Tollway, for the years 2013 through 2026.

Table 13: Move Illinois Program - Estimated Program Expenditures

Year	Move Illinois Program Estimated Program Expenditures (Million)
2012	$108.2*
2013	$506.6*
2014	$995.0
2015	$1,341.5
2016	$935.2
2017	$623.4
2018	$774.1
2019	$764.2
2020	$732.8
2021	$1,478.8
2022	$1,407.0
2023	$800.4
2024	$756.2
2025	$395.7
2026	$531.6
Total	**$12,149.7****

Totals do not add due to rounding

Notes:

* Actual

** The total does not net out $4.4 million by which 2012-2013 actual ($610.4 million) was below the 2012-2013 estimate ($614.0 million). The Program budget has not been modified.

The Move Illinois Program anticipates contributions between 2014 and 2021 from local, federal and other sources of approximately $300.0 million for interchanges and access improvements along the Elgin O'Hare Western Access corridor. Credit for such reimbursements is included in the above expenditures. No credit for other reimbursements has been assumed for the forecasted years (2014-2026). The actual years (2012-2013) are net of reimbursements.

4.0 Move Illinois Project

The basis for Move Illinois: The Illinois Tollway Driving the Future was a capital needs analysis performed by Tollway staff and consultants that included a comprehensive assessment of the current and future physical and operational characteristics of the entire Tollway system. Previous long-range plans were reevaluated, the needs of communities and stakeholders were catalogued and new technology and transit opportunities were explored.

This evaluation became the foundation of the new capital program, which will provide additional capacity, relieve congestion and meet the needs of the traveling public and the businesses and communities served by the Tollway into the next decade and beyond.

Bond proceeds and Tollway revenues will be used to fund Move Illinois. The following describes the projects that make up the overall Move Illinois Program, which projects may be funded in whole or in part with bond proceeds.

The PMO has developed a variety of methods for verifying the various types of estimates. The Consulting Engineer believes that the cost tracking and estimating practices presently used by the PMO for Move Illinois are appropriate.

The Consulting Engineer relied on the PMO to provide the scopes of work and estimates of construction costs. It should be noted that under the Consulting Engineer contract, cost estimating services are provided to the Tollway and are directed by the PMO. The Consulting Engineer provided the PMO with annual costs associated with major maintenance for segments of the system required before reconstruction or rehabilitation projects are implemented. These costs are included in the Systemwide Improvement (described in Section 5.6).

The project construction costs (for projects other than Systemwide Improvements) and durations were developed by the PMO and are predicated, at the time of this report, on the following basic assumptions:

1. Project construction will be in general conformance with past Tollway practices;
2. Construction scope and schedule shall be as described below;
3. Construction costs are escalated to the mid-point of construction,
4. Escalation rate is 5% APR, compounded annually, unless noted otherwise, and
5. No unforeseen conditions / circumstances or unusual price escalation not currently identified will occur.

Specific elements of the Move Illinois Program discussed in this report are described in the following sections.

4.1 Jane Addams Memorial Tollway (I-90)

<u>Kennedy Expressway to Elgin Toll Plaza – Reconstruct / Add Lane</u>
Length: 25.0 miles
Project Description: Reconstruct & widen from six to eight lanes.
Project benefits:

- Provide congestion relief by expanding the roadway from six to eight lanes.
- Provide median lane and median shoulder widening in each direction.
- Improve safety and mobility throughout the corridor.
- Reduce annual maintenance costs.
- Improve ride quality and traffic flow by replacing 50+ year-old pavement.
- Upgrade to current standards and operational requirements.

Construction Period: 2013-2016
Total Cost (Escalated): $1,451.7 million
The estimated project cost was adjusted from $1,379.8 million in the January 2014 Consulting Engineer's Report due to refined design cost estimates and construction bidding.

<u>Elgin Toll Plaza to IL Route 47 – Reconstruct / Add Lane</u>
Length: 7.5 miles
Project Description: Reconstruct & widen from four lanes to six lanes.
Project benefits:

- Provide congestion relief by expanding the roadway from four to six lanes.
- Provide median lane and median shoulder widening in each direction.
- Improve safety and mobility throughout the corridor.
- Reduce annual maintenance costs.
- Improve ride quality and traffic flow by replacing 50+ year-old pavement.
- Upgrade to current standards and operational requirements.

Construction Period: 2013-2015
Total Cost (Escalated): $204.4 million
The estimated project cost was adjusted from $194.5 million in the January 2014 Consulting Engineer's Report due to refined design cost estimates and construction bidding.

<u>IL Route 47 to I-39 – Reconstruct / Add Lane</u>
Length: 29.0 miles
Project Description: Reconstruct & widen from four to six lanes.
Project benefits:

- Provide congestion relief by expanding the roadway from four to six lanes.
- Provide median lane and median shoulder widening in each direction.
- Improve safety and mobility throughout the corridor.
- Reduce annual maintenance costs.
- Improve ride quality and traffic flow by replacing 50+ year-old pavement.
- Upgrade to current standards and operational requirements.

Construction Period: 2013-2015
Total Cost (Escalated): $552.9 million
The estimated project cost was adjusted from $579.0 million in the January 2014 Consulting Engineer's Report due to refined design cost estimates and construction bidding.

<u>Kennedy Expressway to I-39 – Transit Accommodation</u>
Length: 61.5 miles
Project Description: Miscellaneous improvements to allow future transit accommodation that are contracted as part of the roadway and bridge reconstruction and widening projects. The costs of median lane widening and median shoulder widening to accommodate transit are included in the section costs above. This widened cross section could be used for future operational improvements. SMART technology initiatives are also included within the main roadway sections above.
Project benefits:

- Allows operation of a Bus Rapid Transit (BRT) system (by others)
- Allow for accommodation of rail transit in the future (by others)
- Provides basic infrastructure for lane management of transit and Tollway users

Construction Period: 2013-2016 (Note: Transit Accommodation construction timeline includes those forecasted in main roadway sections above)
Total Cost (Escalated): $0.9 million
No adjustment from the January 2014 Consulting Engineer's Report.

Kennedy Expressway to I-39 – ROW Acquisition
Length: 61.5 miles
Project Description: Acquire right-of-way and easements necessary for roadway and bridge reconstruction and widening.
Project benefits:

- Allows projects to move forward with optimal design elements

Construction Period: 2012-2015
Total Cost (Escalated): $18.4 million
No change in cost from January 2014 Consulting Engineer's Report. Completion extended from 2014 to 2015.

Kennedy Expressway to I-39 – Utility and Fiber Optic Relocation
Length: 61.5 miles
Project Description: Relocate Tollway owned fiber optic and private utilities to accommodate roadway and bridge reconstruction and widening.
Project benefits:

- Allows projects to move forward with optimal design elements
- Maintains Tollway fiber optic continuity
- Modernize utilities crossing Tollway right-of-way as necessary

Construction Period: 2012-2016
Total Cost (Escalated): $106.9 million
The estimated project cost was adjusted from $160.4 million in the January 2014 Consulting Engineer's Report due to refinement in scope for the various utility projects, fiber optic relocations and NSMJAWA water main relocation.

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

95th Street to Balmoral Avenue – Reconstruct
Length: 22.3 miles
Project Description: Reconstruct existing eight lanes of pavement.
Project benefits:

- Improve ride quality and traffic flow by replacing 50+ year-old pavement
- Reduce annual maintenance costs
- Upgrade to current standards and operational requirements

Construction Period: 2020-2023
Total Cost (Escalated): $1,920.0 million
No changes from January 2014 Consulting Engineer's Report.

Edens Spur – Reconstruct
Length: 5.0 miles
Project Description: Reconstruct existing four lanes of pavement.
Project benefits:

- Improve ride quality and traffic flow by replacing 50+ year-old pavement
- Reduce annual maintenance costs
- Upgrade to current standards and operational requirements

Construction Period: 2020-2021
Total Cost (Escalated): $152.8 million
No changes from January 2014 Consulting Engineer's Report.

Bishop Ford Expressway to Russell Road – Bridge and Ramp Repairs
Length: 78.0 miles

Project Description: Reconstruct or rehabilitate crossroad bridges and ramps.
Project benefits:

- Upgrade to current standards and operational requirements
- Preserve and maintain the crossroad structures and ramps
- Reduce maintenance costs

Construction Period: 2012-2014
Total Cost (Escalated): $19.8 million
The estimated project cost was adjusted from $19.3 million in the January 2014 Consulting Engineer's Report.

<u>Bishop Ford Expressway to Russell Road – ROW Acquisition</u>
Length: 78.0 miles
Project Description: As necessary during reconstruction or repair projects, will provide right-of-way and easements for improvements.
Project benefits:

- Allows projects to move forward with optimal design elements

Construction Period: 2015
Total Cost (Escalated): $3.0 million
No changes from January 2014 Consulting Engineer's Report.

<u>Bishop Ford Expressway to Russell Road – Utility and Fiber Optic Relocation</u>
Length: 78.0 miles
Project Description: As necessary during reconstruction or repair projects, will provide relocation of fiber optic and private utilities for improvements.
Project benefits:

- Allows projects to move forward with optimal design elements
- Maintains Tollway fiber optic continuity
- Modernizes utilities crossing Tollway right-of-way as necessary

Construction Period: 2014-2021
Total Cost (Escalated): $9.0 million
The estimated project cost was adjusted from $6.0 million in the January 2014 Consulting Engineer's Report. The scheduled years of expenditure were modified from 2019-2021.

4.3 Veterans Memorial Tollway (I-355)

<u>I-55 to Boughton Road, Collector-Distributor Roads, North Avenue to Army Trail Road – Mill, Patch, and Overlay</u>
Length: 17.5 miles
Project Description: Rehabilitate remaining original (1992) I-355 pavement between I-55 and Army Trail Road. Add safety improvements throughout.
Project benefits:

- Preserve and maintain the existing pavement
- Improve ride quality and traffic flow
- Reduce annual maintenance costs

Upgrade to current standards and operational requirements
Construction Period: 2013
Total Cost (Escalated): $21.9 million
No changes from January 2014 Consulting Engineer's Report.

<u>I-55 to Army Trail Road – Mill, Patch, and Overlay</u>
Length: 17.5 miles
Project Description: Second rehabilitation of the original I-355 pavement between I-55 and

Army Trail Road.
Project benefits:
- Preserve and maintain the existing pavement
- Improve ride quality and traffic flow
- Reduce annual maintenance costs

Upgrade to current standards and operational requirements
Construction Period: 2018-2019
Total Cost (Escalated): $189.1 million
No changes from January 2014 Consulting Engineer's Report.

I-80 to Army Trail Road – Bridge and Ramp Repairs
Length: 30.0 miles
Project Description: Reconstruct or rehabilitate crossroad bridges and ramps.
Project benefits:
- Upgrade to current standards and operational requirements
- Preserve and maintain the crossroad structures and ramps
- Reduce maintenance costs

Construction Period: 2026
Total Cost (Escalated): $290.0 million
The construction period was identified in 2025--2026 in the January 2014 Consulting Engineer's Report.

I-80 to Army Trail Road – ROW Acquisition
Length: 30.0 miles
Project Description: As necessary during reconstruction or repair projects, will provide right-of-way and easements for improvements.
Project benefits:
- Allows projects to move forward with optimal design elements

Construction Period: 2014-2015
Total Cost (Escalated): $0.5 million
The construction period was identified in 2013--2014 in the January 2014 Consulting Engineer's Report.

I-80 to Army Trail Road – Utility and Fiber Optic Relocation
Length: 30.0 miles
Project Description: As necessary during reconstruction or repair projects, will provide relocation of fiber optic and private utilities for improvements.
Project benefits:
- Allows projects to move forward with optimal design elements
- Maintains Tollway fiber optic continuity
- Modernizes utilities crossing Tollway right-of-way as necessary

Construction Period: 2014-2016
Total Cost (Escalated): $2.0 million
No changes from January 2014 Consulting Engineer's Report.

4.4 Reagan Memorial Tollway (I-88)

York Road to I-290 - Reconstruct
Length: 1.5 miles
Project Description: Reconstruct existing four and six lanes of pavement.
Project benefits:

- Improve ride quality and traffic flow by replacing 50+ year-old pavement
- Reduce annual maintenance costs
- Upgrade to current standards and operational requirements

Construction Period: 2018-2019
Total Cost (Escalated): $39.8 million
No changes from January 2014 Consulting Engineer's Report.

East-West Connector Road Between I-294 and I-88 – Reconstruct
Length: 3.7 miles
Project Description: Reconstruct existing four lanes of pavement.
Project benefits:

- Improve ride quality and traffic flow by replacing 50+ year-old pavement
- Reduce annual maintenance costs
- Upgrade to current standards and operational requirements

Construction Period: 2018-2019
Total Cost (Escalated): $39.8 million
No changes from January 2014 Consulting Engineer's Report.

IL Route 251 to IL Route 56 – Mill, Patch, and Overlay
Length: 38.1 miles
Project Description: Rehabilitate existing four lanes of pavement.
Project benefits:

- Preserve and maintain existing pavement
- Improve ride quality and traffic flow
- Reduce annual maintenance costs
- Upgrade to current standards and operational requirements

Construction Period: 2018-2019
Total Cost (Escalated): $187.2 million
No changes from January 2014 Consulting Engineer's Report.

Aurora Toll Plaza to IL Route 59 – Mill, Patch, and Overlay
Length: 5.5 miles
Project Description: Rehabilitate existing six lanes of pavement.
Project benefits:

- Preserve and maintain existing pavement
- Improve ride quality and traffic flow
- Reduce annual maintenance costs
- Upgrade to current standards and operational requirements

Construction Period: 2018-2019
Total Cost (Escalated): $41.4 million
No changes from January 2014 Consulting Engineer's Report.

U.S. Route 30 to I-290 – Bridge and Ramp Repairs
Length: 96.5 miles
Project Description: Reconstruct or rehabilitate crossroad bridges and ramps.
Project benefits:

- Upgrade to current standards and operational requirements
- Preserve and maintain the crossroad structures and ramps
- Reduce maintenance costs

Construction Period: 2013-2020
Total Cost (Escalated): $70.9 million

No changes from January 2014 Consulting Engineer's Report.

U.S. Route 30 to I-290 – ROW Acquisition
Length: 96.5 miles
Project Description: As necessary during reconstruction or repair projects, will provide right-of-way and easements for improvements.
Project benefits:
- Allows projects to move forward with optimal design elements

Construction Period: 2017-2018
Total Cost (Escalated): $1.2 million
No changes from January 2014 Consulting Engineer's Report.

U.S. Route 30 to I-290 – Utility and Fiber Optic Relocation
Length: 96.5 miles
Project Description: As necessary during reconstruction or repair projects, will provide relocation of fiber optic and private utilities for improvements.
Project benefits:
- Allows projects to move forward with optimal design elements
- Maintains Tollway fiber optic continuity
- Modernizes utilities crossing Tollway right-of-way as necessary

Construction Period: 2014-2016
Total Cost (Escalated): $5.5 million
The estimated project cost was adjusted from $3.0 million in the January 2014 Consulting Engineer's Report.

4.5 Systemwide Maintenance Facilities

Maintenance Facilities – Reconstruct / Relocate / Rehabilitate
Locations:
- M-1 (Alsip) – Reconstruct
- M-3 (Park Ridge) – Reconstruct
- M-4 (Gurnee) – Reconstruct / Relocate
- M-5 (Schaumburg) – Reconstruct
- M-6 (Marengo) – Reconstruct
- M-7 (Rockford) – Reconstruct
- M-8 (Naperville) – Reconstruct / Relocate
- M-11 (DeKalb) – Rehabilitate
- M-12 (Dixon) - Rehabilitate

Project Description: Reconstruct, relocate or rehabilitate aging maintenance facilities.
Project benefits:
- Optimize maintenance operations to meet expanded system needs
- Reduce annual facilities maintenance costs

Construction Period: 2013-2025
Total Cost (Escalated): $498.4 million
The construction period was identified in 2013--2026 in the January 2014 Consulting Engineer's Report.

4.6 Systemwide Improvements

Infrastructure Renewal – Bridge, Pavement, Drainage and Safety Appurtenance Repairs
Length: N/A
Project Description: Annual Bridge, pavement, drainage & safety appurtenance repairs and

upgrades which are not included in the major corridor improvements.
Project benefits:

- Preserve and maintain existing infrastructure
- Upgrade to current standards and operational requirements

Construction Period: 2012-2026
Total Cost (Escalated): $735.4 million
No changes from January 2014 Consulting Engineer's Report.

<u>Infrastructure Enhancements – Business Systems and Toll Collection Upgrades</u>
Length: N/A
Project Description: Business System and Information Technology upgrades, including toll collection systems and related software to keep pace with and incorporate best practices
Project benefits:

- Optimize all toll collection operations

Construction Period: 2013-2026
Total Cost (Escalated): $190.0 million
No changes from January 2014 Consulting Engineer's Report.

<u>Infrastructure Enhancements – IT and Intelligent Transportation Systems (ITS) Upgrades</u>
Length: N/A
Project Description: Intelligent Transportation Systems (ITS) upgrades, including communications tower replacements, and related software to keep pace with and incorporate best practices
Project benefits:

- Ensure reliability of communication network
- Improve traffic and incident management

Construction Period: 2012-2026
Total Cost (Escalated): $167.9 million
No changes from January 2014 Consulting Engineer's Report.

<u>Maintenance and Operations Support – Capital Requirements</u>
Length: N/A
Project Description: Annual Miscellaneous capital expenditures including transponders, vehicles, computers, and other items that are critical to the Illinois Tollway's day-to-day operations.
Project benefits:

- Maintain the state-of-good-repair
- Modernize the current systems

Construction Period: 2017-2026
Total Cost (Escalated): $908.5 million
The estimated project cost was adjusted from $869.9 million in the January 2014 Consulting Engineer's Report due to continued program refinement.

<u>Access Expansion – Service Interchanges</u>
Length: N/A
Project Description: Source of matching funds for construction of two service interchanges in accordance with the Illinois Tollway Interchange Policy.
Project benefits:

- Construct interchanges on the existing system.
- Provide economic benefit to the region

Construction Period: 2012-2020
Total Cost (Escalated): $62.8 million (Tollway Commitment)

The estimated project cost was adjusted from $95.1 million in the January 2014 Consulting Engineer's Report due to realized reimbursements and savings from the Route 47 Interchange on the Jane Addams Memorial Tollway and continued program refinement and project revisions.

Toll Collection Upgrades – Plaza Modifications for Electronic Tolling Upgrades

Length: N/A

Project Description: Implement mainline and ramp plaza modifications to accommodate electronic toll collection upgrades.

Project benefits:

- Reduce operational and maintenance costs
- Reduce environmental impacts
- Improve operational efficiency

Construction Period: 2017-2018

Total Cost (Escalated): $276.8 million

No changes from January 2014 Consulting Engineer's Report.

Program Support

Length: N/A

Project Description: Program management, project management, technical and administrative service contracts.

Project benefits:

- Program management to execute projects efficiently and to manage budget and schedule

Construction Period: 2012-2026

Total Cost (Escalated): $172.6 million

The estimated project cost was adjusted from $177.6 million in the January 2014 Consulting Engineer's Report due to revisions to estimated contract costs.

4.7 I-294 / I-57 Interchange

Tri-State Tollway (I-294) / I-57 Interchange – New Ramps, Structures and Toll Plazas

Length: N/A

Project Description: Construct the new system interchange at I-294 and I-57, as well as the 147th Street ramps.

Project benefits:

- Provide economic benefit to the region.
- Add access between two major interstates.

Construction Period: 2012-2014

Total Cost (Escalated): $122.9 million (Tollway Commitment)

The estimated project cost was adjusted from $124.2 million in the January 2014 Consulting Engineer's Report due to favorable construction bidding.

Tri-State Tollway (I-294) / I-57 Interchange – New Ramps and Structures

Length: N/A

Project Description: Construct new ramps to complete system interchange at I-294 and I-57.

Project benefits:

- Provide economic benefit to the region.
- Add access between two major interstates.

Construction Period: 2023-2024

Total Cost (Escalated): $420.0 million (Tollway Commitment)

The estimated project cost was adjusted from $418.3 million in the January 2014 Consulting Engineer's Report due to shifting the program savings identified above in Phase One into this

Phase Two project.

<u>Tri-State Tollway (I-294) / I-57 Interchange – ROW Acquisition</u>
Length: N/A
Project Description: Acquire right-of-way and easements necessary for roadway and bridge reconstruction and widening.
Project benefits:

- Allows project to move forward with optimal design elements

Construction Period: 2013-2024
Total Cost (Escalated): $12.0 million
No changes from January 2014 Consulting Engineer's Report.

<u>Tri-State Tollway (I-294) / I-57 Interchange – Utility and Fiber Optic Relocation</u>
Length: N/A
Project Description: Relocate Tollway owned fiber optic and private utilities to accommodate roadway and bridge reconstruction and widening.
Project benefits:

- Allows projects to move forward with optimal design elements
- Maintains Tollway fiber optic continuity
- Modernizes utilities crossing Tollway right-of-way as necessary

Construction Period: 2013-2024
Total Cost (Escalated): $30.0 million
The estimated project cost was adjusted from $40.0 million in the January 2014 Consulting Engineer's Report due to realized and estimated savings as part of ongoing Phase One work.

4.8 Elgin O'Hare / Western Access

<u>Elgin O'Hare Western Access Project</u>

The Elgin O'Hare Western Access Project includes construction of a new, all-electronic toll road around the western border of O'Hare International Airport linking the Jane Addams Memorial Tollway (I-90) and the Tri-State Tollway (I-294), the extension of the Elgin O'Hare Expressway east along Thorndale Avenue to O'Hare and the rehabilitation and widening of the existing Elgin O'Hare Expressway. The 2013-2026 construction plan is broadly supported by local governments and represents a fiscally responsible approach to address the area's diverse travel needs — improving travel efficiency, providing western access to O'Hare, enhancing multi-modal connections and reducing congestion.

Work includes:

- Repairs to existing Elgin O'Hare Expressway from US 20 to IL 53
- Widening of the existing Elgin O'Hare Expressway between IL 19 and IL 53
- Construction of new four lane (with auxiliary lanes) facility from west of IL 53 to IL 83
- Construction of a new four lane facility from the extension of the Elgin O'Hare with I-90 to the north and I-294 to the south
- Toll collection infrastructure for the entire EOWA.

The project is currently identified by the following eight components:

Existing Elgin O'Hare: US 20 to IL 53 – This work primarily consists of repairs and widening of the existing expressway from US 20 to IL 53, including the construction of east and west bound noise walls from Roselle Road to Plum Grove Road.

Elgin O'Hare Extension: IL 53 to York Road - This work includes, but is not limited to, the construction of a new four lane expressway from IL53 to IL 83; construction of a new I-290 Interchange; construction of new bridges at Devon Avenue, Salt Creek, Mittel Boulevard, Wood Dale Road and Lively Boulevard; Advanced Drainage work from IL 83 to York Road; and construction of the West Terminal Interchange – South Half.

South Leg of Western Access**: **Elgin O'Hare to I-294 **–** The major element of the South Leg include the construction of the IL 19 Interchange; construction of the Taft Avenue Extension; construction of the interchange at I-294 and IL 64; construction of Franklin Avenue from County Line Road to US 12/45; construction of the West Bypass/I-294: construction of new system ramps at I-294 and Franklin Avenue and construction of the I-294 Mainline from Fullerton Avenue.

North Leg of Western Access: Elgin O'Hare to I-90 **–** The major elements of work in this segment include construction of the Elmhurst Road West Bridge and I-90 Interchange; construction of intersections at Elmhurst Road and Oakton Street and Elmhurst and Touhy; construction of a southbound bridge over I-90; construction of the Western Terminal Interchange – North Half; construction of Western Access from York Road; construction of the West Bypass with temporary access to O'Hare and UP RR Yard Overpass; construction of the I-90/West Bypass System Interchange and the demolition of the Des Plaines Oasis to support widening of I-90 and the construction of the Interchange.

Tolling (TL) **–** This work consists of the construction infrastructure required to implement All Electronic Tolling (AET) across the EOWA corridor.

Utility – The privately, publicly or cooperatively owned lines, facilities, and systems for transporting persons or property, for producing, transmitting or distributing communications data, telemetry, electric power, light, heat, gas, oil, crude products, water, steam, waste, sewerage, storm water not connected with highway drainage, and other similar commodities.

ROW (Right-of-Way) – Land, property, or interests therein, acquired for or devoted to a highway.

Funding By Others – The EOWA corridor budget consists of $3.1 billion of funding by the Tollway and $300 million of funding by other sources. Funding by other sources is expected to include local government contributions in the form of grants and in-kind contributions including land and right-of-way (ROW), design, utility and materials.

Project benefits:

- Provide economic benefit to the region.
- Improve travel efficiency – reduce congestion on the local street network.
- Provide access to the west side of O'Hare Airport.
- Facilitate multimodal opportunities.

Construction Period: 2013-2025

- Existing Elgin O'Hare Expressway (US Route 20 to IL 53/Rohlwing Road) – 2013-2016
- Elgin O'Hare Western Access (IL 53/Rohlwing Road to IL 83/York Road) – 2014-2024
- Elgin O'Hare Western Access – Elgin O'Hare to I-294 – 2018-2025

- Elgin O'Hare Western Access – Elgin O'Hare to I-90 – 2018-2025
- Tolling – 2014-2025
- Utility relocations - 2014-2025
- ROW – 2013-2021
- Funding By Others – 2014-2021

Schedules for utility relocations and ROW have been adjusted to extend one year longer than identified in the January 2014 Consulting Engineer's Report.

Total Cost (Escalated): $3,400.0 million
NOTE: Program cost elements have been revised and updated in this report to reflect the actual segment breakdowns reflected in the EOWA program cashflow.

- **EO Existing:** $116.5 million (1/2014 Report - *$109.8 million)*
- **EO Extension:** $930.6 million (1/2014 Report - *$876.0 million)*
- **South Leg of Western Access:** $1,060.9 million (1/2014 Report - *$1,062.7 million)*
- **North Leg of Western Access:** $667.4 million (1/2014 Report - *$664.6 million)*
- **Tolling:** $117.6 million – Note that this item is initially called out as a separate category, but is intended to be re-assigned to construction packages over time as the scope is developed and refined by the future design. (1/2014 Report - *$200.1 million)*
- **Utility:** $112.4 million (1/2014 Report - *$106.7 million)*
- **ROW:** $393.5 million (1/2014 Report - *$380.1 million)*
- **Funding By Others:** As described earlier in this section, the EOWA project budget includes $300 million of funding from non-Tollway sources. This item, expected to include local government contributions, has been incorporated into the program cashflow as a source of funds for the project.

The various segment and task costs have been adjusted from the January 2014 Consulting Engineer's Report due to the continued refinement of the overall corridor and individual project designs and cost estimates.

4.9 IL Route 53 Extension / Illiana Expressway / Miscellaneous Studies

IL Route 53 Extension / Illiana Expressway / Miscellaneous Studies – New Routes
Length: N/A
Project Description: Planning studies for the extension of IL Route 53 from Lake-Cook Road north into Lake County, for the Illiana Expressway from the Illinois/Indiana state line west to I-55, and for other routes as determined by the Board of Directors.
Project benefits:

- Study and preparation of planning studies including Environmental Impact Statements.

Construction Period: N/A
Total Cost (Escalated): $124.1 million
No changes from January 2014 Consulting Engineer's Report.

4.10 System Growth

Based upon the described improvements, specifically the projects that increase capacity on the mainline, add interchange ramps and add mainline elements, the total lane-mile system is expected to grow by 16.9% from 2012 through 2026. This includes one project included in the CRP that was completed in 2012. The following table depicts how the Tollway system will grow throughout the implementation of the Move Illinois Program. All lanes (mainline, auxiliary, ramps and toll plaza manual lanes) are included.

The basis of these values was a comprehensive survey by the consulting engineer and Tollway staff to use GPS to record the entire system. These surveys were completed in 2009 and 2010. Ongoing inspections, including in 2012, have continued to refine the information. As project plans for the Elgin O'Hare Western Access and other projects that will add lane-miles are progressed in design, and ultimately constructed, these values may change in future versions of this and/or other reports.

Table 14: Growth of the Tollway System as Measured by Lane Miles

Tollway Route	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027-
Tri-State Mainline	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4	669.4
Tri-State Ramps and Plaza Lanes	117.2	117.2	117.2	123.1	123.1	123.1	123.1	123.1	123.1	123.1	123.1	126.1	134.1	134.1	134.1	134.1
Jane Addams Memorial Mainline	402.2	402.2	402.2	402.2	402.2	525.2	525.2	525.2	525.2	525.2	525.2	525.2	525.2	525.2	525.2	525.2
Jane Addams Memorial Ramps and Plaza Lanes	68.1	68.1	69.6	69.6	69.6	72.1	72.1	72.1	74.1	74.1	74.1	74.1	74.1	74.1	74.1	74.1
Reagan Memorial Mainline	472.0	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4	474.4
Reagan Memorial Ramps and Plaza Lanes	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1
Veterans Memorial Mainline	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9	197.9
Veterans Memorial Ramps and Plaza Lanes	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6	65.6
Elgin O'Hare / Western Access Mainline	0.0	0.0	0.0	0.0	0.0	43.8	43.8	64.5	64.5	64.5	64.5	64.5	64.5	64.5	91.8	91.8
Elgin O'Hare / Western Access Ramps	0.0	0.0	0.0	0.0	0.0	48.1	48.1	65.9	65.9	65.9	65.9	65.9	65.9	65.9	106.0	106.0
Total lane Miles	2046.4	2048.9	2050.3	2056.3	2056.3	2273.8	2273.8	2312.2	2314.2	2314.2	2314.2	2317.2	2325.2	2325.2	2392.6	2392.6
% Increase - Annual	0.0%	0.1%	0.1%	0.3%	0.0%	10.6%	0.0%	1.7%	0.1%	0.0%	0.0%	0.1%	0.3%	0.0%	2.9%	0.0%
% Increase - Aggregate	-	0.1%	0.1%	0.4%	0.4%	11.1%	11.1%	12.9%	13.0%	13.0%	13.0%	13.2%	13.6%	13.6%	16.9%	16.9%

5.0 Congestion Relief Program – "Open Roads for a Faster Future"

In September 2004, the Illinois Tollway approved a comprehensive plan to modernize and rebuild the 45-year old (in 2004) system of roadways to reduce congestion and improve service for its customers. The Congestion Relief Program (CRP) – Open Roads for a Faster Future – included rebuilding or restoring nearly all of the Tollway system, providing congestion relief by converting mainline toll plazas to barrier-free open road tolling, widening many miles of existing roads, and extending I-355 12.5 miles south from I-55 to I-80 in Will County.

Throughout the eight-year duration of the program, the Tollway has delivered numerous improvements:

- Customers have realized the time-saving benefits of open road tolling at all 22 mainline plazas – completed in less than 22 months.
- Customers have benefited from a newly rebuilt and widened South Tri-State Tollway (I-294/I-80) from IL Route 394 to 95th Street, and on the North Tri-State Tollway (I-294/I-94) from Balmoral Avenue to Russell Road.
- The Reagan Memorial Tollway (I-88) has been widened and reconstructed from York Road to IL Route 59 and from the Aurora Toll Plaza to Deerpath Road. The section of I-88 from US Route 30 to IL Route 251 was rubblized to make the existing pavement a base to support new full depth asphalt pavement.
- The section of the Jane Addams Memorial Tollway (I-90) from the Cherry Valley Interchange to Rockton Road was reconstructed and widened with full depth asphalt pavement. These improvements included a reconfigured interchange at I-90 and I-39, and the removal of the Cherry Valley Toll Plaza.
- Completion of the 12.5 mile extension of the Veterans Memorial Tollway (I-355). Additionally, a four-mile section of I-355 from 75th Street to I-88 was widened and resurfaced.

All of these improvements represent more than 118 miles of reconstructed roadways, modernized tolling facilities, and capacity and operational enhancements. Other sections of the Tollway have also undergone rehabilitation and resurfacing to bring the 286-mile system into a state of good repair.

At the end of 2013, the CRP was almost 90% complete. Portions of the reconstruction and widening segments described within the Jane Addams Memorial Tollway in the Move Illinois Program are CRP expenditures that are reflected in the below summary.

The following tables summarize the projects that make up the CRP.

Table 15: Congestion-Relief Program - Summary of Work

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

Need	Project	Scope	Length (miles)	Construction Period	Total Cost (millions)	Construction Status
Reconstruct / Congestion Relief	Reconstruct / Add Lane	I-394 to 167th Street (MP 0.0 to 5.4)	5.4	2005-2006	$277.8	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	159th Street to 95th Street (MP 6.3 to 17.6)	12.2	2007-2009	$425.1	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Balmoral Avenue to Dempster Street (MP 40.2 to 44.5)	4.3	2006-2009	$310.8	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Dempster Street to Lake Cook Road (MP 44.5 to 52.9)	8.4	2007-2010	$290.9	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Half Day Road to IL Route 137 (MP 56.5 to 64.4)	7.9	2007-2009	$230.4	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	IL Route 137 to Russell Road (MP 64.4 to 78.5)	14.1	2007-2009	$257.6	Complete
Resurface	Diamond Grind	Edens Spur to Half Day Road (MP 53.0 to 56.5)	3.5	2012-2013	$4.4	Construction Complete
Rehabilitate / Resurface	Rehabilitate / Resurface	95th Street to Balmoral Avenue (MP 17.6 to 40.2)	22.3	2012-2013	$104.8	Construction Complete
Rehabilitate / Resurface	Rehabilitate / Resurface	Edens Spur (MP 25.0 to 30.0)	5.0	2010-2011	$16.7	Complete
Regional Growth	Interchange Improvement	I-294 / I-57 Interchange Inter-Agency Project	-	2012-2014	$23.2	Partial Project Funding Remains in CRP

Jane Addams Memorial Tollway (I-90)

Need	Project	Scope	Length (miles)	Construction Period	Total Cost (millions)	Construction Status
Reconstruct / Congestion Relief	Interchange Improvement	IL Route 39 / I-90 Interchange (MP 17.5)	-	2008-2009	$68.4	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Newburg Road to Rockton Road (MP 2.7 to 17.0)	14.3	2008-2009	$202.9	Complete
Reconstruct / Congestion Relief – Portion of Overall Reconstruction Effort	Reconstruct / Add Lane	Kennedy Expressway to IL Route 53 (MP 68.0 to 78.9)	10.9	2015-2016	$144.4* ($165.3)**	Previous resurfacing eliminated due to planned reconstruction. These projects constitute a portion of the overall efforts for reconstruction of this segment.
Rehabilitate / Resurface and Reconstruct / Congestion Relief – Portion of Overall Reconstruction Effort	Rehabilitate / Resurface and Reconstruct / Add Lane	IL Route 53 to Elgin Toll Plaza (MP 54.4 to 68.0)	14.4	2011 (Partial Resurfacing) 2015-2016 (Reconstruction and Widening)	$100.7* ($49.0)**	A portion of the previous resurfacing was eliminated due to planned reconstruction. Resurfacing occurred between Barrington Road and Elgin Toll Plaza. Remaining funds constitute a portion of the overall efforts for reconstruction of this segment.
Reconstruct / Congestion Relief – Portion of Overall Reconstruction Effort	Reconstruct / Add Lane	Elgin Toll Plaza to Sandwald Road (MP 45.0 to 54.4)	9.4	2015-2016	$12.4* ($32.7)**	Previous resurfacing eliminated due to planned reconstruction. These projects constitute a portion of the overall efforts for reconstruction of this segment
Rehabilitate / Resurface and Reconstruct / Congestion Relief – Portion of Overall Reconstruction Effort	Rehabilitate / Resurface and Reconstruct / Add Lane	Sandwald Road to Newburg Road (MP 29.2 to 45.0)	27.9	2011 (Partial Resurfacing) 2015-2016 (Reconstruction and Widening)	$54.9* ($65.7)**	Portions of the previous resurfacing were eliminated due to planned reconstruction. Resurfacing occurred between Shattuck Road and Genoa Road. Remaining funds constitute a portion of the overall efforts for reconstruction of this segment.
Regional Growth	Interchange Improvement	East Riverside Interchange Inter-Agency Project*	-	2008-2009	$9.1 - Tollway Contribution	Complete
Reconstruct / Congestion Relief	Design for Reconstruct / Add Lane	Kennedy Expressway to Newburg Road – Design Only (MP 17.0 to 78.9)	-	2006-2013	$14.6	Partial. Remaining design efforts are included within reconstruction and widening projects.

* CRP funds for I-90 utilized as part of Jane Addams Memorial Tollway reconstruction and widening projects described in Move Illinois.

** Estimated values presented in January 2014 Consulting Engineer's Report

Reagan Memorial Tollway (I-88)

Need	Project	Scope	Length (miles)	Construction Period	Total Cost (millions)	Construction Status
Reconstruct / Congestion Relief	Reconstruct / Add Lane	York Road to IL Route 83 (MP 137.0 to 139.2)	2.2	2007-2009	$174.7	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	IL Route 83 to Finley Road (MP 131.9 to 137.0)	5.1	2008-2009	$94.0	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Finley Road to Washington Street (MP 126.5 to 132.2)	5.7	2006-2009	$217.4	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Washington Street to IL Route 59 (MP 122.9 to 126.5)	3.6	2004-2005	$45.9	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Aurora Toll Plaza to Deerpath (MP 114.3 to 117.5)	3.2	2007-2009	$133.6	Complete
Reconstruct / Congestion Relief	Reconstruct / Add Lane	Deerpath to IL Route 56 (MP 113.3 to 114.3)	0.7	2012	$11.6*	Complete
Reconstruct	Rubblize / Resurface	IL Route 251 to US Route 30 (MP 44.2 to 76.2)	32.0	2005	$47.6	Complete
Resurface	Resurface	Deerpath to IL Route 251 (MP 76.2 to 114.3)	38.1	2012	$64.2*	Complete
Resurface	Resurface	IL Route 251 to US Route 30 (MP 44.2 to 76.2)	32.0	2015-2016	$113.7*	To be Completed

* Estimated values adjusted from January 2014 Consulting Engineer's Report.

Veterans Memorial Tollway (I-355)

Need	Project	Scope	Length (miles)	Construction Period	Total Cost (millions)	Construction Status
Resurface / Congestion Relief	Resurface / Add Lane	75th Street to I-88 (MP 15.5 to 20.0)	4.5	2008-2009	$63.4	Complete Design contract I is included under CRP, Construction will be identified within Move Illinois
Rehabilitate / Resurface	Rehabilitate / Resurface	I-55 to Army Trail Road (MP 12.3-15.5 & 20.0-29.8)	13.0	2010	$56.3	Complete
Regional Growth	South Extension	South Extension (I-55 to I-80)	12.5	2005-2007	$718.5	Complete

Open Road Tolling

Need	Project	Scope	Length (miles)	Construction Period	Total Cost (millions)	Construction Status
Reconstruct / Congestion Relief	Reconstruct	Mainline Reconstruct / Cash Lane Modifications	0.0	2005-2007	$715.7	Complete

Systemwide Improvements

Need	Project	Scope	Length (miles)	Construction Period	Total Cost (millions)	Construction Status
Reconstruct / Rehabilitate Bridges	Bridge Improvements	Bridge Improvements	Systemwide	2005-2016	$146.0	Ongoing
Reconstruct / Rehabilitate Plazas	Plaza Improvements	Plaza Improvements	Systemwide	2005-2012	$14.2	Complete
Interchange Improvements	Interchange Improvements	Interchange Improvements	Systemwide	2005-2016	$101.1	Ongoing
Various Systemwide Needs	Environmental / Program Mgmt & Miscellaneous	Systemwide	Systemwide	2005-2016	$154.6	Ongoing
Reconstruct / Rehabilitate Pavements	Pavement Improvements	Pavement Improvements	Systemwide	2005-2016	$264.7	Ongoing

There are a number of modifications to the above project estimated costs from the January 2014 Consulting Engineer's Report. In some cases, there are adjustments due to project closeout. Additional changes are due to refined estimates as project scopes are created.

No additional bond issue proceeds are required for the completion of the CRP, as revenue resources will be utilized.

The table below summarizes the annual funds required to complete the CRP projects. This table is based on information provided by the PMO.

Table 16: Congestion-Relief Program - Estimated Program Expenditures

Year	Congestion-Relief Program Estimated Program Draws (Million)
2005-2013	$5116.3
2014	$266.0
2015	$210.9
2016	$130.4
Total	**$5,723.5**

Notes:

a. The Tollway previously estimated the total Congestion-Relief Program expenditures at $5,827.5 million and is currently anticipating project cost savings of approximately $104.0 million, reducing the total anticipated expenditures.

b. This table is based upon information provided by the PMO, which may vary slightly from internal Tollway information, with variation for the aggregate expenditures of 2005 through 2012 being less than 0.2%.

c. The CRP anticipates state and local reimbursements of approximately $96.6 million, $90.9 million of which have been received to date and $5.7 million of which are anticipated to be received from 2014-2016. Credit for such reimbursements is not included in the above expenditures.

d. Please note that the values may not add to the CRP total due to rounding.

6.0 Estimated Renewal and Replacement Deposits

Section 204(1)(4) of the Indenture, provides that the Consulting Engineer shall provide estimates of Renewal and Replacement Deposits. The Renewal and Replacement Deposit is the "amount budgeted for deposit to or projected for deposit to the Renewal and Replacement Account for Renewal and Replacement Expenses, other than such budgeted or projected amounts which the Authority has determined will be available for Renewal and Replacement Expenses from the System Reserve Fund, the Improvement Fund, or from the proceeds of authorized borrowings or from installment purchases or leases."

The table below provides estimates of Renewal and Replacement Deposits for each of the fiscal years 2014 through 2031. The **Renewal and Replacement** Deposits are based upon the following information provided to the Consulting Engineer prior to the issuance of this report:

- Estimated capital expenditures of $607.3 million for the execution of the remainder of the Congestion-Relief Program allocated in 2014-2016 described in Section 5,
- Estimated capital expenditures of $12,149.7 million for the execution of Move Illinois Program described in Sections 3 and 4 with an estimated $614.0 million spent through 2013
- Estimated non-roadway capital costs totaling $165.0 million during 2014 through 2016
- The finance plan provided to the Consulting Engineer by the Tollway, which anticipates that the remainder of the Congestion-Relief Program will be funded entirely with Tollway Revenue,
- The finance plan provided to the Consulting Engineer by the Tollway, which currently anticipates that the Move Illinois Program will be paid for with approximately $4.8 billion of bond proceeds and approximately $7.35 billion of Tollway revenue,
- Projects within Move Illinois will be funded with a combination of Tollway revenues and bond proceeds. The below deposits consist of revenue funds to be used for Renewal and Replacement expenditures.

The Consulting Engineer utilizes information provided by the Tollway and PMO for the development of the Renewal and Replacement Deposit estimates. The estimates are developed based upon the independent review of information available at the time of the issuance of this report. The Consulting Engineer provides an annual letter to the Tollway indicating the recommended deposit amount pursuant to the requirements of Section 710.1 of the Trust Indenture. The Consulting Engineer reassesses the amount of the recommended deposit based upon projected balances, budgeted expenditures, projected future expenditures, and any other considerations or information at the time of the letter issuance. At that time, the Consulting Engineer will evaluate how changes in market conditions should be incorporated to produce a recommendation that varies from the below or other estimated deposits.

Estimated Renewal and Replacement Deposits will fund portions of both the CRP and Move Illinois Programs, as well as items included in the non-roadway capital needs. The Trust Indenture requires projections for five years beyond the "in-service" date of the project.

Table 17: Estimated Annual Renewal and Replacement Deposits

Year	Renewal and Replacement Deposits
2014	$200,000,000
2015	$300,000,000
2016	$200,000,000
2017	$200,000,000
2018	$325,000,000
2019	$450,000,000
2020	$475,000,000
2021	$475,000,000
2022	$450,000,000
2023	$250,000,000
2024	$200,000,000
2025	$300,000,000
2026	$500,000,000
2027	$300,000,000
2028	$300,000,000
2029	$300,000,000
2030	$300,000,000
2031	$300,000,000

7.0 Operating Expenses

Operating Expenses are the expenses that the Tollway will incur in the normal course of business for operation, maintenance and repairs of the Tollway System. The debt service payments that the Tollway makes on regular cycles for bond obligations are not discussed in this report.

7.1 Historic Expenses

In 2013, the Tollway's organizational structure consisted of 14 primary functions including: Administration, Business Systems (formerly Open Toad Tolling / Violations Enforcement), Communications, Diversity & Strategic Development, Engineering, Executive/Board of Directors, Finance, Information Technology, Inspector General (Investigations), Internal Audit, Legal, Procurement, Illinois State Police, and Toll Operations. The following table identifies by primary function, the unaudited Operating Expenses for the Tollway in 2013. The 2013 unaudited expenditures reflect a reduction of 2.1% from the 2013 original budget and an increase of 9.7% over the expenses from 2012.

Table 18: 2013 Operating Expenses by Tollway Primary Function

Department	2013 Unaudited Expenditures
Administration	$4,152,282 / 1.5%
Business Systems	$52,636,057 / 19.0%
Communications	$1,149,952 / 0.4%
Diversity & Strategic Development	$831,365 / 0.3%
Engineering	$71,786,084 / 25.9%
Executive/Board of Directors	$1,415,839 / 0.5%
Finance	$45,507,073 / 16.4%
Information Technology	$9,682,583 / 3.5%
Inspector General	$716,307 / 0.3%
Internal Audit	$586,564 / 0.2%
Legal	$1,697,640 / 0.6%
Procurement	$4,237,577 / 1.5%
State Police	$27,671,486 / 10.0%
Toll Operations	$55,441,622 / 20.0%
Total	**$277,512,432**

The existing Tollway system to be maintained and operated includes 286 miles of limited access highways featuring a toll collection system incorporating mainline plazas and ramp plazas with the combined use of I-PASS, automatic coin collection and manual lanes. The system has been expanded to include the 12.5 mile extension of the Veterans Memorial Tollway; the widening of existing routes; and the construction of additional interchanges, all as part of the CRP.

Additional improvements under the Move Illinois Program will add additional capacity on existing routes, create new routes within the Tollway system and will introduce additional locations of all electronic tolling, where no cash or coins are collected.

7.2 Tollway Operating Expenses by Department

Each department has a defined operating budget that is prepared by both the specific department and the Tollway's Finance department. Quarterly expenditures are carefully monitored to ensure compliance with the budget and to identify revisions that need to be made either in the current calendar year, or for the following year budget preparation.

Department expenses are fairly static and are generally influenced by the budgeted and actual headcounts within the department, as well as some minor annual fluctuations of material, utility or contract costs. The Tollway strives to manage to their overall and department budgets. Salary and Wage adjustments, required retirement contributions, and inflationary factors are the main variables on a year over year basis. Individual department budgets and overall budget line items may vary from one year to the next due to equipment refresh or operational changes. Four departments are influenced by dynamic factors that change from year to year that warrant special analysis.

<u>Toll Operations</u>

The Toll Operations Department is responsible for manual toll collection, which includes the collection and counting of all manually collected toll revenue along with cash handling. Maintenance of Tollway buildings is also managed within Toll Operations. The 2013 budget identified reducing the Toll Operations Department positions by 3.0% from 2012 budget levels by eliminating vacancies, along with other adjustments. The headcount for Toll Operations has decreased substantially since 2005 as the Open Road Tolling projects have opened and the total number of manned toll lanes has been reduced. The number of budgeted positions within the department has dropped over 22% between 2008 and 2014, from 833 to 646. The need for lane walkers was eliminated and staffing has been reduced and has become more flexible (part-time and seasonal workers) as ORT and I-PASS usage matures with changes to toll rates, transponder penetration, transponder usage from other states and other factors. In addition, the Tollway has begun adjusting staffing levels so that there may not be any collectors at low usage time periods (most notably during overnight hours on the rural plazas on the Jane Addams and Reagan Memorial Tollways).

Expenses related to Toll Operations are primarily variable based upon the active number of employees there are within the department. Employee costs continue to make up almost 90% of the total department cost. As staffing levels have adjusted downward, the salary and wage costs are reduced, even considering wage adjustments. Retirement costs have increased, which have negated salary and wage cost reductions. Since 2009, the salary and wage costs for Toll Operations have been reduced over 7%, but non-salary personnel costs have increased from 32.5% to 48.5% of the salary and wage costs.

The Tollway has opened three interchanges that are fully electronic and additional interchanges are planned. The planned Elgin O'Hare Western Access roadways are expected to be exclusively electronic. Although the trend continues that a larger volume of transactions are and will be electronic, the Tollway has not identified a time when eliminating cash collection will be viable or appropriate. Other toll agencies have shifted to 100% electronic collection, but the Tollway currently believes that negatives may outweigh the positives. Reduced revenues due to persistent violators and issues with license plate recognition may not allow the eliminated costs of cash collection to be recouped. The Tollway will continue to study industry trends to evaluate options in the future.

Business Systems

The Business Systems Department is responsible for the operation and maintenance of the electronic tolling system hardware and software which also includes collecting toll revenue from toll violators and assessing fines and imposing sanctions. The Department monitors the contracts and performance of the structure surrounding the Electronic Tolling System known as Open Road Tolling. Additionally, Business Systems provides support through the Customer Call Center which acts as a single point of contact for all customer calls that relate to I-PASS, violations processing and missed toll services.

Business Systems expenses are primarily variable due to the number of transactions and amount of revenue collected from customers. Due to the toll rate increase that began effective January 1, 2012, the overall department budget has increased by over 31% between 2011 and the budget year 2014.

As discussed above regarding Toll Operations, no shift to all-electronic tolling is currently planned. There should be the expectation that I-PASS usage increases, especially with cash rates continuing to be double the I-PASS rate. Increased I-PASS transactions, along with traffic and revenue enhancement due to natural growth, increased capacity due to roadway widening, and substantial added vehicles due to roadway openings will drive costs within the Business Systems department.

Engineering

The Engineering Department is responsible for the planning, design, construction, operation and maintenance of the Tollway. Additionally, Engineering coordinates with community groups, government agencies and planning organizations on transportation and land-use policy. This department oversees annual inspections of the pavement, bridges and drainage systems, as well as the overall day-to-day maintenance of the Tollway’s fleet and roadway system.

The Engineering Department oversees three areas of operation:

- Design – Project plans and specifications are prepared for various construction and maintenance activities according to the capital improvement program schedule.
- Construction – Implements the construction phase of projects by ensuring quality construction and keeping them on schedule and within budget.
- Maintenance / Traffic – Maintains the roadway system by keeping roads clean, well lit, and safe in all weather conditions; managing incidents; and informing motorists of traffic and travel concerns.

As of December 2013, the Engineering Department had an actual headcount of 572 employees, with approximately 88% of the employees within the Maintenance / Traffic unit. The improvements made as part of the CRP and the Move Illinois Program affect the Engineering Department two major ways.

- Additional engineers within design and construction units are required to administer the design and construction phases of the projects. The majority of this work has and will be performed by consulting engineers under contract with the Tollway, including the PMO and other firms serving as Design Section Engineers (DSE’s) and Construction

Managers (CM's). These costs are included within the CRP and Move Illinois Program budgets.

- Maintenance and Traffic units staffing will increase as the system length and number of lane miles grow. Staff will be augmented within the majority of the groups due to additional traffic and the system growth.

Table 19: Growth in Tollway System

Year	Centerline Miles	Mainline Lane-Miles	Ramp Lane-Miles	Total Lane-Miles
2012	286.0	1741.5	305.0	2046.5
2013	286.0	1743.9	305.0	2048.9
2014	286.0	1743.9	306.5	2050.4
2015	286.0	1743.9	312.4	2056.3
2016	290.8	1743.9	312.4	2056.3
2017	290.8	1910.7	363.0	2273.7
2018	290.8	1910.7	363.0	2273.7
2019	294.1	1931.4	380.8	2312.2
2020	294.1	1931.4	382.8	2314.2
2021	294.1	1931.4	382.8	2314.2
2022	294.1	1931.4	382.8	2314.2
2023	297.1	1931.4	385.8	2317.2
2024	297.1	1931.4	393.8	2325.2
2025	297.1	1931.4	393.8	2325.2
2026	300.3	1958.7	433.9	2392.6
2027-	300.3	1958.7	433.9	2392.6

The Maintenance / Traffic unit is subdivided into the following groups (staffing levels as of December 2013):

- Roadway Maintenance had 361 staffed positions working from the 11 maintenance facilities. They are responsible for activities such as roadway sweeping; litter collection; snow and ice control; minor pavement, guardrail, fence and bridge work; drainage system upkeep; roadside landscaping; traffic channelization; and motorist aid.
- Fleet Maintenance had 68 staffed positions and is responsible for the maintenance of all Tollway vehicles.
- Sign Shop had 16 staffed positions.
- Roadway Electric had 13 staffed positions.
- Traffic Operations had 10 staffed positions in the traffic operations center.
- Dispatch had 32 staffed positions and dispatches services in response to calls for motorist aid.

Maintenance / Traffic uses a database called the Maintenance Management System (MMS) to track costs associated with the Roadway Maintenance group and the Roadway Signage and Lighting activities of the Traffic Operations group. From the MMS database, Tollway staff provided the Consulting Engineer with the 2013 annual expenditures broken down into 10 major activities, and further broken down into approximately 175 subactivities. The table below details the distribution of 2013 expenditures from the MMS.

Table 20: Distribution of 2013 Annual Expenditures from Maintenance Management System

Code	Activity	% of Total Cost
000	General Overhead	7.94%
100	General Maintenance	17.28%
200	Roadway & Shoulders	2.85%
300	Bridges	0.64%
400	Roadside Drainage & Appurtenances	6.10%
500	Roadside Litter Control	19.01%
600	Snow & Ice Control	20.03%
700	Roadside Landscaping	8.77%
800	Traffic Services Maintenance	9.76%
900	Mechanical & Electrical	7.63%
Total		**100%**

According to Tollway personnel, staffing levels at maintenance facilities have been closely tied to the snow and ice control program because of the high level of service goals established by the Tollway. Although snow and ice control are a seasonal activity, staff are hired on a permanent basis rather than as temporary or seasonal help. Snow and ice control staff members are prohibited from using vacation time during winter. Historically, the staffing level needed for snow and ice control has been relatively equal to the needs for maintenance work throughout the year. In addition, other staff, including a portion of the building maintenance employees in the Toll Operations Department, are trained to be available for snow and ice control functions.

Finance

The Finance Department covers a variety of internal and external roles within the Tollway. The majority of the cost items that are included within the department are fairly consistent. Risk Management is a small division within Finance that funds the costs for Worker's Compensation Insurance and Employee Group Insurance for the Tollway. These two insurance items were $39.1 million in 2013 (unaudited), which constitutes over 86% of the Finance Department costs and over 14% of the entire Tollway expenditures. Insurance costs may vary widely in the future (due to both premium increases and staffing levels), so these should be closely monitored.

7.3 Estimated Tollway Operating Expenses

Overall, salary and wage costs are projected to escalate to account for annual wage adjustments required by collective bargaining. The staffing level for Engineering is projected to increase as additional lane mileage is added as part of the Move Illinois Program, although some engineering positions are assumed to be eliminated at the conclusion of the program due to the lack of design and construction. Operational services staffing levels are projected to decrease slightly annually as cash transactions decline with increased usage of electronic collection. Business Systems costs are expected to increase substantially over the study period due to transponder usage, increased toll rates and increases in traffic. The costs include both the transaction processing and the bank charges for account replenishment, video tolling charges and violation payments. The inflation rate utilized for non-labor expenditures is 3.0%.

Retirement and Pension contributions, as a percentage of Salary and Wages, have risen significantly in recent years. The average employer contribution rate for calendar year 2011 was approximately 31.1% of covered payroll. For 2012, the average employer contribution rate was 36.1% of covered payroll. These percentages are based upon the average employer contribution rates set by the State Employees' Retirement System during those years. For 2013, the first half of the year utilized a rate of 37.987% and the second half of the year used 40.312%. For 2014, the first half of the year will use 40.312% and the preliminary estimate of the percentage for the second half of the year is 42.339%. For 2015 and beyond, the employer contribution rate is assumed to be 42.339% of covered payroll, based upon the preliminary estimate of the employer contribution rate for the State's fiscal year 2015.

The Trust Indenture requires projections for five years beyond the "in-service" date of the project. Therefore, the Consulting Engineer has projected Operating Expenses, as defined in the Trust Indenture, for each of the fiscal years 2014 through 2031 as provided in the table below.

Table 21: Estimated Operating Expenses

Year	Operating Expenses	Annual Increase
2014	$295,500,000	
2015	$310,700,000	5.15%
2016	$324,600,000	4.48%
2017	$338,700,000	4.33%
2018	$350,900,000	3.62%
2019	$364,200,000	3.77%
2020	$379,000,000	4.07%
2021	$392,500,000	3.55%
2022	$405,600,000	3.34%
2023	$422,300,000	4.13%
2024	$437,900,000	3.69%
2025	$453,300,000	3.51%
2026	$470,200,000	3.74%
2027	$487,000,000	3.56%
2028	$504,300,000	3.54%
2029	$521,800,000	3.48%
2030	$539,900,000	3.46%
2031	$558,600,000	3.46%

The estimates for Operating Expenses prepared by the Consulting Engineer and included in this report have an average growth per year of approximately 3.8% between 2014 and 2031. There are many factors that will dictate what the actual Operating Expenses experienced by the Tollway will be, and the Consulting Engineer cannot predict the outcome of these factors. The Consulting Engineer has compared the assumptions and forecasts provided by the Tollway against the proposed system expansion and operational changes and find them to be reasonable. Thus, these forecasts and assumptions have been included in the Consulting Engineer’s analysis. However, the Consulting Engineer cannot predict unforeseen circumstances or unusual price escalations that are not currently identified and known; thus, the estimates above may vary from actual expenses.

8.0 Conclusion

This report complies with Section 204.1.(4) of the Amended and Restated Trust Indenture Effective March 31, 1999. It provides the estimates for Operating Expenses and Renewal & Replacement Deposits for five years beyond the in-service date (through 2031). It also provides the estimated cost of construction and the schedule of completion for the projects (as developed by the Tollway's PMO and reviewed for reasonableness by the Consulting Engineer) included in the Tollway's Congestion-Relief Program and Move Illinois Program that may be partly or wholly funded from bond proceeds. Current professional practices and procedures commensurate with the scope of work and schedule of the Consulting Engineer's work were used in the development of this report.

The Tollway and PMO have had great success in delivering the CRP in a timely fashion and under budget. This is expected to continue as the Tollway began major construction of Move Illinois Program projects in 2013. The cost estimates utilized for the compilation of costs for the program follow standard industry practices and contain appropriate contingency factors based upon level of completeness of the design. All project costs are escalated appropriately to the estimated mid-point of construction. At this time, the overall estimate of the cost of the Move Illinois Program at $12.15 billion appears reasonable.

This report is solely for the use of the Illinois Tollway for inclusion in the Preliminary Official Statement dated May 1, 2014 for the Tollway's issuance of Toll Highway Senior Revenue Bonds, 2014 Series B and is subject to the limitations described within the Official Statement with respect to forward looking statements, which are incorporated within this report. Market conditions and unforeseen events beyond the control of the Consulting Engineer, the PMO, or the Tollway may affect the implementation and cost of the Move Illinois Program and the future Operating Expenses of the Tollway as detailed herein. The Consulting Engineer presumes that the PMO will continually monitor the Move Illinois Program and will make adjustments to the scopes and schedules of projects in order to control the cost of the overall program. On an annual basis, the Consulting Engineer's recommendation for the Renewal and Replacement deposit will reflect consideration of adjustments to the Move Illinois Program by the PMO. Any party reviewing this report must take the above factors into consideration.

APPENDIX C

TRAFFIC ENGINEER’S REPORT

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tel: 630 434-8111
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May 1, 2014

Michael Colsch
Chief of Finance
Illinois State Toll Highway Authority
2700 Ogden Avenue
Downers Grove, IL 60515

Subject: Illinois Tollway Comprehensive Study Update

Dear Mr. Colsch:

Pursuant to your recent request, CDM Smith is pleased to provide you with updated traffic and revenue (T&R) estimates for the Illinois State Toll Highway Authority (the "Tollway"). It is our understanding that this update is intended to support the upcoming Toll Highway Senior Revenue Bonds, 2014 Series B with issuance expected June 4, 2014.

As the Illinois Tollway's Traffic Engineer, CDM Smith monitors traffic and revenue trends, prepares Revenue Certificates and issues an Annual Toll Revenue Report. CDM Smith also conducts various traffic and planning studies and provides technical support for Tollway planning and operations. In April of 2013, CDM Smith submitted a comprehensive traffic and revenue study for the Illinois Tollway (the "Comprehensive Report"), presenting updated traffic and gross toll revenue estimates through 2040 as well as supporting materials. This report was included in the Official Statement supporting the issuance of the Tollway's "Toll Highway Senior Revenue Bonds, 2013 Series A."

The 2013 Comprehensive Report comprised extensive review of Tollway performance trends; review and refinement of economic and demographic forecasts; review of the Tollway's current capital plan; travel demand modeling; and the resulting traffic and gross toll revenue estimates through 2040. The estimates contained in this document are intended as an update of the 2013 Comprehensive Report.

System Description

The Illinois Tollway operates a system of toll facilities in northern Illinois, primarily within the Chicago metropolitan area and the surrounding "collar" counties. The system currently includes 286 centerline miles of limited-access highways, all of which are designated as part of the Interstate Highway System. The Illinois Tollway was created by the Illinois General Assembly in 1953 to provide for the construction, operation, regulation, and maintenance of a system of toll highways within the State of Illinois. Opened in September 1958, the first Illinois Tollway routes were financed through the sale of revenue bonds. Bond debt payments, as well as ongoing maintenance and operating costs, are funded through the collection of tolls paid by roadway users. The system has expanded dramatically over the years to keep pace with increasing traffic demand and regional expansion. The Illinois Tollway system is self-supporting and does not receive federal or state funding.

In September 2004, the Illinois Tollway Board of Directors (Board) approved a long range capital plan, called the Congestion-Relief Program (CRP). At the same time, the Board approved a new toll rate structure that was put into effect on January 1, 2005 to help finance the capital program. The CRP widened several parts of the system to reduce existing congestion and accommodate future traffic growth. Each of the widening projects also included some reconstruction of the existing roadway. Additionally, the CRP reduced delays at toll plazas by converting all mainline toll plazas to "Open Road Tolling". Finally, the CRP funded a new addition to the system, the South Extension of the Veterans Memorial Tollway, which opened on November 11, 2007. The CRP was largely completed as of 2012.

Following an 18-month review and public discussion of the Illinois Tollway's needs for its existing system and opportunities to improve regional mobility, the Illinois Tollway Board of Directors adopted a 15-year, $12 billion capital program called "Move Illinois: The Illinois Tollway Driving the Future," in August 2011. The new capital program, to be completed between 2012 and 2026, will be funded by a combination of current toll revenue and bonds backed by future toll revenues. In anticipation of the Move Illinois program, the Tollway increased the rate for passenger vehicles on January 1, 2012, which will be followed by an approved increase in commercial vehicle rates that will be phased in between 2015 and 2017. Cornerstone projects of the of the Move Illinois program include rebuilding and widening the Jane Addams Memorial Tollway between I-39 and the Kennedy Expressway, reconstructing part of the Tri-State Tollway, constructing the Elgin-O'Hare Western Access Project, and constructing the I-57/I-294 interchange.

System Overview

The Illinois Tollway system consists of four routes: Jane Addams Memorial, Tri-State, Reagan Memorial, and Veterans Memorial Tollways as shown in Figure 1. Below is a general description of the physical attributes and location of each of the four Tollway routes and an overview of the demographic and socioeconomic makeup of the areas they serve.

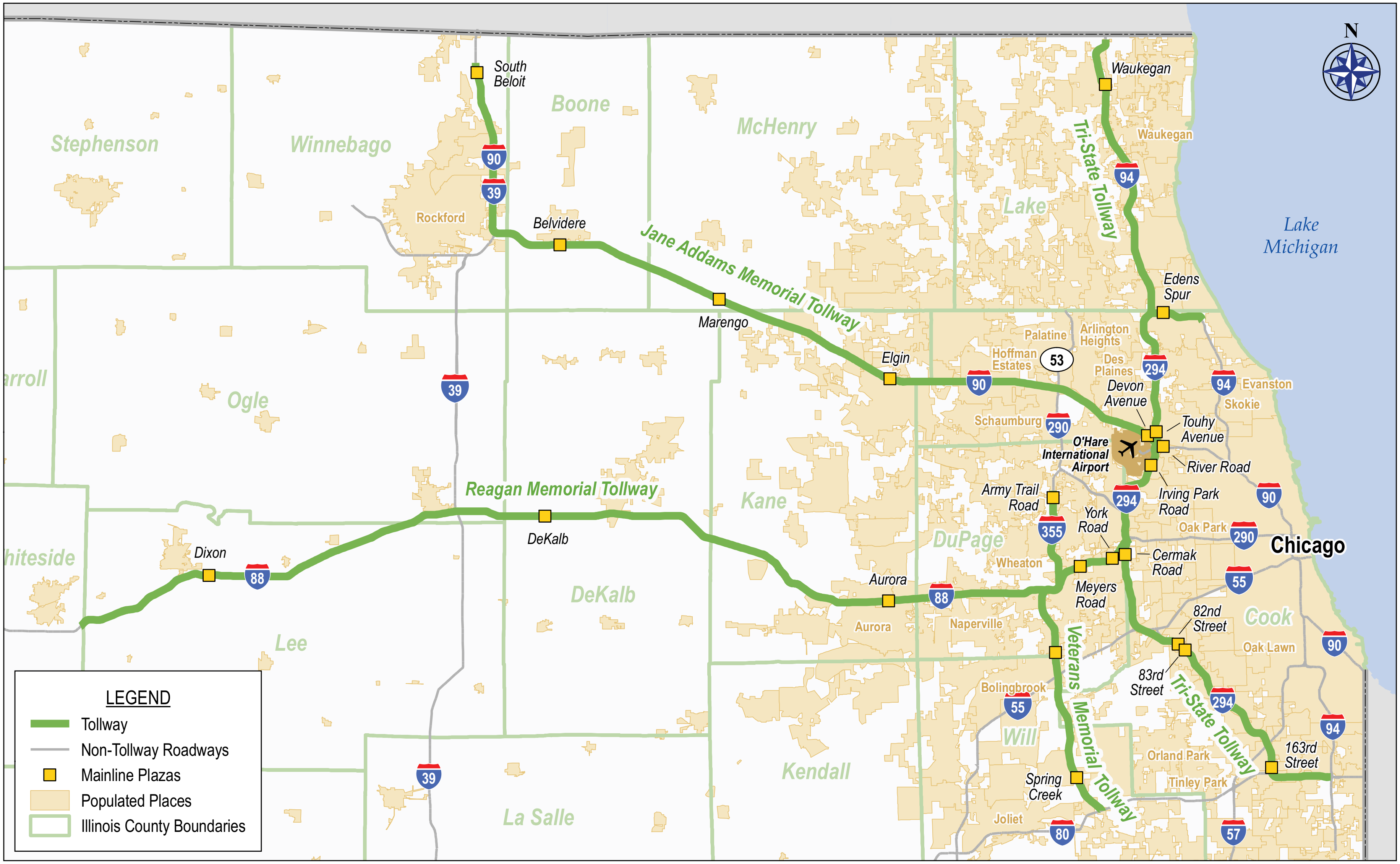
The Jane Addams Memorial Tollway, designated Interstate 90 for its entire length, runs in a generally east-west alignment from just east of the Chicago O'Hare International Airport, through Rockford, Illinois, to the Wisconsin border. The Jane Addams Tollway passes through portions of Cook, Kane, McHenry, Boone, and Winnebago counties. At its northernmost extent, Illinois Tollway jurisdiction on I-90 ends at Rockton Road, 1.2-miles south of the Illinois-Wisconsin State border. Tollway jurisdiction ends just east of O'Hare International Airport, from which I-90 continues as the Kennedy Expressway, providing a direct route to the northwest side of Chicago and the Chicago Central Business District. As part of the 3,101-mile-long Interstate 90 route, the

Jane Addams Memorial Tollway links the east and west coasts, and provides access between northwest Indiana and central Wisconsin. The western 15 miles of the route have a six-lane cross section, the central 35 miles have a four-lane cross section, and the eastern 27 miles of the route have a six-lane cross section. A major project is ongoing to add one lane in both directions on the central 35 miles and eastern 27 miles of I-90.

Regarding the Tri-State Tollway, the southern 53 miles are designated I-294, while the northern 25 miles are designated I-94. The southernmost five miles are designated as both part of I-80 and I-294. Between 2006 and 2009, more than 105 lane-miles were added to the Tri-State as large portions were reconstructed and widened. Only the central section, which was already eight lanes wide from 95th Street to Balmoral Avenue, was not widened during this time frame. The route now provides an eight-lane cross section along its entire length. The primary function of the Tri-State Tollway is to provide a circumferential bypass route around the City of Chicago, connecting suburban communities from the Indiana border to the Wisconsin border. The Tri-State Tollway also provides access between the northern and southern suburbs to Chicago O'Hare International Airport. In the southern I-294/I-80 section, where the route runs east-west, the Tri-State Tollway is part of a major cross-country commercial route running from New York to San Francisco.

The Reagan Memorial Tollway, designated as Interstate 88 for its entire length, extends from the Tri-State Tollway near the Cook-DuPage County line (15 miles west of downtown Chicago) in the east, to the eastern edge of Whiteside County in north central Illinois (near Rock Falls) in the west. I-88 has an eight-lane cross section for the eastern 17 miles, from the eastern end to Illinois Route 59. The section from Illinois Route 59 to Illinois Route 56 has a six-lane cross section. The western 69-mile section is four lanes wide. At the western end of Tollway jurisdiction, I-88 continues west as a free route (west of U.S. Route 30) for an additional 44 miles, terminating at I-80, east of the Davenport-Moline-Rock Island metropolitan area (also known as the Quad Cities). East of I-294 (the Tri-State Tollway), the route continues as I-290—the Eisenhower Expressway—providing access to the Chicago central business district.

The Veterans Memorial Tollway, designated Interstate 355, extends from its northern terminus at Army Trail Road in DuPage County, to its southern terminus at Interstate 80 in Will County. The roadway is primarily a six-lane configuration throughout, with auxiliary lanes as needed, and an eight-lane segment between the Reagan Tollway and 75th Street. Developed suburban land characterizes the I-355 corridor, serving communities such as Addison, Bolingbrook, Downers Grove, Glendale Heights, Lombard, and Woodridge. Undeveloped land flanking the original section of the Veterans Memorial Tollway (from Army Trail Road to I-55) is diminishing. The Veterans Memorial Tollway was expanded south to I-80 in Will County in 2007. Will County is expected to grow rapidly in the coming decades.



ILLINOIS TOLLWAY SERVICE AREA

FIGURE 1

CDM Smith

Toll Collection and Rate History

The Illinois Tollway collects tolls at 22 mainline plazas and 52 ramp plazas. All of the mainline plazas and two of the ramp plazas offer plaza attendants for motorists paying cash, requiring change, or requesting receipts. The remaining 50 ramp plazas are unattended. Toll payments can be made either electronically using the I-PASS system or with exact change at all plazas except on three All Electronic Tolling (AET) plazas discussed below.

Electronic toll collection (ETC) started on the Illinois Tollway system in 1993 with a small pilot program on part of the Veterans Memorial Tollway. In 1994, electronic tolling expanded to other plazas and in 1995, I-PASS-only lanes were introduced. In 1998, the Illinois Tollway began installing I-PASS Express lanes that enabled drivers to pay tolls while traveling at higher speeds through the plazas. Open road tolling ("ORT"), which allows I-PASS payment at highway speeds, was introduced on all mainline plazas between 2005 and 2006. With ORT, only cash-paying patrons must exit the through lanes to use toll plazas to the side of the mainline plaza, and re-enter the roadway after paying their toll. Vehicles paying by I-PASS pay as they pass under the toll gantry in their current lane. In 2009 and 2011, the Tollway opened its first two AET plazas at Eola Road (Plaza 60) on the Reagan Memorial Tollway (I-88), and at Balmoral Ave. (Plaza 30) on the Tri-State Tollway (I-294). A third AET plaza opened in late 2013 at IL-47 on the Jane Addams Tollway (I-90), with AET toll collection utilized on all four tolled ramps of this interchange.

A toll rate increase in 2005 doubled passenger car cash rates for cash payers, while passenger car I-PASS rates remained unchanged. Commercial vehicle increases ranged from 125 to 275 percent. The 2005 toll schedule offered off-peak I-PASS discounts for commercial vehicles for the first time. These changes, in addition to an aggressive marketing campaign, increased I-PASS usage on the system from approximately 50 to approximately 75 percent of total transactions between 2004 and 2005. In 2005 the Illinois Tollway also joined the E-Z Pass Group, which is made up of toll agencies in the Midwest and Northeast United States. Membership in this group allows for sharing of an in-vehicle transponder for toll payment on all member facilities. This arrangement provides great benefit to long-haul commercial vehicle drivers.

The 2005 toll rate schedule also simplified the former 10 toll rate classes to four rate tiers: one for passenger cars and three for commercial vehicles. The passenger-vehicle rate tier is the same as the previous Class 1, and includes all two-axle vehicles with four or fewer tires. A small-truck rate tier, consisting of two-axle vehicles with six tires, replaces Class 2. The medium-truck rate tier includes the former Classes 3, 4, 7, and 8; and consists of three and four-axle vehicles, including two-axle vehicles towing one and two-axle trailers. A large-truck rate tier replaces former Classes 5, 6, 9, and 10; and consists of vehicles with five or more axles including two-axle vehicles towing three-axle trailers.

On January 1, 2012, passenger car toll rates increased by 87.5 percent for both cash and I-PASS users. This rate change increased the typical mainline toll from 40 cents to 75 cents for I-PASS customers, and from 80 cents to $1.50 for cash customers.

There have been four passenger car toll rate changes: an average increase of 17 percent in 1963, a decrease of 14 percent in 1970, a 37 percent increase in 1983, and most recently, a 87.5 percent in 2012. Commercial vehicles have undergone three rate increases: 50 percent in 1963, 68 percent in 1983, and 216 percent in 2005. Historical toll rates at typical plazas are illustrated in Table 1. Not all plazas charge these rates; however, most of the mainline plazas on the three original routes are similar. Even with the 2012 passenger car increase, the Illinois Tollway is still among the lower priced toll roads in the country on a per-mile basis. Table 2 lists toll rates for toll roads in the U.S.

Table 1: Historical Toll Rates on Illinois Tollway Typical Mainline Plazas

Vehicle Class		Previous Rates						Current Rates**	
Class	Description	1959-1963	1964-1970	1971-1983	1983-2004	2005-2011 Discount	2005-2011 Non-Discount	Discount	Non-Discount
1	Automobile, motorcycle, single unit truck or tractor, two axles, four or less tires	$0.30	$0.35	$0.30	$0.40	$0.40	$0.80	$0.75	$1.50
2	Single unit truck or tractor, buses, two axles, six tires	0.40	0.45	0.30	0.50	1.00	1.50	1.00	1.50
3	Three axle trucks and buses	0.50	0.50	0.45	0.75	1.75	2.25	1.75	2.25
4	Trucks with four axles	0.50	0.60	0.60	1.00	1.75	2.25	1.75	2.25
5	Trucks with five axles	0.50	0.75	0.75	1.25	3.00	4.00	3.00	4.00
6	Trucks with six axles	0.50	0.90	0.90	1.50	3.00	4.00	3.00	4.00
7	Class 1 vehicle with one axle trailer	0.50	0.50	0.45	0.60	1.75	2.25	1.75	2.25
8	Class 1 vehicle with two axle trailer	0.50	0.60	0.60	0.80	1.75	2.25	1.75	2.25
9	Miscellaneous passenger car, special or unusual vehicles not classified above	0.50	0.90	1.00	1.75*	3.00	4.00	3.00	4.00
10	Miscellaneous Commercial vehicle special or unusual vehicle not classified above	-	-	-	1.75	3.00	4.00	3.00	4.00

Typical rates at mainline plazas on Jane Addams, Tri-State, and Reagan Memorial Tollways.

* Class 9 rate was $0.20 per axle for automobiles and $0.25 per axle for trucks.

** Passenger cars equipped with I-PASS pay the discount rate, and cash users pay the non-discount rate. All commercial vehicles pay the non-discount rate during daytime hours. Commercial vehicles pay the discount rate between 10 p.m. and 6 a.m.

Table 2: Toll Rates for U.S. Toll Roads

	$ per mile	
Toll Agency (State)	**Passenger Car**	**5-Axle Truck**
Adams Avenue Parkway, Inc (UT)	$1.000	$2.500
Skyway Concession Company (IL)	$0.513	$2.692
City of Chesapeake (VA)	$0.375	$0.438
Transurban, LLC (VA)	$0.369	$0.710
Northwest Parkway, LLC (CO)	$0.368	$1.474
Toll Road Investors Partnership II (VA)	$0.350	$1.057
Central Texas Regional Mobility Authority (TX)	$0.325	$1.299
Transportation Corridor Agencies (CA)	$0.321	$1.206
E-470 Public Highway Authority (CO)	$0.284	$1.136
San Diego Association of Governments (CA)	$0.275	$0.550
Metropolitan Washington Airports Authority (VA)	$0.261	$0.784
Cameron County Regional Mobility Authority (TX)	$0.217	$0.870
Fort Bend County Toll Road Authority (TX)	$0.217	$0.902
Richmond Metropolitan Authority (VA)	$0.206	$0.294
North Carolina Turnpike Authority (NC)	$0.179	$0.718
Harris County Toll Road Authority (TX)	$0.179	$0.863
Connector 2000 Association (SC)	$0.169	$0.531
Tampa-Hillsborough County Expressway Authority (FL)	$0.167	$0.667
North Texas Tollway Authority (TX)	$0.163	$0.650
SH 130 Concession Company, LLC (TX)	$0.158	$0.158
Texas Department of Transportation (TX)	$0.156	$0.395
Osceola County (FL)	$0.141	$0.565
Orlando-Orange County Expressway Authority (FL)	$0.139	$0.333
Miami-Dade Expressway Authority (FL)	$0.138	$0.550
Delaware Department of Transportation (DE)	$0.128	$0.288
New Jersey Turnpike Authority (NJ) - New Jersey Turnpike	$0.117	$0.385
South Carolina Department of Transportation (SC)	$0.110	$0.551
North East Texas Regional Mobility Authority (TX)	$0.103	$0.414
Maryland Transportation Authority (MD)	$0.099	$0.619
South Jersey Transportation Authority (NJ)	$0.085	$0.341
Pennsylvania Turnpike Commission (PA)	$0.085	$0.444
Florida Turnpike Enterprise (FL)	$0.078	$0.271
Virginia Department of Transportation (VA)	$0.075	$0.150
Illinois State Toll Highway Authority (IL)	**$0.062**	**$0.312**
Maine Turnpike Authority (ME)	$0.059	$0.237
Oklahoma Turnpike Authority (OK)	$0.053	$0.185
Massachusetts Department of Transportation (MA)	$0.050	$0.160
New York State Thruway Authority (NY)	$0.049	$0.258
New Jersey Turnpike Authority (NJ) - Garden State Parkway	$0.048	$0.214
Ohio Turnpike and Infrastructure Commission (OH)	$0.048	$0.149
Florida Department of Transportation (FL)	$0.046	$0.177
West Virginia Parkways, Economic Development, and Tourism Authority (WV)	$0.044	$0.184
New Hampshire Department of Transportation (NH)	$0.043	$0.187
Kansas Turnpike Authority (KS)	$0.041	$0.128
Indiana Toll Road Concession Company (IN)	$0.030	$0.246
National Average	**$0.084**	**$0.335**

Toll rates are for electronic payments at peak hour rates, if applicable. Toll rates are for full length trips, with the exception of the Garden State Parkway 5-Axle truck rates which reflect only for the part of the facility where 5-Axle trucks are allowed. Toll Rates are current as of 2/6/14.

The percentage of transactions paid with I-PASS has increased over time. The increase has generally been gradual in most years, with the most notable exception being a sharp increase in late 2004, leading-up to the January 1, 2005 toll rate increase. I-PASS payment rates in August 2004 were just 45 percent for passenger cars and 50 percent for commercial vehicles. By January 2005, the rates had increased by 29 and 20 percentage points respectively, totaling 74 percent participation for passenger cars and 70 percent for commercial vehicles. Passenger car I-PASS payment rates also saw an increase due to the January 1, 2012 toll increase, with a jump of approximately 2.6 percent in January 2012 over January 2011 rates.

In 2012, the Illinois Tollway had the highest rate of Electronic Toll Collection (ETC) out of the top 15 toll agencies by revenue in the country as shown in Table 3. The ETC usage on the Illinois Tollway is 3.0 percentage points higher than the second-ranking agency.

Table 3: ETC Usage Rates for U.S. Toll Agencies

ETC Usage Rank	ETC Usage Rates	Toll Agency Name	Name of ETC System
1	84.0%	Illinois Tollway	I-PASS/E-ZPass
2	81.0%	Metropolitan Transportation Authority (NY)	E-ZPass
3	79.2%	New Jersey Turnpike Authority	E-ZPass
4	79.1%	Florida Turnpike	SunPass
5	78.8%	Port Authority of New York and New Jersey	E-ZPass
6	76.7%	Harris County Toll Road Authority (Houston)	E-Z Tag
7	76.1%	North Texas Tollway Authority System	TollTag
8	75.3%	Indiana Toll Road Concession Company	E-ZPass
9	71.5%	Massachusetts Department of Transportation	E-ZPass
10	68.8%	Oklahoma Turnpike Authority	PIKEPASS
11	67.9%	New York State Thruway Authority	E-ZPass
12	67.8%	Maryland Transportation Authority	E-ZPass
13	66.8%	Pennsylvania Turnpike Commission	E-ZPass
14	59.5%	Bay Area Toll Authority	FasTrak
15	46.2%	Ohio Turnpike Commission	E-ZPass

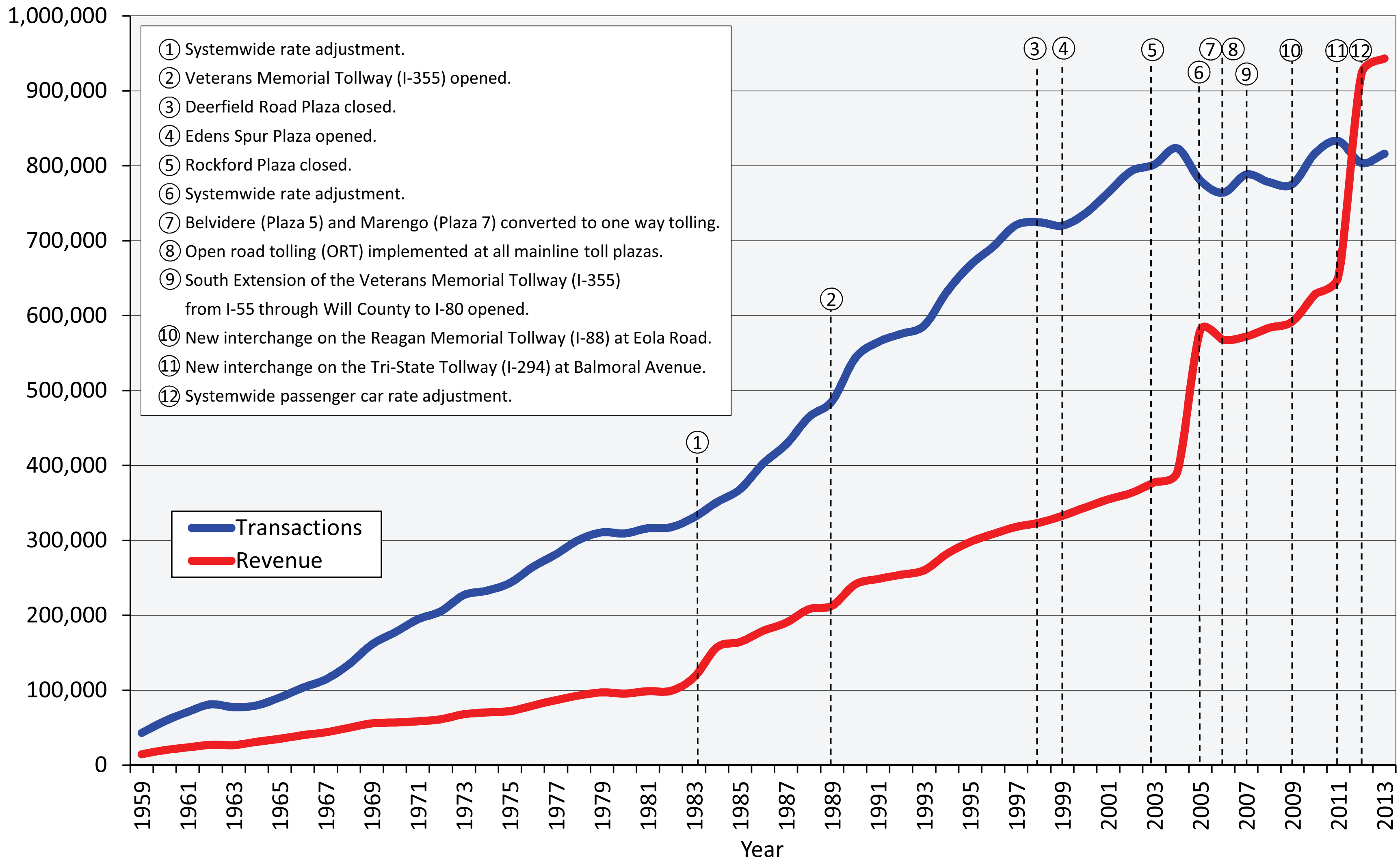
Source: Illinois Tollway 2013 Annual Toll Revenue Report page 66

Historical Traffic and Revenue Trends

Figure 2, Table 4, and Table 5 provide the annual transactions and toll revenue on the Illinois Tollway from the Tollway's first full-year of operation in 1959 through 2013. Historical revenues are recorded by the Illinois Tollway as "toll revenues." Toll revenues are audited revenues and include only those revenues that were actually collected over the course of the year. The source of toll revenues is the Illinois Tollway Comprehensive Annual Financial Report (CAFR).

Over the course of the Tollway's history, transactions have increased steadily with few year-over-year declines. However, the rate of transaction growth has slowed as the Tollway's service area matures. The average annual increase in transactions from 1959 to 1980 was 9.9 percent, while transaction growth has slowed to an average of 3.1 percent per year over the past 30 years (1983-2013). In the last five years (2008-2013), average annual transaction growth has slowed further to 1.0 percent. In five of the past 11 years annual transactions declined from their previous year. These declines were due to factors such as toll rate increases, plaza reconfiguration, and the national recession. System-wide transactions reached an all-time high at 832.8 million in 2011. Transactions declined 3.5 percent in 2012 due to the passenger car toll rate increase.

Annual toll revenues have generally displayed a growth pattern similar to transactions, but have grown at a higher rate due to periodic rate increases. Between 1959 and 1980, revenue increased an average of 9.4 percent per year, slowing to 7.2 percent per year over the past 30 years (1983-2013). Revenue grew only 2.8 percent per year from 2005 to 2011, but, due to the PC rate adjustment, grew 41.3 percent in 2012. In 2013 revenue increased 2.3 percent.



ILLINOIS TOLLWAY SYSTEM WIDE
ANNUAL TRANSACTIONS AND TOLL REVENUE (in thousands)

FIGURE 2

Table 4: Illinois Tollway Systemwide Annual Transactions (Thousands)

Year	Passenger Cars	PC AAPC	Commercial Vehicles	CV AAPC	Total	Total AAPC
1959	37,884	-	5,053	-	42,937	-
1964	72,721	13.9%	7,005	6.8%	79,726	13.2%
1969	146,476	15.0%	14,488	15.6%	160,964	15.1%
1970	160,916	9.9%	16,187	11.7%	177,103	10.0%
1975	216,180	6.1%	26,914	10.7%	243,094	6.5%
1980	269,106	4.5%	40,183	8.3%	309,289	4.9%
1982	278,508	1.7%	38,993	-1.5%	317,501	1.3%
1983 [1]	290,687	4.4%	40,116	2.9%	330,803	4.2%
1985	324,673	3.8%	43,543	1.6%	368,216	3.5%
1989 [2]	428,745	6.4%	57,193	5.6%	485,938	6.3%
1990	485,085	8.4%	57,962	5.9%	543,047	8.1%
1995	597,026	4.2%	70,179	3.9%	667,205	4.2%
2000	664,002	2.1%	72,308	0.6%	736,310	2.0%
2001	687,856	3.6%	76,429	5.7%	764,285	3.8%
2002	715,073	4.0%	77,763	1.7%	792,836	3.7%
2003	693,507	-3.0%	108,096	39.0%	801,603	1.1%
2004	714,120	3.0%	109,025	0.9%	823,145	2.7%
2005 [1]	695,378	-2.6%	85,068	-22.0%	780,446	-5.2%
2006 [3]	678,535	-2.4%	85,590	0.6%	764,125	-2.1%
2007 [2]	696,055	2.6%	92,237	7.8%	788,292	3.2%
2008	688,516	-1.1%	89,366	-3.1%	777,882	-1.3%
2009	694,837	0.9%	80,516	-9.9%	775,353	-0.3%
2010	730,797	5.2%	86,286	7.2%	817,083	5.4%
2011	743,195	1.7%	89,633	3.9%	832,828	1.9%
2012 [1]	711,680	-4.2%	92,100	2.8%	803,780	-3.5%
2013	720,513	1.2%	95,528	3.7%	816,041	1.5%
Growth rates (AAPC)						
1959 - 1980		9.8%		10.4%		9.9%
1980 - 1990		6.1%		3.7%		5.8%
1990 - 2000		3.2%		2.2%		3.1%
2000 - 2010		1.0%		1.8%		1.0%
2000 - 2005		0.9%		3.3%		1.2%
2005 - 2010		1.0%		0.3%		0.9%
2010 - 2013		-0.5%		3.4%		-0.0%

[1] Systemwide Rate adjustment
[2] Veterans Memorial Tollway (I-355) segments opened
[3] Open Road Tolling (ORT) implemented at all Mainline Toll Plazas

Table 5: Illinois Tollway Systemwide Annual Revenue (Thousands)[1]

Year	Passenger Cars	PC AAPC	Commercial Vehicles	CV AAPC	Total	Total AAPC
1959	$11,943	-	$2,593	-	$14,536	-
1964	26,284	17.1%	4,888	13.5%	31,172	16.5%
1969	46,872	12.3%	8,803	12.5%	55,675	12.3%
1970	47,565	1.5%	9,343	6.1%	56,908	2.2%
1975	58,784	4.3%	13,277	7.3%	72,061	4.8%
1980	73,248	4.5%	22,204	10.8%	95,452	5.8%
1982	76,004	1.9%	23,148	2.1%	99,152	1.9%
1983 [2]	88,074	15.9%	29,154	25.9%	117,228	18.2%
1985	120,397	10.4%	43,901	14.6%	164,298	11.5%
1989 [3]	155,394	10.8%	57,387	13.8%	212,781	11.5%
1990	183,237	8.8%	57,842	5.7%	241,079	8.0%
1995	227,519	4.4%	70,389	4.0%	297,908	4.3%
2000	268,277	3.4%	75,668	1.5%	343,945	2.9%
2001	276,724	3.1%	78,050	3.1%	354,774	3.1%
2002	276,763	0.0%	86,472	10.8%	363,235	2.4%
2003	275,751	-0.4%	101,703	17.6%	377,454	3.9%
2004	287,218	4.2%	104,368	2.6%	391,586	3.7%
2005 [2]	341,352	18.8%	239,090	129.1%	580,442	48.2%
2006 [4]	324,556	-4.9%	242,943	1.6%	567,499	-2.2%
2007 [3]	321,008	-1.1%	251,085	3.4%	572,093	0.8%
2008	335,653	4.6%	247,994	-1.2%	583,647	2.0%
2009	334,520	-0.3%	257,543	3.9%	592,063	1.4%
2010	348,946	4.3%	279,808	8.6%	628,754	6.2%
2011	354,186	1.5%	298,488	6.7%	652,674	3.8%
2012 [2]	615,957	73.9%	306,433	2.7%	922,390	41.3%
2013 [5]	622,349	1.0%	320,803	4.7%	943,152	2.3%
Growth rates (AAPC)						
1959 - 1980		9.0%		10.8%		9.4%
1980 - 1990		9.6%		10.0%		9.7%
1990 - 2000		3.9%		2.7%		3.6%
2000 - 2010		2.7%		14.0%		6.2%
2000 - 2005		4.9%		25.9%		11.0%
2005 - 2010		0.4%		3.2%		1.6%
2010 - 2013		21.3%		4.7%		14.5%

(1) Collected Revenue. Source: 2012 Illinois Tollway Comprehensive Annual Financial Report (CAFR).
(2) Systemwide Rate adjustment
(3) Veterans Memorial Tollway (I-355) segments opened
(4) Open Road Tolling (ORT) implemented at all Mainline Toll Plazas
(5) 2013 revenues are unaudited and preliminary. Numbers may not add due to rounding.

Recent Performance Trends

Systemwide

On January 1, 2012 a toll rate increase went into effect that increased electronic and cash toll rates on passenger vehicles by approximately 87.5 percent. Commercial vehicle toll rates were unchanged in 2012. Total transactions in 2012 declined by approximately 3.5 percent from 2011 due to the passenger vehicle toll rate increase and construction impacts. Revenues in 2012 for all vehicles exceeded 2011 by 42.5 percent.

Total systemwide transactions in 2013 exceeded 2012 levels in all but three months. Of those months in which transactions did not surpass the previous year, each instance can be attributed to either weather events, the number of weekdays/weekends in a month, or a leap-year. Total transactions on the Tollway system in 2013 exceed 2012 by 1.5 percent. Likewise, 2013 revenues exceeded 2012 revenues by 2.3 percent.

With respect to forecast performance, CDM Smith had forecast 2013 total transactions of 818.6 million in the 2013 Comprehensive Study. Actual 2013 transactions were 816.0 million, or 0.3 percent below forecast. CDM Smith 2013 forecast expected revenues were estimated at $990.4 million compared to actual expected revenues of $994.6 million, outperforming forecast revenues by 0.4 percent.

Note that the source of toll revenues in Table 5 is the Illinois Tollway Comprehensive Annual Financial Report (CAFR). These historical revenues are recorded by the Illinois Tollway as “toll revenues” which are audited revenues and include only revenues that were actually collected and booked. CDM Smith does not forecast collected toll revenue. Instead, all forecast values are “expected revenues.” Expected revenue is the sum of all toll revenues that would be realized if 100 percent of transactions were recorded at the proper rate and resulted in full payment. This is why the 2013 actual expected revenue listed in the paragraph previous is different than the 2013 revenue shown in Table 5.

By Facility

Annual revenues by facility are presented in Table 6, while recent monthly transactions on the four Illinois Tollway facilities are presented in Table 7 through Table 10. As illustrated, trends on the different facilities have varied from one another.

On the Jane Addams, growth on the urbanized eastern section has leveled off in the past 10 years as growth has moved westward with development, past the suburbs and into exurbs. For example, transactions at the Elgin plaza (representative of “exurbs”) have grown at a much higher rate, than transactions at the Devon Avenue and River Road plazas (more representative of “suburbs”) in recent years.

The Tri-State has remained the highest volume route since the Tollway opened. Though initially intended as a bypass of the Chicago metropolitan area, the Tri-State has since become a commuter route. As development around the corridor has matured, traffic volumes have stabilized, similar to the eastern Jane Addams. In addition to serving as a commuter route, the Tri-State also carries significant commercial vehicle traffic. The southernmost five miles of I-294 are aligned with I-80, a national trucking route. Plaza 41, just north of the split with I-80, has by far the highest number of five-axle truck transactions on the entire system.

I-88 has generally experienced the highest growth rate of the three original Tollway routes, due to rapidly increasing population in the western suburbs, such as Naperville and Aurora, and employment along the "tech corridor" that flanks I-88. Construction related traffic declines were realized in 2009. By 2010, widening was completed on the more heavily travelled eastern section, allowing traffic to return to preconstruction levels.

The Veterans Memorial Tollway is used by many suburb-to-suburb commuters and directly connects three major interstate highways – I-80, I-55 and I-88. With the completion of the south extension in 2007, the Veterans Memorial Tollway adds an additional route from I-80 to I-90 via interstate highway. This attracts some long haul truckers looking to bypass more congested areas of the region. The south extension also opens up areas of Will County that are still being developed. Some of the more recent growth is a result of development at the south end of the route.

Table 6: Illinois Tollway Revenue by Route, 2009-2013 (in thousands)[1]

Tollway Route	2009	% change	2010	% change	2011	% change	2012	% change	2013[2]
Jane Addams Memorial	$129,394	4.0%	$134,548	-0.8%	$133,509	40.7%	$187,798	-4.4%	$179,626
Tri-State	$258,653	10.2%	$284,968	4.4%	$297,392	36.0%	$404,538	4.1%	$421,112
Reagan Memorial	$89,831	9.7%	$98,554	8.0%	$106,458	39.3%	$148,262	6.8%	$158,363
Veterans Memorial	$113,823	-3.1%	$110,331	4.2%	$114,928	57.7%	$181,287	1.2%	$183,448

[1]Collected revenue, Source: Illinois Tollway Comprehensive Annual Financial Report (CAFR)

[2]2013 revenues are unaudited and preliminary. Totals may not add due to rounding.

Table 7: Jane Addams Memorial Tollway Monthly Transactions

Passenger Cars	2009	% change	2010	% change	2011	% change	2012	% change	2013
January	11,562,113	2.5%	11,855,167	0.9%	11,957,856	-8.0%	11,000,948	2.0%	11,218,391
February	11,206,538	1.0%	11,321,295	-6.0%	10,645,331	3.3%	11,001,861	-6.6%	10,280,567
March	12,705,982	3.0%	13,092,608	-0.8%	12,989,508	-6.7%	12,118,467	-0.7%	12,028,668
April	12,820,739	3.0%	13,199,891	-3.5%	12,734,886	-6.1%	11,963,079	-0.7%	11,884,062
May	13,572,162	1.9%	13,827,968	-4.9%	13,153,049	-3.1%	12,749,101	-0.5%	12,681,515
June	13,548,345	2.0%	13,821,567	-3.6%	13,319,073	-1.9%	13,064,739	-4.6%	12,464,720
July	14,254,158	2.8%	14,648,145	-6.7%	13,662,171	-0.8%	13,556,902	-3.6%	13,070,761
August	14,041,030	4.1%	14,623,666	-6.8%	13,632,279	0.0%	13,629,495	-2.3%	13,311,394
September	13,109,936	1.4%	13,295,578	-5.7%	12,534,515	-2.2%	12,262,773	-3.1%	11,883,399
October	13,261,695	2.5%	13,593,544	-3.4%	13,138,119	-4.7%	12,517,782	-1.3%	12,355,193
November	12,489,172	1.7%	12,700,222	-2.5%	12,387,162	-4.7%	11,802,051	0.4%	11,845,459
December	12,337,981	1.4%	12,509,867	0.6%	12,582,290	-6.1%	11,818,429	0.0%	11,821,951
Total	**154,909,851**	**2.3%**	**158,489,518**	**-3.6%**	**152,736,239**	**-3.4%**	**147,485,627**	**-1.8%**	**144,846,080**
Commercial Vehicles	**2009**	**% change**	**2010**	**% change**	**2011**	**% change**	**2012**	**% change**	**2013**
January	1,335,420	-1.3%	1,318,678	6.0%	1,398,370	4.8%	1,465,077	4.3%	1,528,321
February	1,264,480	1.8%	1,287,210	2.9%	1,325,152	9.8%	1,454,858	-2.1%	1,423,608
March	1,445,629	5.2%	1,520,375	5.4%	1,602,872	0.8%	1,615,344	-2.7%	1,572,105
April	1,464,973	5.8%	1,549,373	-1.5%	1,526,570	3.3%	1,576,240	0.8%	1,588,803
May	1,504,061	4.3%	1,568,621	1.0%	1,584,088	9.1%	1,728,065	-5.6%	1,631,882
June	1,571,108	6.6%	1,675,510	-1.8%	1,645,938	4.6%	1,721,753	-9.6%	1,555,914
July	1,608,595	0.0%	1,608,208	-3.7%	1,549,475	10.9%	1,717,950	-5.8%	1,618,816
August	1,582,534	7.0%	1,693,935	-1.2%	1,674,363	10.3%	1,846,083	-10.1%	1,660,464
September	1,578,407	3.0%	1,625,752	-3.3%	1,571,757	3.5%	1,626,228	-5.2%	1,542,477
October	1,586,570	2.4%	1,624,644	0.8%	1,637,797	7.3%	1,757,982	-4.8%	1,674,342
November	1,406,225	7.0%	1,504,960	1.6%	1,528,837	2.3%	1,564,570	-4.7%	1,491,307
December	1,392,574	2.5%	1,427,704	1.5%	1,448,627	-3.2%	1,402,038	-1.0%	1,388,654
Total	**17,740,576**	**3.7%**	**18,404,970**	**0.5%**	**18,493,846**	**5.3%**	**19,476,188**	**-4.1%**	**18,676,693**
All Vehicles Total	**172,650,427**	**2.5%**	**176,894,488**	**-3.2%**	**171,230,085**	**-2.5%**	**166,961,815**	**-2.1%**	**163,522,773**

Table 8: Tri-State Tollway Monthly Transactions

Passenger Cars	2009	% change	2010	% change	2011	% change	2012	% change	2013
January	20,751,876	3.8%	21,542,251	6.3%	22,900,517	-4.4%	21,888,645	2.7%	22,488,907
February	20,278,931	2.5%	20,780,215	-1.1%	20,557,304	6.6%	21,923,586	-5.4%	20,748,454
March	23,172,162	6.5%	24,681,176	3.1%	25,440,449	-3.7%	24,505,020	-1.2%	24,220,134
April	23,186,834	7.3%	24,889,327	-0.1%	24,870,476	-2.3%	24,299,559	0.7%	24,464,595
May	24,442,274	7.4%	26,263,070	0.3%	26,343,011	-0.2%	26,294,042	2.0%	26,827,678
June	24,631,004	9.3%	26,927,834	1.6%	27,348,896	-3.7%	26,334,517	0.7%	26,523,078
July	25,722,484	7.9%	27,761,068	2.8%	28,533,405	-7.0%	26,536,316	5.7%	28,036,457
August	25,302,799	9.9%	27,809,715	3.6%	28,797,446	-7.0%	26,768,268	7.7%	28,826,222
September	23,611,248	8.0%	25,506,615	3.7%	26,454,176	-9.1%	24,042,345	7.4%	25,817,482
October	24,309,933	8.9%	26,465,238	2.7%	27,180,676	-7.0%	25,286,138	7.0%	27,059,245
November	22,894,432	8.3%	24,792,776	1.9%	25,268,781	-5.7%	23,841,024	3.0%	24,554,305
December	22,514,090	6.5%	23,971,684	4.0%	24,939,903	-6.9%	23,215,247	4.4%	24,242,701
Total	**280,818,067**	**7.3%**	**301,390,969**	**2.4%**	**308,635,040**	**-4.4%**	**294,934,707**	**3.0%**	**303,809,258**
Commercial Vehicles	**2009**	**% change**	**2010**	**% change**	**2011**	**% change**	**2012**	**% change**	**2013**
January	3,341,967	-1.9%	3,277,114	11.5%	3,654,427	4.6%	3,822,579	4.1%	3,977,758
February	3,140,675	3.5%	3,251,988	5.1%	3,416,552	11.4%	3,805,841	-3.4%	3,676,688
March	3,464,566	11.9%	3,876,030	7.0%	4,148,294	1.7%	4,219,253	-3.8%	4,057,628
April	3,472,617	13.8%	3,952,813	-0.1%	3,947,928	4.2%	4,115,270	4.0%	4,279,014
May	3,520,551	13.7%	4,002,985	3.8%	4,155,795	6.5%	4,426,781	3.1%	4,562,532
June	3,698,558	17.1%	4,330,381	1.8%	4,406,592	-2.0%	4,316,717	0.9%	4,356,998
July	3,777,923	8.9%	4,112,300	1.1%	4,157,065	0.2%	4,166,988	9.0%	4,541,255
August	3,743,306	16.9%	4,376,606	3.8%	4,543,671	-1.7%	4,465,547	5.7%	4,721,636
September	3,731,003	14.2%	4,261,512	0.1%	4,266,510	-7.4%	3,951,726	11.0%	4,387,954
October	3,872,601	10.3%	4,270,598	1.8%	4,348,507	1.3%	4,406,470	9.5%	4,823,053
November	3,485,958	13.3%	3,951,122	4.0%	4,109,848	-1.5%	4,049,231	3.6%	4,195,502
December	3,509,027	9.1%	3,827,368	2.7%	3,931,346	-7.2%	3,649,187	10.9%	4,048,415
Total	**42,758,752**	**11.1%**	**47,490,817**	**3.4%**	**49,086,535**	**0.6%**	**49,395,590**	**4.5%**	**51,628,433**
All Vehicles Total	**323,576,819**	**7.8%**	**348,881,786**	**2.5%**	**357,721,575**	**-3.7%**	**344,330,297**	**3.2%**	**355,437,691**

Table 9: Reagan Memorial Tollway Monthly Transactions

Passenger Cars	2009	% change	2010	% change	2011	% change	2012	% change	2013
January	8,457,074	9.2%	9,230,973	7.3%	9,906,229	-4.3%	9,476,941	2.5%	9,714,473
February	8,356,589	6.9%	8,934,234	0.4%	8,972,043	6.8%	9,579,526	-6.0%	9,006,071
March	9,518,677	10.3%	10,497,845	4.2%	10,942,337	-3.6%	10,548,555	-1.6%	10,375,156
April	9,482,409	8.6%	10,295,443	4.2%	10,730,947	-3.5%	10,352,167	1.4%	10,492,927
May	9,856,369	6.5%	10,499,494	7.4%	11,275,194	-2.1%	11,040,375	3.4%	11,411,719
June	9,674,687	8.3%	10,479,459	9.6%	11,482,970	-5.6%	10,835,782	1.6%	11,007,879
July	9,984,545	11.5%	11,133,152	4.6%	11,647,365	-7.1%	10,817,661	6.0%	11,464,049
August	9,941,118	15.8%	11,515,813	3.7%	11,946,654	-7.0%	11,107,931	6.1%	11,782,512
September	9,481,112	15.7%	10,969,950	2.5%	11,246,786	-8.2%	10,319,275	5.5%	10,888,709
October	9,807,512	14.9%	11,267,710	3.2%	11,632,542	-6.6%	10,864,723	4.7%	11,380,248
November	9,467,616	12.6%	10,661,912	2.1%	10,890,872	-5.2%	10,320,300	2.2%	10,551,593
December	9,544,913	8.8%	10,382,766	4.4%	10,844,052	-6.6%	10,126,787	2.8%	10,408,580
Total	**113,572,621**	**10.8%**	**125,868,751**	**4.5%**	**131,517,991**	**-4.7%**	**125,390,023**	**2.5%**	**128,483,916**
Commercial Vehicles	**2009**	**% change**	**2010**	**% change**	**2011**	**% change**	**2012**	**% change**	**2013**
January	699,851	-2.4%	682,942	12.4%	767,705	10.4%	847,571	3.3%	875,326
February	654,465	3.1%	674,740	6.5%	718,710	15.6%	831,052	-1.1%	821,605
March	743,889	8.8%	809,369	6.8%	864,456	7.2%	926,715	-1.7%	910,724
April	756,263	9.8%	830,485	1.7%	844,379	9.4%	923,464	10.5%	1,020,457
May	783,395	7.3%	840,755	14.4%	961,581	5.1%	1,010,999	14.7%	1,159,616
June	807,152	12.1%	904,958	17.0%	1,058,808	-6.7%	987,457	11.4%	1,099,822
July	807,913	10.5%	892,875	14.5%	1,022,102	-7.1%	949,612	22.8%	1,166,066
August	796,639	20.0%	956,051	17.8%	1,125,837	-8.4%	1,030,802	18.3%	1,219,118
September	802,363	15.0%	922,447	11.8%	1,030,950	-9.0%	937,737	22.4%	1,147,388
October	812,670	13.2%	919,776	12.4%	1,033,481	2.2%	1,056,482	17.5%	1,241,198
November	732,338	16.7%	854,928	10.6%	945,203	1.9%	962,946	11.7%	1,075,671
December	740,953	9.7%	812,997	7.6%	874,735	-4.1%	838,457	22.5%	1,027,344
Total	**9,137,891**	**10.6%**	**10,102,323**	**11.3%**	**11,247,947**	**0.5%**	**11,303,294**	**12.9%**	**12,764,335**
All Vehicles Total	**122,710,512**	**10.8%**	**135,971,074**	**5.0%**	**142,765,938**	**-4.3%**	**136,693,317**	**3.3%**	**141,248,251**

Table 10: Veterans Memorial Tollway Monthly Transactions

Passenger Cars	2009	% change	2010	% change	2011	% change	2012	% change	2013
January	10,969,907	4.0%	11,405,093	1.0%	11,524,569	-7.5%	10,654,926	4.8%	11,167,898
February	10,657,478	2.4%	10,914,269	-4.7%	10,401,129	2.9%	10,707,624	-3.9%	10,286,936
March	11,978,455	5.8%	12,670,363	-0.3%	12,635,732	-7.0%	11,753,103	-0.9%	11,647,617
April	11,990,321	2.3%	12,271,479	0.6%	12,349,534	-5.9%	11,614,995	2.8%	11,945,670
May	12,525,769	-1.7%	12,311,179	4.1%	12,822,043	-1.2%	12,662,271	0.7%	12,749,711
June	12,652,805	-3.5%	12,209,311	7.8%	13,159,763	-3.4%	12,710,736	-3.4%	12,279,938
July	13,049,796	-5.1%	12,386,453	6.4%	13,179,514	-4.0%	12,647,587	-0.2%	12,617,194
August	12,805,505	-1.7%	12,583,664	7.7%	13,552,978	-4.6%	12,933,484	-0.4%	12,883,717
September	12,295,645	-3.3%	11,892,574	7.6%	12,802,213	-5.4%	12,107,441	-1.3%	11,948,186
October	12,603,544	-2.1%	12,340,023	6.0%	13,079,766	-3.4%	12,636,743	-0.2%	12,615,903
November	12,016,535	0.0%	12,013,970	2.8%	12,354,807	-4.1%	11,842,701	-1.8%	11,630,216
December	11,990,786	0.5%	12,049,192	3.3%	12,443,706	-6.8%	11,598,451	0.0%	11,600,967
Total	**145,536,546**	**-0.3%**	**145,047,570**	**3.6%**	**150,305,754**	**-4.3%**	**143,870,062**	**-0.3%**	**143,373,953**
Commercial Vehicles	**2009**	**% change**	**2010**	**% change**	**2011**	**% change**	**2012**	**% change**	**2013**
January	826,153	-10.1%	742,670	4.1%	773,319	5.6%	816,584	13.3%	924,973
February	751,670	-3.9%	722,214	-1.4%	712,108	12.6%	801,968	7.2%	859,828
March	836,637	2.0%	853,491	0.2%	855,441	5.6%	903,256	1.6%	917,350
April	887,179	-1.6%	873,220	-3.9%	839,072	10.3%	925,247	11.3%	1,030,006
May	941,221	-9.4%	852,931	7.0%	912,609	15.8%	1,056,533	6.5%	1,125,394
June	997,529	-9.6%	901,783	7.9%	973,054	8.7%	1,057,580	-0.7%	1,049,733
July	1,023,273	-14.8%	871,377	6.9%	931,631	13.8%	1,060,347	5.3%	1,116,212
August	966,329	-1.8%	948,584	8.6%	1,030,529	12.6%	1,160,530	-1.4%	1,144,621
September	971,269	-5.0%	922,475	6.0%	977,727	6.7%	1,042,758	4.4%	1,089,096
October	961,371	-5.1%	911,968	9.2%	995,778	18.9%	1,184,347	0.8%	1,194,401
November	869,490	-0.7%	863,516	8.5%	937,153	10.6%	1,036,562	0.2%	1,038,401
December	846,391	-2.7%	823,351	5.2%	865,907	1.5%	879,128	10.2%	968,898
Total	**10,878,512**	**-5.4%**	**10,287,580**	**5.0%**	**10,804,328**	**10.4%**	**11,924,840**	**4.5%**	**12,458,913**
All Vehicles Total	**156,415,058**	**-0.7%**	**155,335,150**	**3.7%**	**161,110,082**	**-3.3%**	**155,794,902**	**0.0%**	**155,832,866**

Regional Socioeconomic Characteristics

Regional socioeconomic characteristics are a principle driver of travel demand and have a significant impact on the ongoing usage of a toll facility. Population and employment are the two most important variables used in socioeconomic forecasts for transportation planning. From these socioeconomic variables, transportation planners forecast trip origins and destinations, trip distribution (linking origins and estimations), modal choice (auto, train, bus, walk), and trip assignment (specific route taken). The total of all auto trips assigned to Tollway routes provide the basis for revenue estimation. As such, it is critical to review these underlying demographic assumptions.

The official, regional forecasting body—the Chicago Metropolitan Agency for Planning (CMAP)—adopted the most recent regional comprehensive plan and official socioeconomic forecasts on October 13, 2010. In support of the 2013 Comprehensive Report, CDM Smith, in conjunction with independent economist The Al Chalabi Group (ACG), independently verified and refined the CMAP assumptions. The socioeconomic forecast used in the comprehensive study traffic and revenue estimates was a hybrid of the CMAP and ACG forecasts.

Having reviewed current economic trends and forecasts, CDM Smith feels that the demographic and economic assumptions underlying the 2013 Comprehensive Report remain valid. This section provides a summary of the demographic and economic information presented in the 2013 Comprehensive Report.

Service Area Characteristics

The Illinois Tollway Service Area, as defined by ACG, consists of 15 Illinois counties. The Tollway passes directly through 11 of these counties, while the other four are adjacent to and contribute significant traffic to the Tollway. These are Boone, Cook, DeKalb, DuPage, Grundy, Kane, Kankakeee, Kendall, Lake, LaSalle, Lee, McHenry, Ogle, Will, and Winnebago counties. The 11 counties directly served by the Illinois Tollway can be grouped into four sets: core counties, collar counties, Rockford MSA, and rural counties. The characteristics of these sets are described in more detail below.

Cook, DuPage, and Lake Counties make up the core Illinois Tollway counties, from which the majority of toll revenue and transactions are generated. Cook and DuPage Counties are both mature counties with leveled-off population growth. Lake County is somewhat later in its development relative to Cook and DuPage Counties. However, its growth began flattening between the 2000 and 2010 censuses. The combined population of the “core” counties increased just 7.3 percent in the period between 1980 and 2010, from 6.35 million to 6.81 million. Due to their already large population bases, these three core counties still accounted for approximately 31.0 percent of the absolute growth in population among the 15 Illinois counties in the Tollway Service Area. Employment growth has occurred at a faster and sustained pace, increasing 24.3

percent, from 3.41 to 4.24 million between 1980 to 2010. This represents two-thirds of all job growth in the 15-county region during this period.

The collar counties lie just outside the core counties and include Will, Kane, McHenry and DeKalb counties. Growth in the four "collar" counties was slower in the 1950-1990 period of suburbanization – the period when Cook, DuPage, and Lake Counties were growing most rapidly. However, after 1990 growth in these four collar counties accelerated as available land for development diminished in the core counties. Collectively, the three collar counties doubled in population between 1980 and 2010; from 0.79 million to 1.61 million persons. This accounted for 56.0 percent of all population growth in the 15-county region. Employment grew an even faster rate of 120.7 percent during the same period (from 292,040 to 644,484 thousand jobs). However, the employment-to-population ratio (0.429) lags the 15-county regional average. The high employment ratios in DuPage, Lake, and North Suburban Cook Counties, paired with the low ratios in the collar counties, indicate that many collar county residents commute to jobs in these core counties.

The Rockford Metropolitan Statistical Area (MSA) is composed of Winnebago and Boone Counties. The City of Rockford, located within Winnebago County, was the second largest city in Illinois throughout the 20th Century, but was overtaken by Aurora in the 2000 census. Winnebago County's population stagnated between 1970 and 1990, reflecting a downturn in the nation's manufacturing base. However, the County's population grew by 16.9 percent between 1990 and 2010.

Lee and Ogle Counties lie at the western end of the Reagan Memorial Tollway (I-88). Both counties are largely rural in character, and are expected to remain rural throughout the forecast period to 2040. The population of Lee County decreased 5.0 percent between 1970 and 2010 to 36,032. The largest City in Lee County is Dixon which, as of the 2010 Census, had a population of 15,733. The population of Ogle County has grown steadily. Between 1970 and 2010, the population increased from 43,804 to 53,485, a 22.1 percent increase. The largest city in Ogle County is Rochelle, which had a population of 9,574 as of the 2010 census.

Population and Employment Forecasts

ACG population and employment forecasts for the Illinois Tollway region are based on the analysis of past trends; the comparative, independent regional forecasts; the outlook for development of Illinois counties in the Chicago and Rockford Metropolitan Statistical Areas; and the distribution of regional socioeconomic forecasts to sub-areas (townships) and their aggregation to counties. The result is presented as ACG's "recommended" forecasts. As previously indicated, the ACG analysis is one of several inputs into the adjustments that CDM Smith ultimately made to the regional travel demand model. Table 11 presents a summary of county-level adjusted population forecast in the region, as recommended by the ACG. As noted, the population of the seven-County CMAP region is estimated to grow to almost 10.4 million by the year 2040, equating to growth of 0.7 percent per year over the 30 years. The 15-County Illinois Tollway service area is estimated to reach 12.0 million in population by the same year, also with a growth of 0.7 percent per year. Table 12 presents the estimated employment forecasts by county for the 15-County Illinois Tollway service area. Region wide employment is estimated to reach 7.5 million by the year 2040, growing at a rate of 1.0 percent per year over 30 years. This is in-line with growth over the previous 30 years, though it exceeds growth experience between 2007 and 2012.

Population growth between 2010 and 2020 is anticipated to be distributed throughout all parts of the region. Areas that are anticipated to experience the greatest growth are areas where growth had been high prior to the recession. These areas include northern Will, southern Cook, DuPage, and Lake Counties, as well as those townships immediately west of DuPage, Northern Cook, and Lake counties. Growth in population between 2020 and 2030, is anticipated to shift to the townships in collar counties to the north, south, and west of the core Chicago metropolitan area. Northern Cook and DuPage counties are also expected to experience some growth in this period, albeit at a slower pace than in the previous decade. Between 2030 and 2040, population growth is expected to continue to shift outward from the urban core and collar counties. This period also shows significant areas of no change in northern and western Cook and DuPage Counties.

Considering the population forecasts, the general picture is that of a central city (Chicago) remaining vibrant and growing, but reaching capacity; a southern portion of the region growing to levels previously experienced in the north and west of the metropolitan area; sustained regional growth, driving higher densities at the region's edges; and a maturing inner suburban area.

Employment growth is anticipated to occur throughout the region. Growth is anticipated to be well-distributed with few areas of no employment growth. Stronger employment growth in the collar counties reflects areas of population growth. This is particularly notable in concert with sustained growth around O'Hare, in the City of Chicago, and in key satellite cities. Employment growth between 2020 and 2030 is anticipated to continue at the edges of the core county region to service the rapidly developing southwest sector of the region, such as Will County. Between 2030 and 2040, employment growth is anticipated to become more diffuse, reflecting the newer and lower-density residential growth patterns. Over the 30-year forecast period between 2010 and 2040, the seven-county CMAP region and 15-county employment is estimated to grow by 34.7 and 34.6 percent respectively, or an average of 1.0 percent per year per county.

Table 11: ACG-Recommended Population Forecasts by County

County Name	Total Population 2010	Total Population 2015	Total Population 2020	Total Population 2030	Total Population 2040	AAPC 2010-2040
Counties within CMAP Region						
City of Chicago - Cook County	2,694,600	2,759,300	2,840,000	2,865,000	2,900,000	0.2%
Suburban Cook - North	1,062,700	1,067,700	1,073,800	1,090,800	1,099,100	0.1%
Suburban Cook - South	794,000	807,500	824,200	865,000	887,700	0.4%
Suburban Cook - West	642,700	646,700	651,700	653,000	655,300	0.1%
Cook County - Total	5,193,900	5,281,200	5,389,800	5,473,800	5,542,100	0.2%
DuPage County	917,100	940,300	969,200	995,500	1,010,900	0.3%
Kane County	515,700	544,700	580,000	676,700	824,600	1.6%
Kendall County	114,800	132,100	153,600	199,300	248,200	2.6%
Lake County	703,900	743,900	793,700	882,000	941,200	1.0%
McHenry County	309,000	322,100	338,400	419,400	542,300	1.9%
Will County	677,900	738,200	813,300	1,049,200	1,275,000	2.1%
Seven-County CMAP Region	**8,432,200**	**8,702,500**	**9,038,100**	**9,695,800**	**10,384,300**	**0.7%**
Counties External to CMAP Region						
Boone County	54,200	58,000	62,800	69,400	77,000	1.2%
DeKalb County	105,200	109,300	114,500	124,400	132,000	0.8%
Grundy County	50,000	52,700	56,100	63,300	71,600	1.2%
Kankakee County	113,500	115,700	118,400	126,400	137,500	0.6%
LaSalle County	113,900	114,300	114,800	115,600	117,400	0.1%
Lee County	36,000	36,100	36,200	36,400	37,300	0.1%
Ogle County	53,500	54,200	55,000	56,500	58,000	0.3%
Winnebago County	295,600	304,100	314,800	334,500	354,500	0.6%
Sum of above Counties	**9,254,100**	**9,546,900**	**9,910,700**	**10,622,400**	**11,369,500**	**0.7%**
Chicago MSA	9,461,700	9,761,100	10,132,600	10,857,800	11,593,200	0.7%
Rockford MSA	349,800	362,200	377,600	403,900	431,500	0.7%
Combined Chicago & Rockford MSA's	9,811,500	10,123,300	10,510,200	11,261,700	12,024,700	0.7%

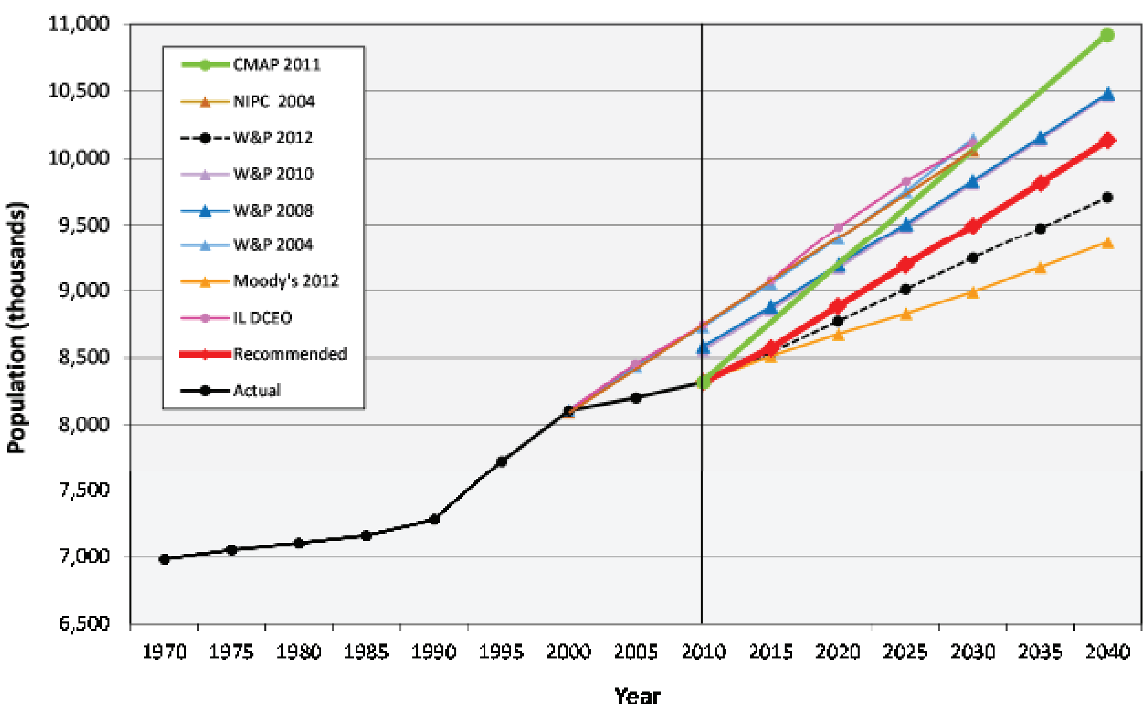
Table 12: ACG-Recommended Employment Forecasts by County

County Name	Total Employment 2010	Total Employment 2015	Total Employment 2020	Total Employment 2030	Total Employment 2040	AAPC 2010-2040
Counties within CMAP Region						
City of Chicago - Cook County	1,604,900	1,616,300	1,627,700	1,648,200	1,715,000	0.2%
Suburban Cook – North	824,800	849,500	874,100	901,500	921,400	0.4%
Suburban Cook - South	334,800	361,500	388,200	437,400	468,100	1.1%
Suburban Cook - West	358,300	375,800	393,300	418,500	430,400	0.6%
Cook County – Total	3,122,700	3,203,000	3,283,200	3,405,600	3,534,800	0.4%
DuPage County	689,700	731,700	773,700	824,400	851,700	0.7%
Kane County	257,300	305,200	353,000	433,800	509,600	2.3%
Kendall County	29,800	40,000	50,300	74,600	94,500	3.9%
Lake County	428,900	468,900	509,000	586,900	638,100	1.3%
McHenry County	134,800	154,600	174,300	261,800	321,500	2.9%
Will County	252,300	316,500	380,600	541,000	673,000	3.3%
Seven-County CMAP Region	**4,915,600**	**5,219,900**	**5,524,300**	**6,128,000**	**6,623,200**	**1.0%**
Counties External to CMAP Region						
Boone County	19,800	21,800	23,700	27,500	31,500	1.6%
DeKalb County	52,800	55,800	58,800	64,900	71,000	1.0%
Grundy County	21,900	24,400	26,900	31,900	37,000	1.8%
Kankakee County	55,200	58,500	61,800	68,400	75,000	1.0%
LaSalle County	55,200	57,200	59,200	63,100	66,900	0.6%
Lee County	15,500	16,700	18,000	19,200	20,200	0.9%
Ogle County	23,100	24,900	26,600	30,200	32,500	1.1%
Winnebago County	155,300	161,900	168,400	181,600	194,800	0.8%
Sum of above Counties	**5,314,300**	**5,641,000**	**5,967,700**	**6,614,800**	**7,152,000**	**1.0%**
Chicago MSA	**5,381,500**	**5,712,700**	**6,045,600**	**6,709,500**	**7,262,900**	1.0%
Rockford MSA	**175,100**	**183,600**	**192,100**	**209,100**	**226,300**	0.9%
Combined Chicago & Rockford MSA's	**5,556,700**	**5,896,300**	**6,237,800**	**6,918,600**	**7,489,200**	1.0%

Comparison of Forecasts to Other Sources

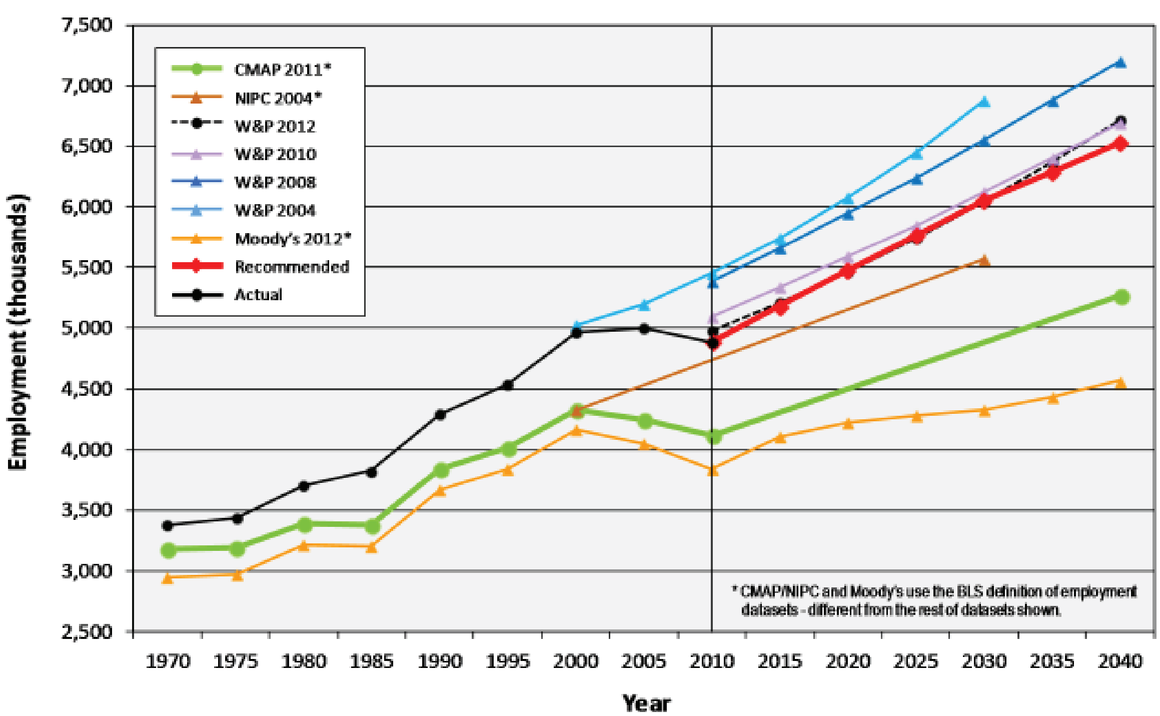
Direct comparison of forecasts can be difficult, owing to the use of slightly different areas studied by different forecasting bodies. The most common geography amongst the selected forecasts is the six-county Northern Illinois Planning Commission (NIPC) region, which includes Cook, DuPage, Kane, Lake, McHenry, and Will Counties. These six counties constitute the Chicago MSA, as defined in the 1960s and 1970s, though the definition has since changed. Figure 3 represents four past and current Woods and Poole (W&P) population forecasts (released in 2004, 2008, 2010, and 2012), past and current NIPC/CMAP population forecasts (released in 2004 and 2011), Moody's current forecast (obtained by ACG in May 2012), and the Illinois Department of Commerce and Economic Opportunity (DCEO). The actual population trend for the years 1970-2010 is also shown in the Figure. ACG's recommended population forecast is shown as thick red line between W&P 2010 and 2012 forecasts. The general growth trend is estimated to be similar to W&P 2010 forecast, with population reaching almost 10.1 million in the year 2040.

Figure 3: Comparative Population Forecasts for the Six-County Region



The six-County NIPC regions represents more than 90 percent of the 14-County Chicago MSA's employment. Figure 4 illustrates three past and current W&P employment forecasts (released in 2008, 2010, and 2012), current CMAP employment forecasts (released in 2011), and Moody's current employment forecast (obtained by ACG in May 2012). It is important to recognize that the definition of employment datasets as adopted by CMAP and used by Moody's is different from the rest of the sources depicted in the figure. The CMAP and Moody's forecasts use the Bureau of Labor Statistics (BLS) definition of employment. BLS employment data are derived from its survey of establishments and are generally less-complete than the BEA employment estimates. BLS employment data does not include agricultural workers, military, proprietors, household workers, and miscellaneous employment. All other sources presented use the Bureau of Economic Analysis (BEA) definition of employment. BEA employment data represents a more complete measure of full-time and part-time workers. The employment forecast recommended by ACG uses the BEA definition and is depicted by the thick red line.

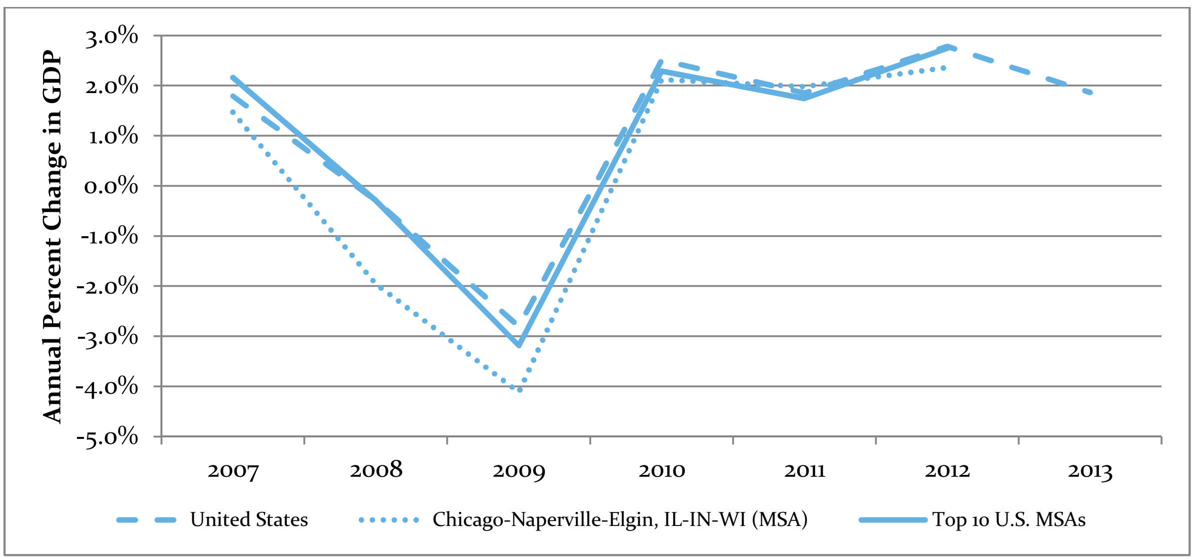
Figure 4: Comparative Employment Forecasts for the Six-County Region



Recent Economic Activity and Short Term Economic Projections

Since emerging from the last recession in late 2009 there has generally been positive real Gross Domestic Product (GDP) growth and, for the most part, positive trade and employment trends. While continuing to improve, the momentum has remained moderate. U.S. unemployment remains elevated at approximately 6.7 percent as of February, 2014, with millions also underemployed or out of the labor market. Real (inflation-adjusted) GDP in the U.S. grew at a rate of 1.9 percent in 2013, which followed an increase of 2.8 percent in 2012, for a two-year average rate of 2.3 percent. As illustrated in Figure 5, at the regional level, data on Gross Regional Product (GRP) for Chicago and the top 10 Metropolitan Statistical Areas (MSAs) reveal that the nation's largest economies are also continuing to rebound. However, the Chicago MSA saw greater declines in the recession and has generally seen similar or slightly lower increases since then, compared to the U.S. total and top 10 MSA total.

Figure 5: Historical GDP Growth



Source: Bureau of Economic Analysis
2013 Data by metro division will be released in September, 2014

CDM Smith referred to multiple sources of economic forecasting to look at short term economic projections for GDP and unemployment, which are the most commonly and consistently forecast economic indicators. In general, the short term economic outlook has improved and uncertainty about the economy has diminished over the last year.

As shown in Table 13, the national GDP forecast released by the Congressional Budget Office (CBO) in February of 2014 is amongst the most aggressive of recent forecasts, forecasting annual GDP growth of 3.1 percent for 2014. On the opposite end of the spectrum, Woods & Poole Economics is forecasting GDP growth of 2.2 percent for 2014.

Table 13: Forecast Growth in Real GDP

Source	Release Date	2014	2015
Congressional Budget Office (CBO)	Feb 2014	3.1%	3.4%
Federal Reserve Federal Open Market Committee (FOMC)*	Dec 2013	3.0%	3.2%
Office of Management and Budget (OMB)	Jul 2013	3.1%	3.5%
International Monetary Fund (IMF)	Jan 2014	2.8%	3.0%
World Bank	Jan 2014	2.8%	2.9%
Organization for Economic Co-operation and Development	Nov 2013	3.2%	3.5%
Federal Reserve Bank of Philadelphia**	Feb 2014	2.8%	3.1%
Economist Intelligence Unit	Feb 2014	3.0%	2.6%
Conference Board	Feb 2014	2.8%	2.7%
National Association of Realtors	Mar 2014	2.4%	2.9%
University of Michigan	Nov 2013	2.7%	3.1%
J.P. Morgan Chase	Jan 2014	2.9%	2.9%
Wall Street Journal***	Feb 2014	2.8%	2.9%
Wells Fargo	Dec 2013	2.4%	3.0%
Woods & Poole Economics	Mar 2014	2.2%	2.2%
Moody's Investors Service	Feb 2014	2.7%	2.6%
Average		**2.8%**	**3.0%**

* Federal Open Market Committee, avg. of the upper and lower bound; ** Survey of Professional Forecasters;

***Average from a Survey of Professional Forecasters

The average projected GDP growth rate for 2014 is 2.8 percent. These values closely match CDM Smith's own previous assumption regarding economic growth. With respect to 2015, most forecasters are indicating accelerated GDP growth, with 11 predicting an increase in growth from 2014, two predicting the same growth, and three predicting declines. The average projected GDP growth rate for 2015 is 3.0 percent. Again, these values closely match or exceed CDM Smith's previous outlook for 2015.

Table 14 presents forecasts for unemployment at the national level. Unemployment rates are expected to decline in 2014 compared to 2013 and in 2015 compared to 2014. The forecast average for unemployment is approximately 6.7 percent through the end of the year. Forecasts of unemployment through 2015 all indicate continued decline in unemployment with rates falling by an average of 0.5 percentage points to 6.2 percent.

Table 14: Forecast Unemployment Rate

Source	Release Date	2014	2015
Congressional Budget Office (CBO)	Feb 2014	6.8%	6.5%
Federal Reserve Federal Open Market Committee (FOMC)*	Dec 2013	6.5%	6.0%
Office of Management and Budget (OMB)	Jul 2013	7.0%	6.5%
Organization for Economic Co-operation and Development	Nov 2013	6.9%	6.3%
Federal Reserve Bank of Philadelphia**	Feb 2014	6.5%	6.1%
National Association of Realtors	Mar 2014	6.5%	6.3%
University of Michigan	Mar 2014	6.7%	6.2%
J.P. Morgan Chase	Jan 2014	6.5%	6.0%
Wall Street Journal***	Feb 2014	6.5%	6.0%
Wells Fargo	Dec 2013	6.8%	6.4%
Moody's Investors Service	Feb 2014	6.6%	6.0%
Average		**6.7%**	**6.2%**

* Federal Open Market Committee, avg. of the upper and lower bound; ** Survey of Professional Forecasters;

***Average from a Survey of Professional Forecasters

Estimated Traffic and Revenue

Annual traffic and revenue forecasts for the existing Illinois Tollway system for the years 2014-2040 have been developed. These estimates are derived using CDM Smith's toll travel demand analysis methodology and are based on the long term population and employment forecasts described previously. The estimates are presented as "expected revenue", or revenue that would be collected if each vehicle passing through a toll plaza paid exactly the published toll rate based on the vehicle's classification, time of day, and toll payment method. It does not include revenue impacts resulting from overpayment, underpayment, toll equipment malfunctions, or toll evasion; nor has any analysis of these toll revenue variance factors been included in this report. The proposed Elgin-O'Hare Western Access (EOWA) facility has not been incorporated in the estimates presented in this section. Forecasts for EOWA are presented in a separate section at the end of this document.

Planned Transportation Improvements

Table 15 shows future construction and expansion projects planned for the existing system of the Illinois Tollway that are assumed to cause transaction and revenue impacts. Major expansion projects include the new I-57/I-294 Interchange Project, a new I-294 southbound ramp at County Line Rd/US-20/IL-64, I-90 widening and several new ramps. In addition to expansion projects, several planned construction projects are assumed to impact transactions and revenue. The most significant construction impacts are anticipated to occur between 2014 and 2016 due to the I-90 widening and between 2021 and 2022 due to I-294 reconstruction. Other projects on I-88 and I-355 are also anticipated to have some construction impacts.

Table 15: Planned Illinois Tollway Expansion and Construction Projects

Route	Type of Improvement	Project Details	Limits		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			From	To												
I-294	Interchange construction	NB entrance ramp from 147th St, SB exit ramp to 147th St	-	-		●										
I-294	Interchange construction	SB exit ramp to SB I-57, NB entrance ramp from NB I-57	-	-		●										
I-294	Reconstruction	Reconstruct existing 22.3 miles pavement	95th St	Balmoral Ave								△	△	●		
I-294	Reconstruction	Reconstruct existing 5.4-Mile Edens Spur	-	-								△	△	●		
I-294	Interchange construction(1)	SB exit ramp to County Line Rd/US-20/IL-64	-	-										●		
I-294	Interchange construction	NB and SB exit ramps to NB I-57, NB and SB entrance ramps from SB I-57	-	-												●
I-90	Widening & Reconstruction	Add 1 lane in both directions	I-39	Plaza 9	△	●										
I-90	Interchange construction	EB entrance ramp from Irene Rd	-	-		●										
I-90	Interchange construction	WB entrance ramp from Roselle Rd, EB exit ramp to Roselle Rd	-	-			●									
I-90	Interchange construction	WB exit ramp to Meacham Rd, WB entrance ramp from Meacham Rd	-	-			●									
I-90	Widening & Reconstruction	Add 1 lane in both directions	Plaza 9	Kennedy Exwy	△	△	△	●								
I-90	Interchange construction	WB entrance ramp from Barrington Rd, EB exit ramp to Barrington Rd (via Higgins Rd)	-	-				●								
I-90	Interchange construction(1)	WB entrance ramp from Elmhurst Rd, EB exit ramp to Elmhurst Rd	-	-				●								
I-88	Reconstruction	Reconstruct existing 1.5 miles pavement	York Rd	I-290		△	△	●								
I-88	Resurfacing	Resurface existing 31.9 miles pavement	US-30	IL-251		△	△	●								
I-88	Reconstruction	Reconstruct existing 5.5 miles pavement	Aurora Plaza	IL-59						△	●					
I-88	Rehabilitation	Rehabilitate existing 38.1 miles pavement	IL-251	IL-56						△	●					
I-88	Reconstruction	Reconstruct existing East-West Connector	I-88	I-294						△	●					
I-355	Widening	Add 1 lane southbound	75th St	75th St				●								
I-355	Resurfacing	Resurface existing 17.5 miles pavement	I-55	Army Trail Rd						△	△	●				

(1) Funding for the new Elmhurst Rd and County Line Rd/US-20/IL-64 ramps is tied to the Elgin-O'Hare Western Access project. However, these ramps will be constructed as part of corridor construction on I-90 and I-294 so are also included in this table.

△ Construction with Significant Impacts Assumed ● Opening Year

Considering off-system projects, CDM Smith reviewed the long-range transportation plans for the Illinois Department of Transportation (IDOT) and Wisconsin Department of Transportation (WisDOT) to identify which projects will have a likely impact on the Illinois Tollway transactions and revenue. These projects are listed in Table 16. CDM Smith also reviewed the upcoming construction schedules for the Cook County Department of Highways and the DuPage County Division of Transportation, as well as those for municipalities surrounding the EOWA project. However, none of the planned Cook County or municipal projects are expected to have a measureable effect on Illinois Tollway traffic demand or revenue.

Table 16: Significant Non-Tollway Capacity Improvement Projects

State	Year	Route	Project
Illinois	2014	I-94	Add one lane both directions IL 173 to Wisconsin state line
		I-90/I-39	Add one lane both directions Rockton Rd to Wisconsin state line
	2015	Mannheim Rd	Add one lane both directions between IL 72 and IL 19
		IL 7 (159th St)	Add one lane both directions between I-355 and Will-Cook Rd
	2016	IL 59	Add one lane both directions between Ferry Rd and New York St/Aurora Ave
		US-45 (LaGrange Rd)	Add one lane both directions between 131st St and 179th St
	2018	US-34	Add one lane both directions between IL 47 and Orchard Rd
		IL 47	Add one lane both directions between Caton Farm Rd and 0.6 miles north of I-80
	2021	I-90	Add one lane both directions between I-190 and Harlem Ave
	2030	I-55	Convert the inside shoulders to managed lanes between I-355 and I-90/94
Wisconsin	2014	I-94	Add one lane in both directions from Illinois state line to Kenosha-Racine County Line
	2021	I-94	Add one lane in both directions from Kenosha-Racine County Line to Milwaukee
	2021	I-39/90	Add one lane in both directions Madison to Illinois state line

On October 17, 2013 the Metropolitan Planning Organization Policy Committee voted to amend the “GO TO 2040” regional transportation plan to include the proposed “Illiana Expressway.” The 47-mile toll road would connect Interstate 65 in Indiana to Interstate 55 in Illinois. CDM Smith does not anticipate that the proposed Illiana Expressway will have a material impact on Illinois Tollway traffic and toll revenue projections.

Future Toll Rates

No additional passenger car toll rate increases are currently scheduled. The toll rates for Commercial Vehicles (CVs)—Rate Tiers 2, 3 and 4—are scheduled to increase approximately 60 percent during the period 2015 through 2017. The first increase of approximately 40 percent is scheduled to take effect on January 1, 2015. An additional increase will take effect on January 1, 2016 that will result in the combined increase of January 1, 2015 and January 1, 2016 being approximately 50 percent. An additional increase will take effect on January 1, 2017 that will result in the combined increase of all three years being approximately 60 percent. From 2018 onward, CV toll rates are scheduled to increase annually at the rate of inflation. For the purposes of this study, CDM Smith assumes this increase will be 2.0 percent per year between 2018 and 2040 and will take effect on January 1st of each year. Finally, all future CV toll rates are assumed to be rounded to the nearest multiple of $0.05. This toll rate schedule was approved by the Illinois State Toll Highway Authority Board in 2011.

Future I-PASS Participation Rates

For this study, CDM Smith has assumed that the passenger car I-PASS participation rates will increase as shown in Table 17. CDM Smith has also assumed that passenger car I-PASS participation rates will not exceed 95.0 percent at any plaza, regardless of the anticipated increases. By 2017, it is anticipated nearly all toll plazas on I-355 (and many ramp plazas on I-88 near I-355) will reach this 95.0 percent threshold.

Table 17: Passenger Car I-PASS Rate Assumptions

Year	Systemwide I-PASS Participation
2015	88.9%
2016	89.4%
2017 to 2040	89.7%

Because commercial vehicles (Rate Tiers 2, 3 and 4) have no toll rate differential between cash and I-PASS, the I-PASS participation rate has no bearing on commercial vehicle revenues. Therefore, no assumptions have been made about future commercial vehicle I-PASS payment rates.

Basic Assumptions

Traffic and toll revenue estimates for the Illinois Tollway system are based on the following basic assumptions:

1. Tolls will continue to be collected under the rate structure currently in effect, and the future commercial vehicle toll rate structure, as approved by the Illinois State Toll Highway Authority Board in 2011.

2. The Illinois Tollway Capital Program, "Move Illinois: The Illinois Tollway Driving the Future," will be implemented as scheduled. Major elements of the improvement program are shown in the "Planned Transportation Improvements" section of this document. This does not include the EOWA. This project is discussed separately in the "Elgin-O'Hare Western Bypass" section of this document.

3. Non-Tollway regional transportation network improvements will be implemented in accordance with the schedule shown in the "Planned Transportation Improvements" section of this document. No significant capacity will be added to the competing highway or transit system beyond those improvements already programmed.

4. Motor fuel will remain in adequate supply and future increases in fuel prices will not substantially exceed the overall rate of inflation over the long term. Average fuel efficiency will not dramatically increase during this period.

5. No local, regional, or national emergency will arise that will restrict the use of motor vehicles.

6. Economic growth and development throughout the Illinois Tollway corridor will occur generally, as presented previously in this report, and as implemented in the Illinois Tollway travel demand models.

Any significant departure from the above basic assumptions could materially affect the estimates for traffic and gross toll revenue on the Illinois Tollway system presented in this report.

Estimated Existing System Traffic and Revenue

Table 18 to Table 22 show estimated annual toll transactions and revenue for each Illinois Tollway facility between 2014 and 2040. Each table provides transactions and revenue by passenger cars and commercial vehicles separately, as well as the total transactions and revenue. The estimates shown in the following tables exclude the proposed Elgin-O'Hare/Western Access. Transactions and revenue are shown as annual totals, in thousands.

On a systemwide basis, annual toll transactions are expected to increase from approximately 834 million in 2014, to approximately 1,213 million in 2040. This represents a 45 percent increase, or an average annual rate of growth of 1.5 percent per year. Expected toll revenue is estimated to be $1,015 million for 2014. This is estimated to grow to $2,242 million by 2040, at an average annual growth rate of 3.1 percent per year.

Figure 6 illustrates forecasted transactions and revenue from 2014 to 2040. Revenues can be seen to rise sharply in the 2015 to 2018 period due to: (1) a series of CV toll rate increases in 2015 through 2017, and (2) the completion of the widening of I-90 by 2017.

The importance of CV revenues is forecasted to increase over time. By 2026, forecasted CV revenues are expected to exceed PC revenues. With regard to the planned continual increases in CV toll rates, two recent toll rate increases—(1) the 2005 CV rate increase, and (2) the 2012 PC rate increase—both demonstrated that Illinois Tollway users have a relatively low sensitivity to toll rate increases. The year-over-year declines in transactions following these toll rate increases were minor and short-lived. Due to the annual inflation adjustments in CV toll rates after 2017, CV revenues are expected to increase more rapidly than PC revenues. This study assumed CV toll rates would be adjusted 2.0 percent per year. One risk to the CV revenue forecast is if annual rate adjustments fall significantly below the assumed annual rate adjustment threshold of 2.0 percent.

Table 18: 2014-2040 Jane Addams Memorial Tollway (I-90) Transactions and Revenue (in thousands, revenue shown in nominal $)

Year	Transactions			Revenue		
	Passenger Car	Commercial Vehicle	Total Transactions	Passenger Car	Commercial Vehicle	Total Revenue
2014	152,179	19,697	171,876	$125,728	$70,942	$196,670
2015(1)	154,182	20,135	174,317	$128,260	$104,084	$232,344
2016(2)	170,708	21,147	191,854	$139,279	$115,506	$254,785
2017(3)	208,334	24,051	232,385	$164,771	$137,844	$302,615
2018(4)	216,795	24,890	241,684	$171,376	$145,541	$316,918
2019	223,229	25,586	248,814	$176,475	$152,451	$328,926
2020	229,563	26,345	255,908	$181,565	$160,360	$341,925
2021	234,348	26,973	261,322	$185,549	$167,540	$353,088
2022	239,416	27,633	267,049	$189,726	$174,881	$364,607
2023	244,955	28,477	273,431	$194,284	$183,519	$377,803
2024	249,936	29,241	279,177	$198,391	$192,426	$390,817
2025	253,392	30,096	283,487	$201,297	$200,784	$402,081
2026	256,726	30,790	287,516	$203,113	$208,992	$412,104
2027	260,643	31,402	292,045	$206,274	$217,309	$423,583
2028	264,358	31,979	296,338	$209,202	$225,244	$434,446
2029	267,039	32,439	299,478	$211,328	$232,610	$443,938
2030	269,369	32,855	302,224	$213,090	$239,675	$452,765
2031	271,369	33,231	304,600	$214,638	$246,741	$461,379
2032	273,308	33,614	306,921	$216,020	$253,902	$469,922
2033	274,516	33,905	308,421	$216,854	$260,921	$477,775
2034	276,277	34,263	310,540	$218,103	$267,896	$486,000
2035	277,470	34,717	312,187	$218,854	$276,883	$495,737
2036	279,809	35,152	314,962	$220,534	$285,030	$505,564
2037	280,638	35,401	316,039	$221,018	$292,037	$513,055
2038	282,250	35,752	318,002	$222,115	$300,356	$522,470
2039	283,881	36,108	319,988	$223,221	$308,405	$531,626
2040	286,104	36,343	322,447	$224,748	$316,577	$541,324

NOTE: All forecast revenues are "expected revenues." Expected revenue is the sum of all toll revenues that would be realized if 100 percent of transactions were recorded at the proper rate and resulted in full payment.

(1) In 2015, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 40 percent.

(2) In 2016, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 7.14 percent (cumulative increase of 50 percent).

(3) In 2017, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 6.67 percent (cumulative increase of 60 percent). Also in 2017, I-90 widening (from Kennedy Expressway to Interstate 39) is completed.

(4) Following the 2017 rate adjustment, CV rates in all subsequent years are linked to inflation. CDM Smith assumed an inflationary rate of 2.0 percent per annum.

Table 19: 2014-2040 Tri-State Tollway (I-94/I-294) Transactions and Revenue (in thousands, revenue shown in nominal $)

Year	Transactions			Revenue		
	Passenger Car	Commercial Vehicle	Total Transactions	Passenger Car	Commercial Vehicle	Total Revenue
2014	306,593	52,498	359,091	$273,223	$176,393	$449,616
2015(1)	323,560	53,003	376,563	$282,134	$247,726	$529,860
2016(2)	332,523	54,044	386,566	$288,963	$271,073	$560,036
2017(3)	337,752	55,536	393,288	$293,103	$296,876	$589,978
2018(4)	344,265	56,950	401,215	$299,085	$311,079	$610,164
2019	349,619	58,146	407,764	$304,060	$323,547	$627,607
2020	354,795	59,600	414,394	$308,895	$338,885	$647,780
2021	356,090	60,578	416,668	$309,978	$351,881	$661,859
2022	348,262	59,300	407,562	$304,855	$352,232	$657,088
2023	371,473	63,462	434,935	$322,110	$381,740	$703,851
2024	378,872	64,682	443,554	$328,802	$397,609	$726,411
2025	382,423	65,817	448,240	$332,237	$411,752	$743,989
2026	384,238	66,608	450,846	$334,305	$425,981	$760,285
2027	387,505	67,522	455,027	$337,374	$440,636	$778,010
2028	390,518	68,340	458,858	$340,170	$454,558	$794,728
2029	392,468	68,952	461,420	$342,009	$467,443	$809,452
2030	393,951	69,473	463,424	$343,383	$480,819	$824,202
2031	395,288	70,025	465,313	$344,609	$494,008	$838,618
2032	397,058	70,586	467,645	$346,176	$506,966	$853,142
2033	397,677	71,019	468,697	$346,781	$520,719	$867,500
2034	399,014	71,584	470,597	$348,008	$533,846	$881,854
2035	399,587	72,171	471,759	$348,537	$550,057	$898,594
2036	401,646	72,876	474,521	$350,391	$565,332	$915,723
2037	401,514	73,187	474,701	$350,335	$578,972	$929,306
2038	402,483	73,702	476,186	$351,240	$594,683	$945,923
2039	403,458	74,223	477,681	$352,149	$609,670	$961,819
2040	405,819	74,707	480,526	$354,199	$626,177	$980,377

NOTE: All forecast revenues are "expected revenues." Expected revenue is the sum of all toll revenues that would be realized if 100 percent of transactions were recorded at the proper rate and resulted in full payment.

(1) In 2015, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 40 percent.

(2) In 2016, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 7.14 percent (cumulative increase of 50 percent).

(3) In 2017, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 6.67 percent (cumulative increase of 60 percent). Also in 2017, I-90 widening (from Kennedy Expressway to Interstate 39) is completed.

(4) Following the 2017 rate adjustment, CV rates in all subsequent years are linked to inflation. CDM Smith assumed an inflationary rate of 2.0 percent per annum.

Table 20: 2014-2040 Reagan Memorial Tollway (I-88) Transactions and Revenue (in thousands, revenue shown in nominal $)

Year	Transactions			Revenue		
	Passenger Car	Commercial Vehicle	Total Transactions	Passenger Car	Commercial Vehicle	Total Revenue
2014	129,729	12,888	142,618	$113,145	$55,655	$168,800
2015[(1)]	132,812	11,737	144,550	$114,125	$70,180	$184,305
2016[(2)]	136,731	12,145	148,876	$117,053	$77,822	$194,875
2017[(3)]	142,844	12,752	155,596	$121,898	$86,928	$208,826
2018[(4)]	146,257	13,244	159,500	$124,706	$92,114	$216,820
2019	148,327	13,552	161,879	$126,250	$95,836	$222,086
2020	150,184	14,126	164,310	$128,084	$102,172	$230,255
2021	150,369	14,528	164,897	$128,279	$107,266	$235,545
2022	150,815	14,939	165,754	$128,698	$112,334	$241,032
2023	152,634	15,499	168,133	$130,140	$118,684	$248,824
2024	153,826	15,933	169,759	$131,166	$124,527	$255,693
2025	154,714	16,301	171,015	$131,907	$129,831	$261,738
2026	156,744	16,715	173,459	$133,791	$136,018	$269,809
2027	157,980	17,064	175,044	$134,846	$141,720	$276,567
2028	159,113	17,374	176,488	$135,814	$146,981	$282,796
2029	159,854	17,612	177,465	$136,447	$151,867	$288,314
2030	160,404	17,796	178,201	$136,919	$156,491	$293,410
2031	160,919	17,954	178,874	$137,333	$160,966	$298,299
2032	161,574	18,109	179,683	$137,872	$165,387	$303,259
2033	161,802	18,220	180,021	$138,040	$169,799	$307,840
2034	162,315	18,364	180,680	$138,452	$174,275	$312,727
2035	162,531	18,555	181,086	$138,614	$180,014	$318,628
2036	163,332	18,736	182,068	$139,269	$185,078	$324,347
2037	163,242	18,817	182,059	$139,164	$189,549	$328,713
2038	163,600	18,950	182,551	$139,440	$194,681	$334,121
2039	163,960	19,086	183,046	$139,716	$199,714	$339,430
2040	164,905	19,195	184,100	$140,505	$204,914	$345,419

NOTE: All forecast revenues are "expected revenues." Expected revenue is the sum of all toll revenues that would be realized if 100 percent of transactions were recorded at the proper rate and resulted in full payment.

(1) In 2015, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 40 percent.

(2) In 2016, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 7.14 percent (cumulative increase of 50 percent).

(3) In 2017, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 6.67 percent (cumulative increase of 60 percent). Also in 2017, I-90 widening (from Kennedy Expressway to Interstate 39) is completed.

(4) Following the 2017 rate adjustment, CV rates in all subsequent years are linked to inflation. CDM Smith assumed an inflationary rate of 2.0 percent per annum.

Table 21: 2014-2040 Veterans Memorial Tollway (I-355) Transactions and Revenue (in thousands, revenue shown in nominal $)

Year	Transactions			Revenue		
	Passenger Car	Commercial Vehicle	Total Transactions	Passenger Car	Commercial Vehicle	Total Revenue
2014	147,648	12,881	160,529	$155,493	$44,779	$200,272
2015(1)	155,342	11,591	166,934	$159,614	$53,598	$213,212
2016(2)	160,919	12,029	172,948	$164,576	$59,298	$223,874
2017(3)	165,019	12,446	177,465	$168,365	$65,330	$233,695
2018(4)	169,566	12,925	182,491	$172,855	$69,073	$241,928
2019	166,082	12,791	178,873	$170,061	$70,102	$240,163
2020	169,917	13,265	183,182	$173,921	$74,179	$248,101
2021	178,433	14,222	192,655	$182,048	$80,608	$262,657
2022	180,171	14,649	194,820	$184,141	$84,410	$268,550
2023	186,501	15,616	202,117	$191,230	$91,471	$282,701
2024	188,838	16,079	204,917	$193,921	$96,079	$290,000
2025	190,245	16,617	206,863	$195,731	$100,765	$296,495
2026	193,078	17,170	210,248	$198,789	$105,898	$304,686
2027	194,842	17,562	212,405	$200,861	$110,454	$311,315
2028	196,474	17,923	214,396	$202,782	$114,741	$317,524
2029	197,594	18,213	215,806	$204,158	$118,684	$322,842
2030	198,470	18,456	216,926	$205,264	$122,535	$327,800
2031	199,372	18,666	218,038	$206,382	$126,220	$332,602
2032	200,282	18,871	219,153	$207,384	$129,944	$337,328
2033	200,783	19,017	219,801	$208,046	$133,532	$341,579
2034	201,621	19,198	220,819	$209,035	$137,053	$346,088
2035	201,987	19,395	221,382	$209,476	$141,322	$350,798
2036	203,163	19,615	222,778	$210,796	$145,369	$356,165
2037	203,231	19,731	222,962	$210,967	$148,935	$359,902
2038	203,857	19,902	223,759	$211,718	$153,148	$364,866
2039	204,485	20,077	224,561	$212,471	$157,281	$369,752
2040	205,631	20,185	225,816	$213,666	$161,454	$375,120

NOTE: All forecast revenues are "expected revenues." Expected revenue is the sum of all toll revenues that would be realized if 100 percent of transactions were recorded at the proper rate and resulted in full payment.

(1) In 2015, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 40 percent.

(2) In 2016, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 7.14 percent (cumulative increase of 50 percent).

(3) In 2017, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 6.67 percent (cumulative increase of 60 percent). Also in 2017, I-90 widening (from Kennedy Expressway to Interstate 39) is completed.

(4) Following the 2017 rate adjustment, CV rates in all subsequent years are linked to inflation. CDM Smith assumed an inflationary rate of 2.0 percent per annum.

Table 22: 2014-2040 Total Tollway System Transactions and Revenue (in thousands, revenue shown in nominal $)

Year	Transactions			Revenue		
	Passenger Car	Commercial Vehicle	Total Transactions	Passenger Car	Commercial Vehicle	Total Revenue
2014	736,150	97,964	834,114	$667,589	$347,769	$1,015,359
2015[1]	765,896	96,466	862,363	$684,133	$475,588	$1,159,721
2016[2]	800,881	99,364	900,245	$709,871	$523,700	$1,233,570
2017[3]	853,949	104,784	958,733	$748,136	$586,977	$1,335,114
2018[4]	876,882	108,009	984,890	$768,021	$617,808	$1,385,829
2019	887,256	110,074	997,331	$776,846	$641,935	$1,418,781
2020	904,458	113,336	1,017,794	$792,465	$675,597	$1,468,062
2021	919,241	116,301	1,035,542	$805,854	$707,295	$1,513,149
2022	918,664	116,521	1,035,184	$807,420	$723,857	$1,531,277
2023	955,563	123,053	1,078,616	$837,764	$775,415	$1,613,179
2024	971,472	125,936	1,097,407	$852,280	$810,641	$1,662,921
2025	980,774	128,832	1,109,606	$861,172	$843,131	$1,704,303
2026	990,786	131,283	1,122,069	$869,997	$876,888	$1,746,885
2027	1,000,971	133,550	1,134,521	$879,355	$910,119	$1,789,474
2028	1,010,463	135,617	1,146,080	$887,969	$941,525	$1,829,494
2029	1,016,954	137,215	1,154,169	$893,942	$970,605	$1,864,547
2030	1,022,195	138,580	1,160,775	$898,656	$999,521	$1,898,177
2031	1,026,948	139,876	1,166,824	$902,963	$1,027,935	$1,930,898
2032	1,032,222	141,180	1,173,402	$907,452	$1,056,199	$1,963,652
2033	1,034,779	142,161	1,176,940	$909,721	$1,084,972	$1,994,693
2034	1,039,227	143,409	1,182,636	$913,598	$1,113,070	$2,026,669
2035	1,041,575	144,838	1,186,414	$915,481	$1,148,276	$2,063,757
2036	1,047,950	146,380	1,194,330	$920,990	$1,180,809	$2,101,799
2037	1,048,625	147,136	1,195,761	$921,484	$1,209,493	$2,130,977
2038	1,052,190	148,307	1,200,497	$924,512	$1,242,868	$2,167,380
2039	1,055,783	149,494	1,205,277	$927,558	$1,275,069	$2,202,627
2040	1,062,460	150,430	1,212,890	$933,118	$1,309,121	$2,242,239

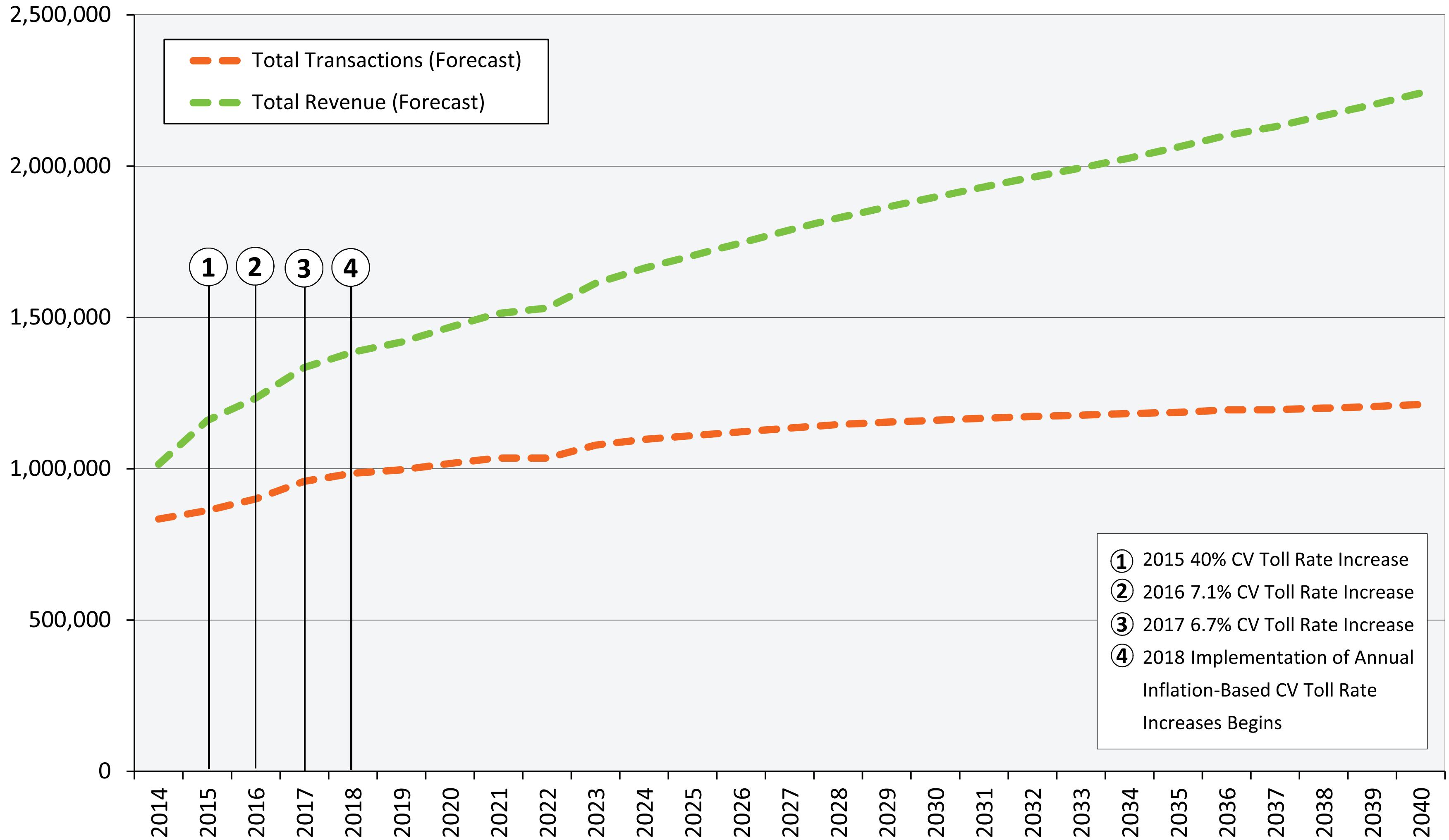
NOTE: All forecast revenues are "expected revenues." Expected revenue is the sum of all toll revenues that would be realized if 100 percent of transactions were recorded at the proper rate and resulted in full payment.

(1) In 2015, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 40 percent.

(2) In 2016, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 7.14 percent (cumulative increase of 50 percent).

(3) In 2017, CV toll rates (Rate Tiers 2, 3 and 4) will be increased 6.67 percent (cumulative increase of 60 percent). Also in 2017, I-90 widening (from Kennedy Expressway to Interstate 39) is completed.

(4) Following the 2017 rate adjustment, CV rates in all subsequent years are linked to inflation. CDM Smith assumed an inflationary rate of 2.0 percent per annum.



PROJECTED ANNUAL TOTAL TRANSACTION AND REVENUE, 2014-2040
(In Thousands, Revenue Shown in Nominal Dollars)

FIGURE 6

Elgin-O'Hare Western Access

The Elgin-O'Hare Western Access (EOWA) project is located in the northwest suburban area of Chicago immediately west of O'Hare International Airport, as shown the location map in Figure 7. The EOWA consists of two highways connected in a T-formation: the east-west Elgin-O'Hare, and the north-south Western Access. The route designation numbers are Illinois Route 390 for the Elgin-O'Hare and Interstate 490 for the Western Access. A portion of the Elgin-O'Hare already exists as a four-lane Expressway between Lake Street (US-20) and Rohlwing Road (IL 53). The EOWA project includes widening the existing roadway from Irving Park Rd (IL 19) to just east of Meacham Road from four to six lanes. The remaining portion of the Elgin-O'Hare east of this widened section and the entire Western Access are assumed to be constructed as new access controlled facilities. The project is assumed to be constructed in several phases, with the entire facility opened by 2026.

CDM Smith is currently engaged in a comprehensive study and forecasting of traffic and toll revenues on the EOWA facility. This study will update the planning-level EOWA estimates that were published in the April, 2013 Comprehensive Study. In absence of these updated study results, the 2013 planning level EOWA revenue forecasts are presented in Table 23 below. CDM Smith does not currently expect the comprehensive study and forecasting of toll revenues on the EOWA facility, when completed, to include any reduction in the forecasted revenues on the EOWA facility included in the April 2013 planning level EOWA estimates.

CDM Smith

ELGIN O'HARE WESTERN ACCESS LOCATION

FIGURE 7

Table 23: Elgin O'Hare Western Access and Existing System Annual Revenues (in thousands, revenue shown in nominal $)

Year	Elgin-O'Hare Western Access	Existing System	Total	EOWA as a Percent of Total
2017	$ 19,259	$ 1,334,248	$ 1,353,507	1.4%
2018	19,705	1,385,881	1,405,586	1.4%
2019	34,085	1,416,790	1,450,875	2.3%
2020	34,733	1,465,947	1,500,680	2.3%
2021	34,926	1,512,754	1,547,680	2.3%
2022	35,211	1,532,668	1,567,879	2.2%
2023	35,622	1,606,950	1,642,572	2.2%
2024	36,036	1,656,860	1,692,896	2.1%
2025	36,582	1,695,764	1,732,346	2.1%
2026	82,276	1,728,651	1,810,927	4.5%
2027	83,414	1,770,980	1,854,394	4.5%
2028	84,715	1,810,695	1,895,410	4.5%
2029	85,628	1,845,546	1,931,174	4.4%
2030	86,775	1,878,889	1,965,664	4.4%
2031	87,932	1,911,360	1,999,292	4.4%
2032	89,423	1,943,799	2,033,222	4.4%
2033	90,397	1,974,602	2,064,999	4.4%
2034	91,627	2,006,320	2,097,947	4.4%
2035	92,887	2,043,091	2,135,978	4.3%
2036	94,465	2,080,794	2,175,259	4.3%
2037	95,566	2,109,711	2,205,277	4.3%
2038	96,923	2,145,775	2,242,698	4.3%
2039	98,363	2,180,699	2,279,062	4.3%
2040	100,139	2,219,887	2,320,026	4.3%

CDM Smith will continue to monitor economic activity, traffic growth and the impacts of construction on the Illinois Tollway as they relate to traffic and gross toll revenue forecasts. We trust the information herein meets your needs. Please let us know if you have questions or need additional assistance.

Sincerely,

CDM Smith Inc.

J Hart

Jonathon D. Hart, AICP

Senior Project Manager

Disclaimer

Current accepted professional practices and procedures were used in the development of these traffic and revenue estimates. However, as with any forecast of the future, it should be understood that there may be differences between forecasted and actual results caused by events and circumstances beyond the control of the forecasters. In formulating its estimates, CDM Smith has reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the Illinois State Toll Highway Authority (ISTHA) and its consultants. CDM Smith also has relied upon the reasonable assurances of some independent parties and is not aware of any facts that would make such information misleading.

CDM Smith has made qualitative judgments related to several key variables in the development and analysis of the traffic and revenue estimates that must be considered as a whole; therefore selecting portions of any individual result without consideration of the intent of the whole may create a misleading or incomplete view of the results and the underlying methodologies used to obtain the results. CDM Smith gives no opinion as to the value or merit of partial information extracted from this report.

All estimates and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple agencies, including ISTHA, the Illinois Department of Transportation, and the Chicago Metropolitan Agency for Planning. These estimates and projections may not be indicative of actual or future values, and are therefore subject to substantial uncertainty. Future developments cannot be predicted with certainty, and may affect the estimates or projections expressed in this report, such that CDM Smith does not specifically guarantee or warrant any estimate or projection contained within this report.

While CDM Smith believes that the projections or other forward-looking statements contained within the report are based on reasonable assumptions as of the date of the report, such forward looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Therefore, following the date of this report, CDM Smith will take no responsibility or assume any obligation to advise of changes that may affect its assumptions contained within the report, as they pertain to socioeconomic and demographic forecasts, proposed residential or commercial land use development projects and/or potential improvements to the regional transportation network.

CDM Smith is not, and has not been, a municipal advisor as defined in Federal law (the Dodd Frank Bill) to the ISTHA and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to ISTHA with respect to the information and material contained in this report. CDM Smith is not recommending and has not recommended any action to ISTHA. ISTHA should discuss the information and material contained in this report with any and all internal and external advisors that it deems appropriate before acting on this information.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summary of certain provisions of the Indenture is qualified in its entirety by reference to the Indenture.

Definitions

"*Act*" means the Toll Highway Act of the State of Illinois, 605 ILCS 10/1 *et seq*., as amended.

"*Additional Bonds*" means Additional Senior Bonds and any Junior Bonds issued pursuant to the terms of the Indenture.

"*Additional Senior Bonds*" means any Bond or Bonds originally issued as Senior Bonds after March 31, 1999, the date certain provisions of the Amendatory Supplemental Indenture became effective, which includes the 2013A Bonds, the 2013B-1 Bonds, the 2014A Bonds and the 2014B Bonds.

"*Aggregate Debt Service*" means, for any Fiscal Year and as of any date of calculation, the sum of the amounts of Debt Service for such Fiscal Year with respect to all series of Senior Bonds.

"*Amendatory Supplemental Indenture*" means the 1996 Amendatory Supplemental Indenture dated as of September 1, 1996, between the Authority and the Trustee.

"*Authorized Officer*" means any director, officer or employee of the Authority authorized to perform specific acts or duties by a resolution duly adopted by the Authority.

"*Authorized Denom*inations" means $5,000 and any integral multiple thereof.

"*Bond*" or "*Bonds*" means any bond or bonds, including Senior Bonds and Junior Bonds, authenticated and delivered pursuant to the Indenture, other than Subordinated Indebtedness.

"*Bond Counsel*" means one or more firms of nationally recognized bond counsel designated by the Attorney General of the State.

"*Bondholder*," or "*Holder*," means any person who shall be the bearer of any coupon Bond or Bonds or the registered owner of any registered Bond or Bonds without coupons.

"*Business Day*" means any day which is not a Sunday or legal holiday or a day (including Saturday) on which banking institutions in the city where the principal corporate trust office of any Fiduciary is located are authorized by law or executive order to close (and such Fiduciary is in fact closed).

"*Capital Appreciation Bond*" means a Bond accruing interest that is compounded and added to principal as of such date or dates specified in the related Supplemental Indenture and is payable at maturity. Any Capital Appreciation Bond may mature on any date specified in the related Supplemental Indenture. The term "principal" when used in connection with a Capital Appreciation Bond shall mean the initial principal amount of such Bond as of its date of issuance plus interest accreted thereon to the date of calculation, which in the aggregate shall constitute the maturity amount of such Capital Appreciation Bond as of the date of maturity thereof.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Construction Fund*" means the Construction Fund established pursuant to the Indenture for the purpose of paying costs of any Project.

"*Consulting Engineers*" means an engineer or engineering firm or corporation at the time retained by the Authority pursuant to the Indenture to perform the acts and carry out the duties provided for such Consulting Engineers in the Indenture.

"*Costs of Construction*" means with respect to any Project the cost of construction, acquisition, installation, reconstruction, modification, preservation, replacement, repairs, renewals or enhancement, including, without limitation, bridges over or under existing highways and railroads, the cost of acquisition of all land, rights of way, property, rights, easements and interests, acquired by the Authority for such construction, acquisition, installation, reconstruction, modification, preservation, replacement, repairs, renewals or enhancement, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of diverting highways, interchange of highways, access to roads to private property, including the cost of lands or easements, the cost of all machinery and equipment, financing charges, interest prior to and during work or construction and for up to two years after completion of the work or construction, the cost of traffic estimates and of engineering and legal expenses, plans, specifications, surveys, estimates of cost and revenues, other expenses necessary or incident to determining the feasibility or practicability of constructing any Project, administrative expenses and such other costs, expenses and funding as may be necessary or incident to the Project, the financing of such construction or work and the placing of such Project in operation.

"*Costs of Credit Enhancement*" means any fees of, or termination payments to, any Provider of Credit Enhancement; *provided*, that with respect to any Credit Enhancement executed and delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005), "Costs of Credit Enhancement" shall not include termination payments required to be made in connection with any such Credit Enhancement.

"*Costs of Hedge Agreement*" means any fees of, or termination payments to, any Provider of a Hedge Agreement; *provided*, that with respect to any Qualified Hedge Agreement executed and delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005), "Costs of Hedge Agreement" shall not include termination payments required to be made in connection with any such Qualified Hedge Agreement.

"*Credit Enhancement*" means any arrangement to provide additional security or liquidity for Bonds including, without limitation, surety bonds, bond insurance, letters of credit, lines of credit and purchase and remarketing agreements, but does not include Reserve Account Credit Facilities.

"*Current Funds*" means moneys that are immediately available in the hands of the payee at the place of payment.

"*Debt Reserve Account*" means the Debt Reserve Account established in the Indenture.

"*Debt Reserve Requirement*" means, as of any date of calculation, the maximum annual Aggregate Debt Service for any Fiscal Year for all Senior Bonds.

"*Debt Service*" means, for any period longer than one month, as of any date of calculation, an amount equal to the sum of Principal Installments and interest on Senior Bonds payable (or for the payment for which amounts are required to be deposited in the Debt Service Account) during such period, except to the extent that such interest is to be paid from Bond proceeds deposited to the credit of the Debt Service Account. Interest and Principal Installment amounts payable shall be calculated, for purposes of this definition, on the assumption that Senior Bonds Outstanding at the date of calculation will cease to be Outstanding by reason, but only by reason, of the payment of each Principal Installment on its due date. Interest and Principal Installments payable on January 1 of any Fiscal Year shall be deemed to be payable on December 31 of the preceding year. For purposes of applying this definition with respect to the calculations required by the Authority's toll covenants and calculating the Debt Reserve Requirement, the amount of interest to be payable on Senior Bonds having variable interest rates shall be computed by assuming that the rate of interest with respect to Senior Bonds, interest on which is excludable from gross income of the Holders for federal income tax purposes, is a rate equal to the lesser of (i) the 30 Year Bond Buyer Revenue Bond Index as of the date of calculation, or (ii) the maximum interest rate on such Senior Bonds, and with respect to any Senior Bonds having a variable interest rate the interest on which is not excludable from "gross income" of the

Holders for federal income tax purposes, a rate equal to the lesser of (i) 115% of the 30 Year Bond Buyer Revenue Bond Index as of the date of calculation or (ii) the maximum interest rate on such Senior Bonds, including in each case taking into account any Qualified Hedge Agreement as provided in the Indenture; for purposes of the Debt Reserve Requirement this calculation shall be made as of a date selected by the Authority within thirty (30) days preceding the date of issuance of each Series of Bonds for which such calculation is required. However, the rate for any such Series of Senior Bonds for which the variable interest rate is fixed for any portion of the applicable Fiscal Year shall be assumed to be the actual rate borne by such Senior Bonds. For purposes of applying this definition with respect to the calculations required under the Indenture relating to the tests for the issuance of Additional Senior Bonds, the amount of interest payable on Senior Bonds having variable interest rates shall be computed at the maximum rate or amount for those Bonds, taking into account any Qualified Hedge Agreement. If a Series of Senior Bonds having variable interest rates is subject to purchase by the Authority pursuant to a mandatory or optional tender by the Holder, the "tender" date or dates shall be ignored and the stated Principal Installment dates of such Senior Bonds shall be used for purposes of calculating the Debt Service with respect to such Senior Bonds. If two Series of Senior Bonds having variable interest rates are issued simultaneously with inverse variable interest rates providing a composite fixed interest rate for such Senior Bonds taken at any time as a whole, such composite fixed rate shall be used in determining the Debt Service with respect to such Senior Bonds. Debt Service on Senior Bonds with respect to which there is a Qualified Hedge Agreement shall be calculated consistent with the provisions of the Indenture, as described in **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Hedging Transactions."** Debt Service shall include Costs of Credit Enhancement, Costs of Hedge Agreements and reimbursements to Providers of Credit Enhancement and Qualified Hedge Agreements, in each case to be paid as provided in a Supplemental Indenture from the Debt Service Account.

"*Debt Service Account*" means the Debt Service Account established in the Indenture.

"*Defeasance Securities*" means any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"*Depositary*" means any bank, national banking association or trust company having capital stock, surplus and retained earnings aggregating at least $8,000,000, or a savings or savings and loan institution having assets aggregating at least $65,000,000, selected by the Treasurer (and with respect to Funds, Accounts and Sub-Accounts held by the Trustee, with the consent of the Treasurer, which consent shall not be unreasonably withheld) as a depositary of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

"*Eighteenth Supplemental Indenture*" means the Eighteenth Supplemental Indenture securing the Toll Highway Senior Revenue Bonds, 2014 Series B, dated as of June 1, 2014, between the Authority and the Trustee.

"*Eighth Supplemental Indenture*" means the Eighth Supplemental Indenture securing the 2006 Bonds, dated as of June 1, 2006, between the Authority and the Trustee.

"*Eleventh Supplemental Indenture*" means the Eleventh Supplemental Indenture securing the 2008B Bonds, dated as of November 1, 2008, between the Authority and the Trustee.

"*Event of Default*" means any event described in **APPENDIX D –** "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default**."

"*Federal Securities*" means (i) any direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, (ii) any Municipal Bonds which are fully secured as to principal and interest by an irrevocable pledge of moneys or direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holders of the Municipal Bonds, (iii) certificates of ownership of the principal of or interest on direct obligations of, or obligations unconditionally guaranteed by, the United States of America, which obligations are held in trust by a commercial bank that is a member of the Federal Reserve System and (iv) interest obligations of the Resolution Funding Corporation, including, without limitation, interest obligations stripped by the Federal Reserve Bank of New York.

"*Fiduciary*" or "*Fiduciaries*" means the Trustee, the Registrar and the Paying Agents, or any or all of them, as may be appropriate.

"*Fifteenth Supplemental Indenture*" means the Fifteenth Supplemental Indenture securing the 2013A Bonds, dated as of May 1, 2013, between the Authority and the Trustee.

"*Fifth Supplemental Indenture*" means the Fifth Supplemental Indenture securing the 1996 Series A Bonds, dated as of September 1, 1996, between the Authority and the Trustee.

"*First Supplemental Indenture*" means the First Supplemental Indenture securing Toll Highway Priority Revenue Bonds, 1986 Series, dated as of October 1, 1986, between the Authority and the Trustee.

"*Fiscal Year*" means the period January 1 through December 31 of the same year.

"*Fitch*" means Fitch Ratings, its successors and assigns, and, if Fitch shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

"*Fourth Supplemental Indenture*" means the Fourth Supplemental Indenture securing Toll Highway Refunding Revenue Bonds, 1993 Series A and B, dated as of March 1, 1993, between the Authority and the Trustee.

"*Hedge Agreement*" means a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Authority providing for payments between the parties based on levels of, or changes in, interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including, without limitation, interest rate floors, or caps, options, puts or calls, which allows the Authority to manage or hedge payment, rate, spread or similar risk with respect to any Series of Senior Bonds.

"*Improvement*" means any System Expansion Project or any acquisition, installation, construction, reconstruction, modification or enhancement of or to any real or personal property (other than Operating Expenses) for which a currently effective resolution of the Authority has been adopted authorizing the deposit of Revenues to the credit of the Improvement Account for such System Expansion Project or acquisition, installation, construction, reconstruction, modification or enhancement including, without limitation, the cost of related feasibility studies, plans, designs or other related expenditures.

"*Improvement Account*" means the Improvement Account established in the Indenture.

"*Improvement Requirement*" means the aggregate of the amounts established by currently effective resolutions of the Authority for specified Improvements, based upon a certificate or certificates of the Consulting Engineers with respect to the estimated costs of such Improvements filed with the Authority from time to time, less the amounts previously withdrawn or transferred from the Improvement Account to pay the costs of any such Improvements.

"*Indenture*" means the Amended and Restated Trust Indenture effective as of March 31, 1999 amending and restating the Trust Indenture dated as of December 1, 1985, by and between the Authority and the Trustee, as from time to time amended and supplemented, including by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, the Thirteenth Supplemental Indenture, the Fourteenth Supplemental Indenture, the Fifteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Seventeenth Supplemental Indenture, the Eighteenth Supplemental Indenture and the Amendatory Supplemental Indenture.

"*Interest Payment Date*" means, with respect to the 2014B Bonds, each January 1 and July 1, commencing January 1, 2015.

"*Interest Sub-Account*" means the sub-account of that name in the Debt Service Account established in the Indenture.

"*Investment Securities*" means any of the following securities authorized by law as permitted investments of Authority funds at the time of their purchase:

(i) Federal Securities;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;

(iii) Investments in a money market fund registered under the Investment Company Act of 1940, as amended (including any such money market fund sponsored by or affiliated with any Fiduciary), comprised of any of the investments set forth in subparagraph (i) or subparagraph (ii) above;

(iv) Negotiable or non-negotiable certificates of deposit or time deposits or other banking arrangements issued by any bank, trust company or national banking association (including any Fiduciary), which certificates of deposit or time deposits or other banking arrangements shall be continuously secured or collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit or time deposits or other banking arrangements and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit or time deposits or other banking arrangements, which certificates of deposit or time deposits or other banking arrangements acquired or entered into pursuant to this subparagraph (iv) shall be deemed for purposes of the Indenture to constitute investments and not deposits;

(v) With respect to moneys on deposit to the credit of the Debt Service Account, the Debt Reserve Account and the Construction Fund and its separate, segregated accounts (to the extent that the Construction Fund and such separate, segregated accounts are held by the Trustee) (except the Construction Fund revolving accounts), repurchase agreements with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amortized value of such repurchase agreements, *provided* such security or collateral is lodged with and held by the Trustee or the Authority as titleholder, as the case may be;

(vi) With respect to moneys on deposit to the credit of all Funds, Accounts and Sub-Accounts (except the Debt Service Account, the Debt Reserve Account, and the Construction Fund to the extent that the Construction Fund is held by the Trustee, the separate, segregated accounts of the Construction Fund to the extent such accounts are held by the Trustee and the revolving accounts of the Construction Fund), repurchase agreements with any bank, trust company or national banking association (including any Fiduciary) or government bond dealer reporting to the Federal Reserve Bank of New York continuously and fully secured for the benefit of the Authority and the Holders of the 2014B Bonds as provided by applicable state law with respect to the investment of public funds;

(vii) Public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; and project notes issued by public housing authorities or by local public agencies, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(viii) Any Municipal Bond which has a rating by each rating agency from which the Authority has obtained Ratings for its Senior Bonds, which is not lower than the Rating provided by the respective rating agency for Senior Bonds; and

(ix) Any other investment securities as to which the Authority has received written advice from each rating agency which has a Rating for any Senior Bonds that investment in such securities will not result in a reduction of the Rating by the rating agency.

Investment Securities shall be rated not lower than "BBB-" by Standard & Poor's Corporation and "Baa" by Moody's Investors Service, or, in the case of Investment Securities described in subparagraph (iii), subparagraph (iv), subparagraph (v) or subparagraph (vi) of this definition, shall be secured or collateralized by Investment Securities rated not lower than "BBB" by Standard & Poor's Corporation and "Baa" by Moody's Investors Service.

"*Junior Bond Debt Reserve Account or Accounts*" means any Junior Bond Debt Reserve Account or Accounts established in Supplemental Indentures authorizing the issuance of Junior Bonds.

"*Junior Bond Debt Service Account or Accounts*" means any Junior Debt Service Account or Accounts established in Supplemental Indentures authorizing the issuance of Junior Bonds.

"*Junior Bonds*" means all Bonds authenticated and delivered as Junior Bonds pursuant to the Indenture.

"*Junior Bonds Revenue Requirement*" means for any Fiscal Year the amount required to be deposited from the Revenue Fund to any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account. For purposes of certain provisions of the tests established by the Indenture for the issuance of Additional Senior Bonds and the Authority's toll covenants, the Junior Bond Revenue Requirement shall be the amount projected to be so required under the Supplemental Indentures authorizing the Junior Bonds, and taking into account, without limitation, (i) the expectations of the Authority as to the receipts, other than Revenues, which pursuant to the Supplemental Indentures authorizing Junior Bonds, will be applied to make such deposits to pay Principal Installments or interest, Costs of Credit Enhancement or Costs of Hedge Agreements and reimbursement to Providers of Credit Enhancement and Hedge Agreements on Junior Bonds to be paid from such Accounts; (ii) the expectations of the Authority as to future refinancings of Junior Bonds which were issued as provided in the Supplemental Indenture authorizing such Junior Bonds with the expectation of refinancing; and (iii) interest payable on Junior Bonds with variable interest rates as provided in the Supplemental Indenture authorizing Junior Bonds.

"*Maintenance and Operation Account*" means the Maintenance and Operation Account established in the Indenture.

"*Moody's*" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

"*Move Illinois Program*" means the "Move Illinois: *The Illinois Tollway Driving the Future*" capital program of the Authority, as described in and approved by Resolution No. 19480 of the Authority, adopted on August 25, 2011, and as the same may be amended, revised or modified from time to time.

"*Municipal Bonds*" means, any obligations of any state, public corporation, authority, political subdivision, unit of local government or municipality of any state.

"*Net Revenue Requirement*" means, with respect to any period of time, an amount necessary to cure deficiencies, if any, in the Debt Service Account, the Debt Reserve Account, any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account plus the greater of (i) the sum of Aggregate Debt Service, the Junior Bond Revenue Requirement and the Renewal and Replacement Deposit for such period or (ii) 1.3 times the Aggregate Debt Service for such period.

"*Net Revenues*" means, for any Fiscal Year or other period of time, the Revenues, excluding amounts transferred during such Fiscal Year or period (i) to the Revenue Fund from the Construction Fund and (ii) to the Trustee by the Authority from the System Reserve Account, the Improvement Account or the Renewal and Replacement Account, less the Operating Expenses for such Fiscal Year or period.

"*Ninth Supplemental Indenture*" means the Amended and Restated Ninth Supplemental Indenture securing the 2007 Bonds, dated as of March 1, 2011, between the Authority and the Trustee.

"*1998 Bonds*" means the 1998 Series A Bonds and the 1998 Series B Bonds.

"*1998 Series A Bonds*" means the Toll Highway Priority Refunding Revenue Bonds, 1998 Series A (Fixed Rate), authorized by the Sixth Supplemental Indenture.

"*1998 Series B Bonds*" means the Toll Highway Refunding Revenue Bonds, 1998 Series B (Variable Rate), authorized by the Sixth Supplemental Indenture.

"*1996 Series A Bonds*" means the Toll Highway Refunding Revenue Bonds, 1996 Series A, authorized by the Fifth Supplemental Indenture.

"*1993 Series B Bonds*" means the Authority's Toll Highway Refunding Revenue Bonds, 1993 Series B, issued pursuant to the Fourth Supplemental Indenture and redeemed on January 28, 2009.

"*1992 Series A Bonds*" means the Toll Highway Priority Revenue Bonds, 1992 Series A, authorized by the Third Supplemental Indenture.

"*Operating Expenses*" means the Authority's expenses in the normal course of business for operation, maintenance and repairs of the Tollway System or any part of it and replacement and acquisition of equipment (other than expenses which under generally accepted accounting principles are capitalized and for which amounts (other than amounts held in the Maintenance and Operation Account) are set aside or otherwise available) including, without limitation, all policing, administrative and engineering expenses, legal and financial advisory expenses, fees and expenses of the fiduciaries, payments to pension, retirement, health and hospitalization funds, insurance premiums, rentals under leases of property not constituting Projects, and any other expenses or obligations required to be paid by the Authority under the provisions of the Indenture or by law, all to the extent properly and directly attributable to the operation of the Tollway System, but not including any costs or expenses of any Project, allowance for depreciation, payments on any Outstanding Bonds, Subordinated Indebtedness or money borrowed for purposes other than Operating Expenses, or any reserves for those purposes.

"*Operating Reserve Sub-Account*" means the subaccount of that name in the Maintenance and Operation Account established under the Indenture.

"*Operating Sub-Account*" means the sub-account of that name in the Maintenance and Operation Account.

"*Outstanding*," when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(i) Any Bonds canceled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or date fixed for redemption, are held in trust under the Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), *provided* that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the proceedings authorizing such Bonds or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant the Indenture; and

(iv) Bonds deemed to have been paid under the provisions of the Indenture described in **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance**."

"*Owner*" or "*Registered Owner*" means any person who shall be the registered owner of any Bond.

"*Paying Agent*" means any bank, national banking association or trust company designated by the Authority as paying agent for the Bonds of any Series, and any successor or successors appointed by the Authority under the Indenture, and for the 2014B Bonds means the Trustee.

"*Principal*" when used in connection with a Capital Appreciation Bond shall mean the initial principal amount of such Bond as of its date of issuance plus interest accreted thereon to the date of calculation, which in the aggregate shall constitute the maturity amount of such Capital Appreciation Bond as of the date of maturity thereof.

"*Principal Installment*" means, as of any particular date of calculation and with respect to any particular future date and with respect to Bonds of a particular Series, (a) the principal amount of Outstanding Bonds of said Series that are stated to mature on such future date, reduced by the aggregate principal amount of such Outstanding Bonds that would before said future date cease to be Outstanding by reason, but only by reason, of the payment when due, and application in accordance with the Indenture, of Sinking Fund Installments payable before said future date toward the retirement of such Outstanding Bonds, and (b) the amount of any Sinking Fund Installment payable on said future date toward the retirement of any Outstanding Bonds of said Series.

"*Principal Sub-Account*" means the sub-account of that name in the Debt Service Account established in the Indenture.

"*Priority Bonds*" means all Bonds designated as Priority Bonds, which, as of the date of issuance of the 2014B Bonds consists of the 1992 Series A Bonds the 1998 Series A Bonds, the 2005 Bonds, the 2006 Bonds, the 2007 Bonds, the 2008B Bonds, the 2009A Bonds, the 2009B Bonds and the 2010A Bonds.

"*Project*" means any Improvement or Renewal and Replacement.

"*Provider*" means any person or entity providing Credit Enhancement, a Reserve Account Credit Facility or a Qualified Hedge Agreement with respect to any one or more Series of Senior Bonds, pursuant to agreement with or upon the request of the Authority.

"*Provider Payment Sub-Account*" means the sub-account of that name in the Debt Service Account established in the Indenture.

"*Qualified Hedge Agreement*" means a Hedge Agreement if (i) the Provider of the Hedge Agreement is rated "A" or better by Standard & Poor's Rating Group and (ii) the Authority has given each rating agency then rating any of the Senior Bonds (whether or not such rating agency also rates the unsecured obligations of the Provider of the Hedge Agreement or the Provider's guarantor) at least 15 days' notice in writing of its intention to enter into the Hedge Agreement (unless such notice period is waived by such rating agency) and has received from such rating agency its written advice that the entering into of the Hedge Agreement by the Authority will not in and of itself cause a reduction or withdrawal by such rating agency of its Rating on any Senior Bonds. Such written advice shall constitute a waiver by that rating agency of the notice requirement set forth above.

"*Rating*" means a rating given Senior Bonds by a nationally-recognized rating agency upon the request or application of the Authority, and where the rating of any Senior Bonds is based upon bond insurance or similar credit enhancement, it means the rating which those Senior Bonds would have without that bond insurance or credit enhancement.

"*Rating Agency*" means Fitch, Moody's and S&P or any other nationally recognized securities rating agency then assigning a Rating to the applicable Series.

"*Record Date*" means the fifteenth (15^{th}) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

"*Redemption Price*" means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon the date fixed for redemption.

"*Redemption Sub-Account*" means the sub-account of that name in the Debt Service Account established in the Indenture.

"*Refunding Bonds*" means all Bonds designated as Refunding Bonds, which as of the date of issuance of the 2014B Bonds consists of the 1996A Bonds, the 1998 Bonds, the 2008A Bonds, the 2010A Bonds, the 2013B Bonds and the 2014A Bonds.

"*Registrar*" means the Trustee.

"*Renewal and Replacement*" means preservation, replacement, repairs, renewals and reconstruction or modifications of the Tollway System or any part of it constituting real or personal property, whether leased or purchased, but does not include System Expansion Projects.

"*Renewal and Replacement Account*" means the Renewal and Replacement Account established in the Indenture.

"*Renewal and Replacement Deposit or Deposits*" means, with respect to any period, any amount budgeted for deposit to or projected for deposit to the Renewal and Replacement Account for Renewal and Replacement Expenses, other than such budgeted or projected amounts which the Authority has determined will be available for Renewal and Replacement Expenses from the System Reserve Fund, the Improvement Fund or from the proceeds of authorized borrowings or from installment purchases or leases.

"*Renewal and Replacement Expense or Expenses*" means the cost of any Renewal and Replacement.

"*Reserve Account Credit Facility*" means a surety bond, an insurance policy, a letter of credit or other credit facility with respect to any Series of Senior Bonds which meets the requirements of the Indenture.

"*Revenues*" means (i) all tolls, fees, charges, rents, and other income and receipts derived from the operation of the Tollway System, (ii) the proceeds of any use and occupancy insurance relating to the Tollway System and of any other insurance that insures against loss of revenues, (iii) investment income from any moneys or securities held in Funds, Accounts or Sub-Accounts established under the Indenture, other than the Construction Fund, and (iv) amounts transferred from the Construction Fund to the Revenue Fund, and transfers to the Trustee by the Authority from the System Reserve Account pursuant to the Indenture. Revenues excludes Federal and State grants and appropriations, loan proceeds, gifts or donations of any kind, transfers, if any, to the Authority as permitted under any Escrow Agreement, and receipts not related to the Authority's performance of its obligations under the Indenture or to the operations of the Tollway System.

"*S&P*" means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

"*Second Supplemental Indenture*" means the Second Supplemental Indenture securing Toll Highway Refunding Revenue Bonds, 1987 Series, dated as of February 15, 1987, between the Authority and the Trustee.

"*Senior Bonds*" means the Authority's Outstanding Priority Bonds, the Authority's Outstanding Refunding Bonds, and all Additional Senior Bonds, without duplication, issued in accordance with the Indenture.

"*Series*" means all of the Bonds designated as a series and authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds.

"*Seventeenth Supplemental Indenture*" means the Seventeenth Supplemental Indenture securing the Toll Highway Senior Revenue Bonds, 2014 Series A (Refunding), dated as of January 1, 2014, between the Authority and the Trustee.

"*Seventh Supplemental Indenture*" means the Seventh Supplemental Indenture securing the 2005 Bonds, dated as of June 1, 2005, between the Authority and the Trustee.

"*Sinking Fund Installment*" means, each principal amount of Senior Bonds scheduled to be retired through the application of amounts on deposit in the Redemption Sub-Account established pursuant to the Indenture.

"*Sixteenth Supplemental Indenture*" means the Sixteenth Supplemental Indenture securing the 2013 B-1 Bonds, dated as of August 1, 2013, between the Authority and the Trustee.

"*Sixth Supplemental Indenture*" means the Sixth Supplemental Indenture securing the 1998 Series A Bonds and the 1998 Series B Bonds, dated as of December 1, 1998, between the Authority and the Trustee.

"*Subordinated Indebtedness*" means any evidence of indebtedness, other than Bonds, permitted to be issued by the Indenture for any purpose for which Bonds may be issued thereunder and payable from the System Reserve Account.

"*Subsidy Payments*" means the cash subsidy payments that may be paid from time to time by the United States Treasury pursuant to Sections 54AA(g) and 6431 of the Code resulting from the elections by the Authority to issue the 2009A Bonds and the 2009B Bonds as "Build America Bonds (Direct Payment)."

"*System Expansion Project*" means any acquisition, improvement, betterment, enlargement or capital addition that extends the Tollway System.

"*System Reserve Account*" means the System Reserve Account established in the Indenture.

"*Tenth Supplemental Indenture*" means the Amended and Restated Tenth Supplemental Indenture securing the 2008A Bonds, dated as of February 1, 2011, between the Authority and the Trustee.

"*Termination Payment Account*" means the Termination Payment Account established in the Indenture.

"*Third Supplemental Indenture*" means the Third Supplemental Indenture securing the 1992 Series A Bonds, dated as of September 1, 1992, between the Authority and the Trustee.

"*Thirteenth Supplemental Indenture*" means the Thirteenth Supplemental Indenture securing the 2009B Bonds, dated as of December 1, 2009, between the Authority and the Trustee.

"*Tollway System*" means, collectively, (i) the toll highways operated and maintained by the Authority as of December 1, 1985, (ii) any Projects, and (iii) all properties, equipment and facilities used in connection with the operation and maintenance of the facilities listed in clause (i) or (ii) of this definition.

"*Treasurer*" means the Treasurer of the State of Illinois and *ex officio* custodian of the "Illinois State Toll Highway Authority Fund," a special fund created under the Act, of which all Funds, Accounts, and Sub-Accounts created under the Indenture, including the Revenue Fund and the Construction Fund, are a part.

“*Trustee*” means The Bank of New York Mellon Trust Company, N.A., as successor to The First National Bank of Chicago, currently serving as trustee under the Indenture.

“*Twelfth Supplemental Indenture*” means the Twelfth Supplemental Indenture securing the 2009A Bonds, dated as of May 1, 2009, between the Authority and the Trustee.

“*2005 Bonds*” means the Toll Highway Senior Priority Revenue Bonds, 2005 Series A, authorized by the Seventh Supplemental Indenture.

“*2006 Bonds*” means the Toll Highway Senior Priority Revenue Bonds, 2006 Series A-1, and the Toll Highway Senior Priority Revenue Bonds, 2006 Series A-2, authorized by the Eighth Supplemental Indenture.

“*2007 Bonds*” means the 2007A-1 Bonds and the 2007A-2 Bonds.

“*2007A-1 Bonds*” means the Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-1a and A-1b, authorized by the Ninth Supplemental Indenture.

“*2007A-2 Bonds*” means the Toll Highway Variable Rate Senior Priority Revenue Bonds, 2007 Series A-2a, A-2b, A-2c and A-2d, authorized by the Ninth Supplemental Indenture.

“*2008A Bonds*” means the 2008A-1 Bonds and the 2008A-2 Bonds.

“*2008A-1 Bonds*” means the Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-1a and A-1b, authorized by the Tenth Supplemental Indenture.

“*2008A-2 Bonds*” means the Toll Highway Variable Rate Senior Refunding Revenue Bonds, 2008 Series A-2, authorized by the Tenth Supplemental Indenture.

“*2008B Bonds*” means the Toll Highway Senior Priority Revenue Bonds, 2008 Series B, authorized by the Eleventh Supplemental Indenture.

“*2009A Bonds*” means the Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series A (Build America Bonds – Direct Payment), authorized by the Twelfth Supplemental Indenture.

“*2009B Bonds*” means the Toll Highway Senior Priority Revenue Bonds, Taxable 2009 Series B (Build America Bonds – Direct Payment), authorized by the Thirteenth Supplemental Indenture.

“*2010A Bonds*” means the Toll Highway Senior Refunding Revenue Bonds, 2010 Series A-1, authorized by the Fourteenth Supplemental Indenture.

“*2013A Bonds*” means the Toll Highway Senior Revenue Bonds, 2013 Series A, authorized by the Fifteenth Supplemental Indenture.

“*2013B-1 Bonds*” means the Toll Highway Senior Revenue Bonds, 2013 Series B-1 (Refunding), authorized by the Sixteenth Supplemental Indenture.

“*2014A Bonds*” means the Toll Highway Senior Revenue Bonds, 2014 Series A (Refunding), authorized by the Seventeenth Supplemental Indenture.

“*2014B Bonds*” means the Toll Highway Senior Revenue Bonds, 2014 Series B, authorized by the Eighteenth Supplemental Indenture.

“*Underwriters*” means the group of underwriters represented by Citigroup Global Markets Inc. and Barclays Capital Inc. in connection with the purchase of the 2014B Bonds.

Pledge and Lien

Pursuant to the Indenture, the Authority pledges for the payment of the principal and Redemption Price of, and interest on, the Senior Bonds (i) the Net Revenues, (ii) amounts on deposit in all Funds, Accounts and Sub-Accounts, except amounts on deposit in or required to be deposited in the Maintenance and Operation Account established by the Indenture and except for amounts held from time to time in any Junior Bond Debt Service Accounts and any Junior Bond Debt Reserve Accounts, in each case established pursuant to the Supplemental Indentures authorizing any Junior Bonds and (iii) any and all other moneys, securities and property held by the Trustee under the terms of the Indenture (except such amounts to be held solely for benefit of Junior Bonds).

The pledge and lien created by the Indenture for Senior Bonds secure Senior Bonds on an equal and ratable basis and are superior in all respects to any pledge and lien created by any Supplemental Indenture for Junior Bonds, except with respect to amounts held from time to time solely for the benefit of Junior Bonds. With respect to amounts held in the Junior Bond Debt Service Account and the Junior Bond Debt Reserve Account, the pledge and lien for Junior Bonds secure Junior Bonds on an equal and ratable basis and are superior in all respects to the pledge and lien created for Senior Bonds. For purposes of the pledge and lien granted by the Indenture, and the requirement for deposits in and use of amounts in the Debt Service Account, the payment of principal of, premium, if any, and interest on Senior Bonds may include reimbursing Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds for amounts applied by such Providers to pay such principal of, premium, if any, and interest on Senior Bonds, but amounts in the Debt Service Account shall be so applied only if after such application there is no deficiency in the Debt Service Account.

Flow of Funds

The Authority covenants to deliver all Revenues (other than investment income, unless otherwise directed by the Indenture, and other than reimbursable advances from particular Funds or Accounts, which may when reimbursed be deposited directly into the Fund or Account from which the advance was made), within five Business Days after receipt, for deposit in the Revenue Fund. On or before the 20th day of each month the Treasurer, at the direction of the Authority, will transfer or apply the balance as of such date of transfer in the Revenue Fund not previously transferred or applied in the following order of priority:

First, to the credit of the Maintenance and Operation Account as follows:

(1) to the credit of the Operating Sub-Account, that portion of the Operating Expenses set forth in the Annual Budget for the then current Fiscal Year that would have accrued on a *pro rata* basis to the end of the current calendar month if deemed to accrue monthly on a pro rata basis from the first day of the then current Fiscal Year, less all other amounts previously transferred by the Treasurer for deposit to the credit of the Operating Sub-Account during said Fiscal Year and less the balance, if any, that was on deposit to the credit of the Operating Sub-Account on December 31 of the preceding Fiscal Year, and

(2) to the credit of the Operating Reserve Sub-Account, the amount, if any, as shall be specified by the Authority; *provided*, *however*, that any such amount specified by the Authority shall be reduced by the amount, if any, by which such deposit, if made, when added to the balance on deposit to the credit of the Operating Reserve Sub-Account as of the last day of the immediately preceding month, would exceed 30% of the amount budgeted for Operating Expenses in the Annual Budget for the then current Fiscal Year.

Second, to the credit of the Debt Service Account maintained by the Trustee, as follows:

(1) to the credit of the Interest Sub-Account, an amount equal to (a) any interest due and unpaid on Senior Bonds, plus (b) for each Series of Senior Bonds, one-sixth of the difference between the interest payable on Outstanding Senior Bonds of that Series on any interest payment date within the next six months, and the proceeds of Senior Bonds on deposit to the credit of the Interest Sub-Account for paying that interest (*provided*, *however*, that for interest payable on any Series of Senior Bonds other than semi-annually or at a variable rate, and for a first interest payment date or as otherwise provided in any

Supplemental Indenture for any Series of Senior Bonds, the amount so deposited shall be as provided in the Supplemental Indenture authorizing the Senior Bonds providing for such deposits). For purposes of calculating the periodic transfers required to be made to the Interest Sub-Account with respect to the 2009A Bonds and the 2009B Bonds pursuant to said clause (b), the Treasurer may apply the Subsidy Payments on deposit with the Trustee as a credit against the interest due on the date of deposit of the Subsidy Payments or if none is then due or such interest payment has been fully provided for, against the next interest due on the 2009A Bonds and the 2009B Bonds. Interest payable shall take into account any Qualified Hedge Agreement as provided under the Indenture;

(2) to the credit of the Principal Sub-Account, an amount equal to (a) any principal due and unpaid on Outstanding Senior Bonds plus (b) for each Series of Senior Bonds, one-twelfth of any principal (including the maturity amount of Capital Appreciation Bonds) of such Outstanding Senior Bonds payable on the next principal payment date within the next twelve months (*provided*, *however*, that a Supplemental Indenture authorizing any Series of Senior Bonds which has Principal Installments payable other than annually shall provide for the amounts to be so deposited, and any Supplemental Indenture authorizing any Series of Senior Bonds may provide for additional deposits in the Principal Sub-Account); and

(3) to the credit of the Redemption Sub-Account, an amount for each Series of Senior Bonds equal to one-twelfth of any Sinking Fund Installment of such Outstanding Senior Bonds of that Series payable within the next twelve months (*provided*, *however*, that a Supplemental Indenture authorizing Senior Bonds of a Series which has Sinking Fund Installments payable other than annually shall provide for the amounts to be so deposited, and any Supplemental Indenture authorizing Senior Bonds of a Series may provide for additional deposits in the Redemption Sub-Account).

Third, to the credit of the Provider Payment Sub-Account amounts as provided in any Supplemental Indenture for paying Costs of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds or for making reimbursements to Providers of Credit Enhancement or Qualified Hedge Agreements for Senior Bonds; but no such deposit shall be made for making any termination payment for a Qualified Hedge Agreement when there is any deficiency in the Debt Reserve Account; *provided*, that, with respect to (a) any Credit Enhancements executed and delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005) all termination payments required to be made in connection with any such Credit Enhancements shall be paid from the Termination Payment Account and (b) any Qualified Hedge Agreements executed and delivered or becoming effective on or after the effective date of the amendment to the Indenture establishing the Termination Payment Account (June 22, 2005), all termination payments required to be made in connection with any such Qualified Hedge Agreements shall be paid from the Termination Payment Account.

Fourth, to the credit of the Debt Reserve Account, maintained by the Trustee, an amount sufficient to cause the balance in it to equal the Debt Reserve Requirement and to make any required reimbursement to Providers of Reserve Account Credit Facilities, which reimbursement is payable as provided by a Supplemental Indenture from the Debt Reserve Account.

Fifth, to the credit of any Junior Bond Debt Service Account or Junior Bond Debt Reserve Account, maintained by the Trustee, any amounts required by, and in the priority established by, any Supplemental Indentures authorizing Junior Bonds.

Sixth, to the credit of the Termination Payment Account, an amount sufficient to provide for the payment of termination payments then due and owing with respect to (i) Credit Enhancements and Qualified Hedge Agreements executed and delivered or becoming effective on or after the date of execution and delivery of the Seventh Supplemental Indenture and (ii) credit enhancement and similar agreements and hedge agreements executed and delivered pursuant to any Supplemental Indenture authorizing Junior Bonds.

Seventh, to the credit of the Renewal and Replacement Account, that portion of the Renewal and Replacement Deposit set forth in the Annual Budget for the then current Fiscal Year that would have accrued on a pro rata basis to the end of the current calendar month if deemed to accrue monthly on a pro rata basis from the first day of the then current Fiscal Year, less all other amounts previously transferred by the Treasurer for deposit to the credit of the Renewal and Replacement Account during that Fiscal Year.

Eighth, at the direction of the Authority, to the credit of the Improvement Account, for allocation to a project or projects as determined by the Authority in its sole discretion, until the balance in such Account is equal to the Improvement Requirement or such lesser amount as the Authority may from time to time determine by resolution.

Ninth, at the direction of the Authority, the balance of such amounts in the Revenue Fund for deposit to the credit of the System Reserve Account.

Any deficiency in the credits required to the various Accounts and Sub-Accounts in any month shall be added to the required credit for the next month.

Funds, Accounts and Sub-Accounts. The Indenture establishes the following Funds and Accounts:

1. Revenue Fund, held by Depositaries

2. Maintenance and Operation Account held by the Authority

3. Debt Service Account held by the Trustee

4. Debt Reserve Account held by the Trustee

5. Any Junior Bond Debt Service Account held by the Trustee

6. Any Junior Bond Debt Reserve Account held by the Trustee

7. Termination Payment Account held by the Trustee

8. Renewal and Replacement Account held by the Authority

9. Improvement Account held by the Authority

10. System Reserve Account held by the Authority

11. Construction Fund held by the Treasurer (and by Supplemental Indenture, segregated accounts therein held by the Trustee).

All moneys deposited under the provisions of the Indenture are required to be deposited with one or more Depositaries, in trust and applied only in accordance with the Indenture.

Certain of the foregoing Accounts and Sub-Accounts are established under the Indenture for the following purposes:

Maintenance and Operation Account — Operating Sub-Account. The Authority is required to pay Operating Expenses from the Operating Sub-Account in accordance with the Authority's Annual Budget.

Maintenance and Operation Account — Operating Reserve Sub-Account. Subject to the requirements of the Authority's Annual Budget, moneys, if any, on deposit to the credit of the Operating Reserve Sub-Account shall be held as a reserve for the payment of Operating Expenses and shall be withdrawn from time to time by the Authority, to the extent that moneys are not available to the credit of the Operating Sub-Account, in order to pay Operating Expenses. As of the last day of each Fiscal Year, the Authority shall transfer from the Operating Reserve Sub-Account to the Operating Sub-Account the amount, if any, to the credit of the Operating Reserve Sub-Account in excess of thirty percent of the amount budgeted for Operating Expenses in the Annual Budget for the then current Fiscal Year.

Debt Service Account and Debt Reserve Account. The Indenture establishes the Debt Service Account and Debt Reserve Account for the benefit of the Outstanding Senior Bonds, and any Additional Senior Bonds. The Indenture authorizes the establishment of Junior Bond Debt Service Accounts and Junior Bond Debt Reserve Accounts.

Debt Service Account. The Trustee shall pay to the respective Paying Agents in Current Funds (i) out of the Interest Sub-Account on or before each interest payment date for any Senior Bonds, including the 2014B Bonds, the amount required for the interest payable on such date; (ii) out of the Principal Sub-Account on or before each such interest payment date, an amount equal to the principal amount of the Outstanding Senior Bonds that mature on such date; and (iii) out of the Redemption Sub-Account on or before the day preceding any date fixed for redemption of Outstanding Senior Bonds from Sinking Fund Installments, the amount required for the payment of the Redemption Price of such Senior Bonds then to be redeemed. The Trustee shall also pay out of the Interest Sub-Account the accrued interest included in the purchase price of Senior Bonds purchased for retirement. The Trustee shall, at any time there is a deficiency in credits to the Interest Sub-Account, the Principal Sub-Account and the Redemption Sub-Account, apply amounts in the Provider Payment Sub-Account to remedy those deficiencies, in that order. The Trustee shall pay from the Provider Payment Sub-Account after any payment, as provided in the preceding sentence, has been made, to Providers amounts for paying Costs of Credit Enhancement or costs of Qualified Hedge Agreements for Senior Bonds, or making reimbursement to Providers of Credit Enhancement or Qualified Hedge Agreements, for Senior Bonds, as provided in Supplemental Indentures for Senior Bonds, but only if there is no deficiency in the Interest, Principal or Redemption Sub-Accounts.

Amounts to the credit of the Redemption Sub-Account with respect to Sinking Fund Installments are required to be applied to the purchase or redemption of Senior Bonds subject to redemption pursuant to Sinking Fund Installments as follows:

(i) Amounts deposited to the credit of the Redemption Sub-Account to be used in satisfaction of any Sinking Fund Installment may, and if so directed by the Authority shall, be applied by the Trustee, on or prior to the forty-fifth day preceding the next scheduled Sinking Fund Installment date, to the purchase of Senior Bonds for which such Sinking Fund Installment was established. That portion of the purchase price attributable to accrued interest shall be paid from the Interest Sub-Account. All such purchases of Senior Bonds shall be made at prices not exceeding the applicable Sinking Fund Redemption Price of such Senior Bonds plus accrued interest, and such purchases shall be made in such manner as the Authority shall determine. The principal amount of any Senior Bonds so purchased shall be deemed to be a part of the Redemption Sub-Account until such Sinking Fund Installment date, for the purpose of calculating the amount on deposit in such Sub-Account.

(ii) At any time up to the forty-fifth day preceding the next scheduled Sinking Fund Installment date, the Authority may purchase with any available funds, which may include amounts in the Improvement Account or the System Reserve Account, Senior Bonds for which such Sinking Fund Installment was established and surrender such Senior Bonds to the Trustee at any time up to such forty-fifth day.

(iii) To the extent that amounts are available to the credit of the Redemption Sub-Account and the Debt Reserve Account, and after giving effect to the Senior Bonds purchased by the Trustee and Senior Bonds surrendered by the Authority, which shall be credited against the Sinking Fund Installment for the Senior Bonds at their applicable sinking fund Redemption Price, and as soon as practicable after the forty-fifth day preceding the next scheduled Sinking Fund Installment date, the Trustee shall proceed to call for redemption on such scheduled Sinking Fund Installment date Senior Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Senior Bonds maturing on a Sinking Fund Installment date which shall be retired from payments from the Principal Sub-Account) in such amount as shall be necessary to complete the retirement of the unsatisfied portion of such Sinking Fund Installment. The Trustee shall pay out of the Redemption Sub-Account (after transfers to it from the

Debt Reserve Account, if required) to the appropriate Paying Agents, on or before the day preceding such redemption date, the Redemption Price required for the redemption of the Senior Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(iv) If the principal amount of Senior Bonds retired through application of amounts in satisfaction of any Sinking Fund Installment shall exceed such Sinking Fund Installment, or in the event of the purchase or redemption from moneys other than from the Redemption Sub-Account of Senior Bonds of any Series and maturity for which Sinking Fund Installments have been established, such excess or the principal amount of Senior Bonds so purchased or redeemed, as the case may be, shall be credited toward future scheduled Sinking Fund Installments either (i) in the order of their due dates or (ii) in such order as the Authority establishes in a certificate signed by an Authorized Officer and delivered to the Trustee on or prior to the date which is forty-five days after such redemption date.

(v) Failure to retire the entire scheduled amount of Senior Bonds through the application of any Sinking Fund Installment on or prior to the next scheduled Sinking Fund Installment date shall not be an Event of Default under the Indenture. Any amount of Senior Bonds not so retired shall be added to the amount to be retired on the next scheduled Sinking Fund Installment date for such Senior Bonds. See **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default**."

Debt Reserve Account. If on the due date of any interest on any Senior Bonds, including the 2014B Bonds, or any Principal Installment thereof, the aggregate amount to the credit of the Debt Service Account shall be less than the amount required to pay such interest or Principal Installment (and any other net amounts payable by the Authority from the Interest Sub-Account for Qualified Hedge Agreements) of any Senior Bonds, the Trustee shall apply amounts from the Debt Reserve Account to the extent necessary to make good the deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account and then to the credit of the Redemption Sub-Account.

In lieu of any required deposits into the Debt Reserve Account, the Authority may cause to be deposited into the Debt Reserve Account one or more Reserve Account Credit Facilities in total amounts equal to the difference between the Debt Reserve Requirement and the sums then on deposit to the credit of the Debt Reserve Account, if any. The Provider of the Reserve Account Credit Facility which is a surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by S&P and Moody's, or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable service; *provided* that the Authority shall give each rating agency which gives any Bonds a Rating at least 7 days prior written notice before acquiring such a Reserve Account Credit Facility which does not meet the rating requirement of this sentence from S&P and Moody's, or their successors. The Provider of the Reserve Fund Credit Facility which is a letter of credit shall be a bank or trust company or other legal entity which is rated not lower than the second highest rating category by S&P and Moody's, or their successors, and the letter of credit or other credit facility itself shall be rated in the highest category of both such rating agencies. If a disbursement is made pursuant to any Reserve Account Credit Facility, the Authority shall be obligated either (i) to reinstate the maximum limits of such Reserve Account Credit Facility or (ii) to deposit to the credit of the Debt Reserve Account, funds in the amount of the disbursement made under such Reserve Account Credit Facility, or a combination of such alternatives, as shall provide that the amount to the credit of the Debt Reserve Account equals the Debt Reserve Requirement within a time period not longer than would have been required to restore the Debt Reserve Account by operation of the monthly transfer of funds from the Revenue Fund, as applicable.

Whenever the amount to the credit of the Debt Reserve Account shall exceed the Debt Reserve Requirement, after making any required reimbursement to a Provider of a Reserve Account Credit Facility, the Trustee shall use such excess to remedy any deficiency in the Debt Service Account and at the written direction of the Authority promptly transfer such excess to the Authority to be applied as Revenues as further described in **APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds**"; *provided*, *however*, that upon the written direction of the Authority, the Trustee shall promptly transfer all or any portion of the amount of such excess as specified in such direction (i) to a refunding or defeasance escrow established pursuant to the Indenture, or (ii) for any purpose for which Senior Bonds may be issued.

The Trustee shall pay to Providers of Reserve Account Credit Facilities any reimbursement which is payable from the Debt Reserve Account as provided by a Supplemental Indenture, and upon the written direction of an Authorized Officer shall use amounts in the Debt Reserve Account to acquire a Reserve Account Credit Facility, but only to the extent that after such payment the amount to the credit of the Debt Reserve Account, including the amount of any Reserve Account Credit Facilities, either is not less than the Debt Reserve Requirement or is not reduced by the payment or acquisition.

Junior Bond Accounts. The Trustee shall apply amounts in the Junior Bond Debt Service Accounts and the Junior Bond Debt Reserve Accounts as required by, and in the priority established by, any Supplemental Indenture authorizing Junior Bonds.

Termination Payment Account. Moneys to the credit of the Termination Payment Account are to be applied at the direction of the Authority to the payment of termination payments with respect to (i) Credit Enhancements and Qualified Swap Agreements and (ii) credit enhancement and similar agreements and hedge agreements executed and delivered pursuant to any Supplemental Indenture authorizing Junior Bonds.

If at any time the amounts to the credit of the Debt Service Account, the Debt Reserve Account, the Improvement Account and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on the Senior Bonds, the Authority upon notice from the Trustee shall transfer from the Termination Payment Account for deposit to the credit of the Debt Service Account the amount necessary (or the entire available amount to the credit of the Termination Payment Account if less than the amount necessary) to make up such deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account, then to the credit of the Redemption Sub-Account and then to the credit of the Provider Payment Sub-Account.

If, at any time after the transfers referred to in the prior paragraph have been made or have been determined by the Trustee to be unnecessary, the amounts to the credit of any debt service account or debt service reserve account established pursuant to a Supplemental Indenture authorizing Junior Bonds, the Improvement Account and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on any Junior Bonds or to make required payments from any such debt service account, the Authority upon notice from the Trustee shall transfer from the Termination Payment Account to the Trustee for deposit to the credit of such debt service account the amount necessary (or the entire available amount to the credit of the Termination Payment Account if less than the amount necessary) to make up such deficiency in the order or priority specified by the Supplemental Indenture authorizing the related Junior Bonds.

Renewal and Replacement Account. Moneys to the credit of the Renewal and Replacement Account are to be applied to Renewal and Replacement Expenses at the direction of the Authority.

If, at any time the amounts to the credit of the Debt Service Account, the Debt Reserve Account, the Improvement Account, and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on Senior Bonds, the Authority upon notice from the Trustee shall transfer from the Renewal and Replacement Account and its revolving account to the Trustee for deposit to the credit of the Debt Service Account the amount necessary (or the entire available amount to the credit of the Renewal and Replacement Account and its revolving account if less than the amount necessary) to make up such deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account, then to the credit of the Redemption Sub-Account, and then to the credit of the Provider Payment Sub-Account.

Improvement Account. Moneys to the credit of the Improvement Account are to be applied to the payment of the costs of Improvements at the direction of the Authority.

If at any time the amounts to the credit of the Debt Service Account, the Debt Reserve Account and the System Reserve Account shall be insufficient to pay the interest and Principal Installments becoming due on the

Senior Bonds and to make required payments from the Debt Service Account, the Authority upon notice from the Trustee shall transfer from the Improvement Account and its revolving account to the Trustee for deposit to the credit of the Debt Service Account the amount necessary (or the entire available amount to the credit of the Improvement Account and its revolving account if less than the amount necessary) to make up such deficiency, in the following order of priority: first, to the credit of the Interest Sub-Account, then to the credit of the Principal Sub-Account, then to the credit of the Redemption Sub-Account and then to the credit of the Provider Payment Sub-Account.

The Authority may, from time to time, cause the Consulting Engineers to prepare and file estimates of the cost of the proposed Improvements, and the Authority may adopt resolutions pursuant to such estimates to establish the Improvement Requirement. In the event the cost of any Improvement is increased in accordance with such procedures, the Improvement Requirement with respect to such Improvement shall be correspondingly increased. In the event the cost of any Improvement is decreased in accordance with such procedures, the Improvement Requirement with respect to such Improvement shall be correspondingly reduced and any resulting excess to the credit of the Improvement Account shall, at the discretion of the Authority, be promptly credited for the cost of any other Improvement or be promptly transferred to the credit of the System Reserve Account.

Nothing contained in the Indenture shall prohibit the Authority from withdrawing moneys deposited to the credit of the Improvement Account for any Improvement, and depositing such moneys to the credit of an account in the Construction Fund or to the credit of any other fund, account or sub-account maintained for the purposes of paying the cost of such Improvement.

System Reserve Account. The Authority shall transfer to the Trustee, upon requisition by the Trustee, from amounts on deposit to the credit of the System Reserve Account and its revolving account for credit (i) to the various Accounts and Sub-Accounts, and in the order of the priority specified in **APPENDIX D –** "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds**," the amount necessary (or the entire amount to the credit of the System Reserve Account and its revolving account if less than the amount necessary) to make up any deficiencies in payments to said Accounts and Sub-Accounts required under the Indenture, and (ii) in the event of any transfer of moneys from the Debt Reserve Account, to the credit of the Accounts from which such transfers were made in the order of priority specified in **APPENDIX D –** "**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Flow of Funds**," the amount of any resulting deficiency in such Accounts.

Amounts on deposit to the credit of the System Reserve Account and its revolving account after all required transfers and payments may, in the sole discretion of the Authority, be applied to any one or more of the following purposes:

(a) to make payments, when due, on Subordinated Indebtedness;

(b) to provide for the purchase or redemption of any Bonds;

(c) to make payments into any separate account or accounts established in the Construction Fund for any Project;

(d) to provide improvements, extensions, betterments, renewals and replacements of the Tollway System, including studies, surveys, estimates and investigations relating thereto, or the provision of reserves for those purposes;

(e) to apply as Revenues pursuant to the Indenture;

(f) to be transferred to any Fund or Account established under the Indenture or any Supplemental Indenture; and

(g) for any other lawful Authority purpose, including repayment of any other indebtedness incurred by the Authority.

Creation of Additional Accounts and Sub-Accounts. The Trustee or the Treasurer, as the case may be, shall, at the written request of the Authority, establish such additional Accounts within any of the Funds established under the Indenture, and Sub-Accounts within any of the Accounts established under the Indenture, as shall be specified in such written request, for the purpose of enabling the Authority to identify or account for more precisely the sources, timing and amounts of transfers or deposits into such Funds, Accounts and Sub-Accounts, the amounts on deposit in or credited to such Funds, Accounts or Sub-Accounts as of any date or dates of calculation, and the sources, timing and amounts of transfers, disbursements or withdrawals from such Funds, Accounts or Sub-Accounts; but the establishment of any such additional Accounts or Sub-Accounts shall not alter or modify in any manner or to any extent any of the requirements of the Indenture with respect to the deposit or use of moneys in any Fund, Account or Sub-Account established under the Indenture.

Investments of Certain Moneys. All moneys held in any separate, segregated accounts of the Construction Fund held by the Trustee, Debt Service Account and its Sub-Accounts, or the Debt Reserve Account, shall be invested and reinvested at the direction of the Authority to the fullest extent practicable in Investment Securities that mature no later than necessary to provide moneys when needed for payments to be made from such Funds, Accounts or Sub-Accounts, but no moneys in the Debt Reserve Account shall be invested in any Investment Security maturing more than ten (10) years from the date of such investment. Amounts in the Revenue Fund may be invested by the Treasurer, at the direction of the Authority, in Investment Securities maturing not later than necessary to provide moneys when needed for payments from such portion of the Revenue Fund so held by the Authority pursuant to the Indenture. Moneys held in any Junior Bond Debt Service Account or Junior Bond Debt Reserve Account shall be invested and reinvested by the Trustee as provided in the applicable Supplemental Indentures.

Valuation of Investments. Valuation of Investment Securities held in the Funds, Accounts and Sub-Accounts established under the Indenture will be made as often as may be necessary to determine the amounts held under the Indenture, except the valuation of Investment Securities held in the Debt Service Account and its Sub-Accounts, the Debt Reserve Account, any Junior Bond Debt Service Account and its Sub-Accounts and any Junior Bond Debt Reserve Account shall also be made on December 20 of each year.

Deposits. All moneys on deposit to the credit of the Construction Fund, the Debt Service Account, the Debt Reserve Account, any Junior Bond Debt Service Account and any Junior Bond Debt Reserve Account shall be continuously and fully secured for the benefit of the Authority and the Holders of the Bonds, by lodging with the Trustee as collateral security, direct obligations of or obligations unconditionally guaranteed by the United States of America having a market value (exclusive of accrued interest) not less than the amount of such moneys. All other moneys held for the Authority under the Indenture shall be continuously and fully secured for the benefit of the Authority and the Holders of the Bonds as provided by applicable state law with respect to the investment of public funds.

Application of Subsidy Payments

The Authority covenants in the Twelfth Supplemental Indenture and the Thirteenth Supplemental Indenture to deposit or cause to be deposited with the Trustee promptly upon receipt all collections of Subsidy Payments for application to the payment of the next interest due on the 2009A Bonds and the 2009B Bonds. The Authority further covenants that subject to its right to elect to apply collections of the Subsidy Payments to purposes other than the payment of interest, as described below, the Authority will take all actions required by law or applicable regulations as necessary to provide for the collection to the fullest extent possible of the Subsidy Payments and will take no action or fail to take any action which in any way would materially adversely affect the ability of the Authority to collect the Subsidy Payments to the fullest extent possible.

Notwithstanding the covenant described in the preceding paragraph, the Authority may elect to apply collections of the Subsidy Payments to purposes other than the payment of interest with respect to the 2009A Bonds and the 2009B Bonds. If the Authority so elects, the Authority will provide written notice to the Trustee (i) that it will no longer deposit or cause to be deposited with the Trustee some or all of the collections of the Subsidy Payments and (ii) of the first interest payment date with respect to which the Subsidy Payments will not be deposited (the "**Payment Termination Date**"), which written notice shall be accompanied by the following:

(i) A certificate of an Authorized Officer demonstrating that the Net Revenues as reflected in the books of the Authority for a period of 12 consecutive calendar months out of the 18 calendar months next preceding the Payment Termination Date exceeded the Net Revenue Requirement for that 12-month period; *provided* that if any adjustment of toll rates shall have been placed in effect during that 12-month period, Net Revenues shall reflect the Revenues which the Traffic Engineers estimate in their certificate described in paragraph (iii) below would have resulted had such toll rate adjustment been in effect for the entire 12-month period;

(ii) A certificate of the Traffic Engineers stating whether, to the best of their knowledge, any Federal, State or other agency has begun, or is then projecting or planning, the construction, improvement or acquisition of any highway or other facility which, in the opinion of the Traffic Engineers, may be materially competitive with any part of the Tollway System, and the estimated date of completion of such construction, improvement or acquisition;

(iii) A certificate of the Traffic Engineers setting forth estimates of toll receipts for the then current and each future Fiscal Year to and including the fifth full Fiscal Year after the Payment Termination Date. The estimates will give effect to (A) the completion as estimated of any Project not yet completed, (B) the assumption that any competitive highway or other facility referred to in their certificate described in subparagraph (ii) above will be completed on the date so estimated as provided in said subparagraph (ii) and will subsequently be in operation during the period covered by such estimates, (C) any adjustment of toll rates which will have been placed in effect subsequent to the beginning of the 12-month period referred to in the certificate of an Authorized Officer described in paragraph (i), above, as if such toll rate adjustment had been in effect from the beginning of the period covered by such estimate until the effective date of any subsequent adjustment presumed necessary and (D) any adjustment of toll rates which, in the opinion of the Traffic Engineers, would be necessary to comply with the provisions of the toll covenant described under "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS – Toll Covenant**," as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment;

(iv) A certificate of the Consulting Engineers setting forth for the years and on the assumptions specified in the certificate of the Traffic Engineers described in paragraph (iii) above, estimates of the Operating Expenses and Renewal and Replacement Deposits; and

(v) A certificate of an Authorized Officer setting forth the estimated Net Revenues (based on the certificates described in paragraphs (iii) and (iv) above) for the current and each future Fiscal Year through the fifth full Fiscal Year after the Payment Termination Date, and stating that such estimated Net Revenues for each such Fiscal Year equal or exceed the estimated Net Revenue Requirement for such Fiscal Year.

Additional Indebtedness

The Indenture permits the issuance of additional indebtedness, including (a) Senior Bonds on a parity with the Outstanding Senior Bonds, including the 2014B Bonds, (b) Junior Bonds, and (c) Subordinated Indebtedness.

Senior Bonds. Additional Senior Bonds may be incurred for the purposes of (a) paying the Costs of Construction of any Project, (b) refunding or prepaying, including at or prior to maturity any (i) Senior Bonds or (ii) any other obligation of the Authority issued or entered into for purposes for which Senior Bonds may be issued, including paying related costs of issuance, costs of redemption of refunded bonds, capitalized interest, Costs of Credit Enhancement or Costs of Hedge Agreements or termination payments with respect to Credit Enhancements or Hedge Agreements becoming effective on or after the execution and delivery of the Seventh Supplemental Indenture, (c) making deposits to the Debt Reserve Account or acquiring a Reserve Account Credit Facility, (d) paying interest on any Bond, (e) paying any costs of issuing Senior Bonds or (f) paying Costs of Credit Enhancement or Costs of Qualified Hedge Agreements for the Additional Senior Bonds. A description of the requirements relating to the incurrence of additional indebtedness follows:

Senior Bonds may be issued on a parity with the Outstanding Senior Bonds, for a Project, *provided*, among other things that the Authority certifies that (1) Net Revenues as reflected in the books of the Authority for a period of 12 consecutive calendar months out of the 18 calendar months next preceding such issuance (as adjusted to reflect any adjustments of toll rates made during such 12-month period as if such toll rates had been in effect for the entire 12-month period) exceeded the Net Revenue Requirement for such 12-month period; (2) estimated Net Revenues (based on certificates of the Traffic Engineers and Consulting Engineers) for the current and each future Fiscal Year through the fifth full Fiscal Year after the estimated date when each Project for which Additional Senior Bonds are being issued will be placed in service, and in any case, to and including the fifth full Fiscal Year after the date of issuance of such Additional Senior Bonds, shall be at least equal to the estimated Net Revenue Requirement for such Fiscal Year; and (3) if such Additional Senior Bonds are being issued to pay Costs of Construction of a Project, the amount of the proceeds of the proposed Bonds, which may be issued in one or more Series, together with other funds then available or expected to be available, will be sufficient to pay the remainder of the Cost of Construction of such Project as scheduled. For purposes of estimating Net Revenues and determining the Net Revenue Requirement, the Authority shall rely on estimates of the Traffic Engineers with respect to toll receipts (as further described below) and on estimates of the Consulting Engineers with respect to Operating Expenses, budgeted or projected Renewal and Replacement Deposits and the costs and completion dates of Projects. In addition, the Traffic Engineers are required to certify whether, to the best of their knowledge, any Federal, state or other agency has begun or is then projecting or planning, the construction, improvement or acquisition of any highway or other facility that, in the opinion of the Traffic Engineers, may be materially competitive with any part of the Tollway System and the estimated date of completion of such construction, improvement or acquisition. The estimates of the Traffic Engineer shall give effect to (i) the completion as estimated of any Project not yet completed, (ii) the assumption that any competitive highway or other facility referred to in the certificate described in the preceding sentence will be completed on the date so estimated and subsequently be in operation during the period covered by such estimates, (iii) any adjustment of the toll rates that became effective subsequent to the beginning of the 12-month period described in clause (1) of the first sentence of this paragraph, as if such toll rate adjustment had been in effect from the beginning of the period covered by such estimate until the effective date of any subsequent adjustment presumed necessary and (iv) any adjustment of toll rates which, in the opinion of the Traffic Engineers, would be necessary to comply with the toll covenant described under "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS – Toll Covenant**" as if such adjustment was to be in effect from its effective date to the effective date of any other adjustment.

One or more series of Senior Bonds may be issued on a parity with the Outstanding Senior Bonds for the purpose of completing a Project for which Senior Bonds were previously issued without meeting the test described above, *provided* that the Trustee receives a certificate of the Consulting Engineers stating (i) the purpose for which the Additional Bonds are to be issued, which shall be to complete a Project for which Senior Bonds have been issued, without material change in scope, (ii) that the amount of available proceeds of the Additional Senior Bonds issued for the purposes of completing the Project, together with other funds of the Authority then available or expected to be available for completing the Project, including proceeds of one or more other Series of Additional Bonds to be issued for such purpose, will be sufficient, in their opinion, to pay the cost of completion of the Project; and (iii) that the amount of proceeds of such Additional Senior Bonds available for completing the Project will not exceed 10% of the total estimated Costs of Construction as provided in the Certificate of the Consulting Engineer provided for the Additional Senior Bonds previously issued for that Project.

Senior Bonds may be issued on a parity with the Outstanding Senior Bonds for the purpose of refunding Outstanding Senior Bonds (including paying related Costs of Issuance, deposits to the Debt Reserve Account, capitalized interest or Costs of Credit Enhancement or Costs of Qualified Hedge Agreements for the Additional Senior Bonds) without meeting the test described in the second paragraph under the subheading "Senior Bonds" if there is received by the Trustee (i) a Counsel's Opinion that upon issuance of the Additional Senior Bonds and application of their proceeds as provided in the authorizing Supplemental Indenture, provision for payment of the refunded Senior Bonds will have been made in accordance with the defeasance provisions of the Indenture; and (ii) the certificate of an Authorized Officer demonstrating (A) for each Fiscal Year in which any Senior Bonds (other than Additional Senior Bonds to be issued) will be Outstanding after the refunding that the Debt Service for the Additional Senior Bonds to be issued will not be greater than 105% of the Debt Service for the Senior Bonds to be refunded and (B) that the aggregate Principal Installments and interest payable in all those Fiscal Years on the Additional Senior Bonds to be issued is less than the aggregate Principal Installments and interest that would have been payable on the Senior Bonds to be refunded, assuming all Sinking Fund Installments are made as provided in the Supplemental Indentures for Senior Bonds.

Junior Bonds. One or more Series of Junior Bonds may be issued as authorized by the Authority by a Supplemental Indenture for any purpose for which Senior Bonds may be issued. Any such Supplemental Indenture shall make provision for the establishment of any Junior Bond Debt Service Account or Accounts and any Junior Bond Debt Reserve Account with respect to any or all Series of Junior Bonds and for the amounts of Net Revenues to be deposited in such Accounts. Any such Supplemental Indenture may grant a lien on and pledge for the payment of principal of and interest on Junior Bonds or reimbursing Providers of Credit Enhancement or Hedge Agreements for Junior Bonds for amounts applied by such Provider to pay such principal or interest, of the (i) Net Revenues to be deposited in any Junior Bond Debt Service Account or Junior Bond Debt Reserve Account, (ii) amounts on deposit from time to time in Junior Bond Debt Service Accounts and Junior Bond Debt Reserve Accounts, (iii) amounts on deposit from time to time in the Renewal and Replacement Account, the Improvement Account and the System Reserve Account and (iv) any other funds, accounts, property or receipts other than Revenues or Funds or Accounts established by the Indenture or a Supplemental Indenture solely for the benefit of Senior Bonds. Any such pledge or lien on Net Revenues and the amounts on deposit from time to time in the Renewal and Replacement Account, the Improvement Account and the System Reserve Account shall be subordinate to the pledge and lien made and granted by the Indenture for Senior Bonds. A Supplemental Indenture providing for the issuance of any Series of Junior Bonds may provide for "events of default" with respect to such Junior Bonds and remedies arising from such "events of default." Such a remedy may include acceleration of the maturity of any Junior Bonds, but only upon not less than sixty days' written notice to the Trustee. No remedy shall be contrary to the rights or remedies provided to Holders of Senior Bonds under the Indenture.

Subordinated Indebtedness. Subordinated Indebtedness may be issued for any purpose for which Bonds may be issued under the Indenture, which Subordinated Indebtedness may be payable, pursuant to the authorizing instrument, from amounts on deposit in, and secured by a pledge of and lien on amounts payable from, the System Reserve Account.

Other Indebtedness. Other indebtedness issued for any lawful Authority purpose may be payable, pursuant to the authorizing instrument, from amounts on deposit in the System Reserve Account. The Authority may also issue evidences of indebtedness payable from moneys in the Construction Fund as part of the Cost of Construction for any Project, or payable from, or secured by the pledge of, Revenues to be derived on and after such date as the pledge of Net Revenues provided in the Indenture shall be discharged and satisfied. The Authority reserves the right to issue bonds or other evidences of indebtedness for any purpose payable from or secured by funds or sources other than Revenues or moneys on deposit with the Trustee or the Authority under the Indenture.

Hedging Transactions

If the Authority shall enter into any Qualified Hedge Agreement with respect to any Senior Bonds and the Authority has made a determination that the Qualified Hedge Agreement was entered into to provide substitute amounts or limits of the interest due with respect to those Senior Bonds, then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

(a) for purposes of any calculation of Debt Service, the interest rate on the Senior Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Senior Bonds had interest payments equal to the interest payable on those Senior Bonds less any payments to the Authority from the Provider and plus any payments by the Authority to the Provider as provided by the Qualified Hedge Agreement (other than fees or termination payments of such Provider for providing the Qualified Hedge Agreement);

(b) any such payments (other than fees and termination payments) required to be made by the Authority to the Provider pursuant to such Qualified Hedge Agreement may be made from amounts on deposit to the credit of the Interest Sub-Account; and

(c) any such payments received by the Authority from the Provider pursuant to such Qualified Hedge Agreement shall be deposited to the credit of the Interest Sub-Account.

If the Authority shall enter into a Hedge Agreement that is not a Qualified Hedge Agreement, then:

(a) the interest rate adjustments or assumptions referred to above shall not be made;

(b) any payments required to be made by the Authority to the Provider pursuant to such Hedge Agreement shall be made only from amounts on deposit to the credit of the System Reserve Account; and

(c) any payments received by the Authority from the Provider pursuant to such Hedge Agreement shall be treated as Revenues and shall be deposited to the credit of the Revenue Fund.

Removal or Merger or Consolidation or Resignation of Trustee

The Trustee may be removed at any time by an instrument in writing delivered to the Trustee and signed by the Authority and the Treasurer; *provided*, *however*, that if an Event of Default shall have occurred and be continuing, the Trustee may be so removed by the Authority and the Treasurer only with the written concurrence of the Holders of a majority in principal amount of Senior Bonds and the Holders of a majority in principal amount of Junior Bonds then Outstanding. The Trustee may be removed at any time by the Holders of a majority in principal amount of the Senior Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Holders or their attorneys-in-fact duly authorized, and delivered to the Authority. Copies of each such instrument shall be delivered by the Authority to each Fiduciary.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which all or substantially all of the corporate trust business of the Trustee may be sold or transferred shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act, unless such successor delivers written notice of resignation pursuant to the terms of the Indenture.

The Authority shall not issue any bonds or other evidences of Indebtedness, other than the Bonds and Subordinated Indebtedness, which are secured by a pledge of or lien on the Net Revenues or the moneys, securities or funds held or set aside by the Authority or by the Trustee under the Indenture, and shall not create or cause to be created any lien or charge on the Net Revenues or such moneys, securities or liens; provided, however, that nothing contained in the Indenture shall prevent the Authority from issuing (i) evidences of Indebtedness payable from moneys in the Construction Fund as part of the Cost of Construction of any Project, or payable from, or secured by the pledge of, Revenues to be delivered on and after such date as the pledge of Net Revenues provided in the Indenture shall be discharged and satisfied as described under " **– Defeasance**", or (ii) Subordinated Indebtedness. The Authority reserves the right to Issue bonds or other evidences of Indebtedness for any purpose payable from or secured by funds or sources other than Revenues or moneys on deposit with the Trustee or the Authority under the Indenture, provided, however, that such bonds or other evidences of indebtedness may be paid from moneys on deposit in the System Reserve Account.

The Trustee may at any time resign and be discharged of the duties and obligations imposed upon it by the Indenture by giving not less than sixty (60) days' written notice to the Authority, the Treasurer, the Depositaries, and the other Fiduciaries, and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice but only if a successor shall have been appointed by the Authority (with the Treasurer) or the Bondholders as provided in the Indenture. In which event such resignation shall take effect immediately on the appointment of such successor whether or not the date specified for such resignation to take effect has arrived. If a successor Trustee shall not have been appointed within a period of ninety (90) days following the fiving of notice, then the Trustee shall be authorized to petition any court of competent jurisdiction to appoint a successor Trustee as provided in the Indenture.

Covenants

Sale, Lease or Encumbrance of Property. The Authority will not sell, lease or otherwise dispose of or encumber the Tollway System or any part thereof and will not create or permit to be created any charge or lien on the Revenues, except as permitted under the Indenture including certain instances generally relating to utilities and concessions if the Authority determines that such sale, lease, contract, license, easement or right does not impede or restrict the operation by the Authority of the Tollway System. The Authority may from time to time sell, exchange or otherwise dispose of any real or personal property or release, relinquish or extinguish any interest therein as the Authority shall determine is not needed in connection with the maintenance and operation of the Tollway System and, in the case of real property or any interest therein, will not in the future be needed for any foreseeable improvement to the Tollway System.

Notwithstanding the provisions of the preceding paragraph, upon receipt of consent of the Holders of Bonds and Providers as described under "Supplemental Indentures" in this **APPENDIX D** and under "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS – Certain Amendments to the Indenture – *Amendments Requiring Bondholder Consent***," to the extent permitted by law, the Authority may sell, lease, convey, mortgage, encumber or otherwise dispose, directly or indirectly, all or a portion of the Tollway System or transfer, directly or indirectly, control, management or oversight, or any material aspect of control, management or oversight of the Tollway System, whether of its properties, interests, operations, expenditures, revenues or otherwise (any of the foregoing being referred to as a "**Transfer**"). Any Transfer may be part of a transaction in which the Authority enters into a leaseback or other agreement that directly or indirectly gives the Authority a right to control, manage, use and possess the Tollway System.

In connection with any Transfer, the Authority must provide to the Trustee the following:

(i) a certified copy of a resolution of the Authority authorizing and approving the Transfer;

(ii) evidence that the Transfer will not adversely affect the rating on any Bonds Outstanding immediately prior to the Transfer issued by a rating agency then maintaining a rating on such Bonds;

(iii) an opinion of nationally recognized bond counsel selected by the Authority to the effect that the Transfer (i) complies with the provisions of the Act and the Indenture and (ii) will not cause interest on any Senior Bonds or Junior Bonds Outstanding immediately prior to the Transfer or on any Subordinated Indebtedness to become subject to Federal income taxation;

(iv) a Certificate of the Traffic Engineers (A) stating whether, to the best of their knowledge, any Federal, State or other agency is then projecting or planning the construction, improvement, or acquisition of any highway or other facility which, in the opinion of the Traffic Engineers, may be materially competitive with the Tollway System as constituted following the Transfer (the Tollway System as constituted following the Transfer being referred to as the "Remaining Tollway System") and the estimated date of completion of such highway or other facility, and (B) setting forth estimates of toll receipts derived from the Remaining Tollway System for the then current and each of the next ten (10) Fiscal Years or to and including the latest maturity of the Bonds, whichever is first to occur, giving effect, with respect to the Remaining Tollway System, to the factors considered by the Traffic Engineers in delivering their certificates described above under "**ADDITIONAL INDEBTEDNESS – Senior Bonds**";

(v) a Certificate of the Consulting Engineers setting forth, for the years and on the assumptions specified in the Certificate of the Traffic Engineers delivered pursuant to clause (iv) above, estimates of Operating Expenses and the Renewal and Replacement Deposits for the Remaining Tollway System, giving effect, with respect to the Remaining Tollway System, to the factors considered by the Consulting Engineers in delivering their certificate described above under "**ADDITIONAL INDEBTEDNESS – Senior Bonds**"; and

(vi) a Certificate of any Authorized Officer setting forth (i) the Aggregate Debt Service and the Junior Bond Revenue Requirement (excluding, in each case, bond interest, the payment of which shall have been provided by payments or deposits from Bond proceeds) allocable to the Remaining Tollway System (determined as described below, the Aggregate Debt Service and the Junior Bond Revenue Requirement for each Fiscal Year so allocated being referred to as the "Remaining Tollway System Debt Service") for the next preceding eighteen months, (ii) the Remaining Tollway System Debt Service for the then current and each of the next ten Fiscal Years or to and including the latest maturity of the Bonds, whichever is first to occur and (iii) the Net Revenues allocable to the Remaining Tollway System (determined as described below, the Net Revenues so allocated being referred to as the "Remaining Tollway System Net Revenues") for the next preceding eighteen months; and stating (a) that Remaining Tollway System Net Revenues have equaled at least one and one-half (1.5) times the Remaining Tollway System Debt Service for any twelve (12) consecutive months of the preceding eighteen (18) months, (b) that the Remaining Tollway System Net Revenues (based on the certificates filed pursuant to clauses (iv) and (v) above) for the then current and each of the next ten Fiscal Years or to and including the latest maturity of the Bonds, whichever is first to occur, will be not less than the greater of (I) one and one-half (1.5) times the Remaining Tollway System Debt Service for each such Fiscal Year and (II) the sum of the Remaining Tollway System Debt Service and the Renewal and Replacement Deposit for each such Fiscal Year, (c) that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bonds or the Indenture and (d) that the amount in the Debt Reserve Account is at least equal to the Debt Reserve Requirement and the amount in any Junior Bond Debt Reserve Account established pursuant to a Supplemental Indenture authorizing Junior Bonds is at least equal to any requirement for such Account established by the related Supplemental Indenture.

The determination of the Remaining Tollway System Debt Service and the Remaining Tollway System Net Revenues shall be made (i) to the extent determinable, by reference to the actual financial records of the Authority showing (a) Net Revenues generated by the Remaining Tollway System and (b) the Remaining Tollway Debt Service allocable to the Remaining Tollway System, or (ii) if not so determinable, by any reasonable methodology generally incorporating the assumptions of the Traffic Engineers and Consulting Engineers described above. Such determinations may be based, without limitation, by a pro rata method based on such financial results.

All proceeds received by the Authority in connection with a Transfer may be applied by the Authority to any lawful purpose designated by resolution of the Authority.

Annual Budget. The Authority is required to prepare and adopt on or before January 31 of each Fiscal Year the Annual Budget for such Fiscal Year. The Authority may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year. Copies of the Annual Budget and of any amended Annual Budget shall be promptly filed with the Trustee, for inspection by Bondholders.

Operation and Maintenance of the Tollway System. The Authority covenants at all times to operate or cause to be operated the Tollway System properly and in a sound and economical manner and to maintain, preserve, reconstruct and keep the Tollway System or cause the Tollway System to be so maintained, preserved, reconstructed and kept so that at all times the operation of the Tollway System may be properly and advantageously conducted.

Maintenance of Insurance. The Authority is required to maintain, to the extent reasonably obtainable, the following kinds of insurance in amounts recommended by the Consulting Engineers or determined by the Authority: multi-risk insurance on the facilities of the Tollway System; use and occupancy insurance covering loss of Revenues by reason of necessary interruption, total or partial, in the use of facilities of the Tollway System; public liability insurance covering injuries to persons or property; during the construction or reconstruction of any portion of the facilities of the Tollway System, such insurance as is customarily carried by others with respect to similar structures used for similar purposes, *provided* that the Authority shall not be required to maintain any such insurance to the extent that such insurance is carried for the benefit of the Authority by contractors.

The Authority, with the approval of the Consulting Engineers, may adopt self insurance programs in lieu of maintaining any of the foregoing types of insurance. Each self insurance program shall include an actuarially sound reserve fund, if any, as recommended by the Consulting Engineers, out of which claims are to be paid. The adequacy of such fund shall be evaluated not later than ninety (90) days after the end of each insurance year. Deficiencies in any such reserve fund shall be made up in accordance with the recommendations of the Consulting Engineers. In the event a self insurance program is discontinued, the actuarial soundness of any related reserve fund, as recommended by the Consulting Engineers, shall be maintained. With respect to any workers' compensation self insurance program, any such reserve fund shall be held as required by law.

Events of Default

Each of the following events constitutes an "Event of Default" with respect to Senior Bonds under the Indenture:

(1) default in the due and punctual payment of the principal or Redemption Price of any Senior Bond, when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise; *provided*, *however*, that the failure to retire the entire scheduled amount of Bonds through the application of any Sinking Fund Installment shall not constitute an Event of Default;

(2) default in the due and punctual payment of interest on any Senior Bond, when and as such interest shall become due and payable;

(3) default in the performance or observance by the Authority of the toll covenant (see "**SECURITY AND SOURCES OF PAYMENT FOR THE 2014B BONDS – Toll Covenant**");

(4) receipt of a written declaration of an Event of Default by Holders of not less than 10% of the principal amount of the Senior Bonds (or at least 50% of the principal amount of any Series of Senior Bonds) upon receipt of the Trustee of a notice of the acceleration of the maturity of any Junior Bonds as provided in the Indenture;

(5) default in the performance or observance by the Authority of any other of the covenants, agreements or conditions in the Indenture or in any Bonds, and such default shall continue for a period of sixty (60) days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than 20% in principal amount of the Senior Bonds Outstanding;

(6) if the Authority shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of Illinois;

(7) if any part of the Tollway System shall be damaged or destroyed to the extent of impairing its efficient operation and materially and adversely affecting the Revenues, and the Authority shall not have taken reasonable steps to promptly repair, replace, reconstruct or provide a reasonable substitute for the damaged or destroyed part of the Tollway System; or

(8) if an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of the Tollway System, or any part thereof, or of the tolls or other revenues therefrom; or if such order or decree entered without the consent or acquiescence of the Authority shall not be vacated or stayed within ninety (90) days after the entry thereof.

If an Event of Default occurs and is not remedied, unless the principal of all Senior Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Authority) or the Holders of not less than a majority in aggregate principal amount of the Senior Bonds Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Senior Bonds then Outstanding, and the interest accrued on them, to be due and payable immediately.

Application of Revenues and Other Moneys After Default. If an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority in any Fund, Account, Sub-Account or revolving fund pursuant to the terms of the Indenture, and (ii) all Revenues as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, funds and Revenues and the income therefrom as follows and in the following order: (1) to the payment of the reasonable and proper charges and expenses of the Trustee; (2) to the payment of the amounts required for reasonable and necessary Operating Expenses and for the reasonable renewals, repairs and replacements of the Tollway System necessary to prevent loss of Revenues; (3) to the payment of the principal of, Redemption Price and interest on the Bonds then due in the priority set forth in the Indenture. If the principal of all the Senior Bonds shall have been declared due and payable, the Trustee shall apply available sources of payment first to the ratable payment of the principal and interest then due and unpaid upon the Senior Bonds, and second to the ratable payment of the principal and interest then due and unpaid upon the Junior Bonds.

Proceedings Brought by Trustee. If an Event of Default shall happen and shall not have been remedied, then the Trustee may proceed, and upon written request of the Holders of not less than 20% in principal amount of Senior Bonds Outstanding, shall proceed to protect and enforce its rights and the rights of the Holders of the Bonds under the Indenture as the Trustee shall deem most effectual to enforce any of its rights or to perform any of its duties under the Indenture.

The Holders of not less than a majority in principal amount of Senior Bonds at the time Outstanding may direct the time, method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the enforcement of any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, *provided* that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Regardless of the happening of an Event of Default, the Trustee shall have the power, but unless requested in writing by the Holders of a majority in principal amount of the Senior Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the Indenture and to preserve or protect its interests and the interests of the Bondholders.

No Holder of any Bond shall have any right to institute any suit or proceeding at law or in equity for the enforcement or violation of any provision of the Indenture or the execution of any trust under the Indenture or for any remedy under the Indenture, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, and the Holders of at least a majority in principal amount of the Senior Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Indenture or by the Act or by the laws of Illinois or to institute such suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred in or by the suit or proceedings, and the Trustee shall have refused or failed to comply with such request within sixty (60) days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such action to affect, disturb, or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner provided in the Indenture; and that all proceeds at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all Holders of the Outstanding Bonds in the priority as provided in the Indenture and, for the Junior Bonds, as provided in the Supplemental Indentures authorizing them.

Notwithstanding any provision of the Indenture, the Act provides that owners of any bonds issued by the Authority may bring civil actions to compel the observance by the Authority or by any of its officers, agents, or employees of any contract or covenant made by the Authority with the owner of such bonds. Further, the Act permits, notwithstanding any provision of the Indenture, owners of any bonds to bring civil actions to compel the Authority and any of its officers, agents or employees, to perform any duties required to be performed for the benefit of the owners of such bonds by the provisions of the resolution authorizing their issuance, or by the Act or to enjoin the Authority and any of its officers, agents or employees from taking any action in conflict with such contract or covenant.

Supplemental Indentures

The Authority and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into Supplemental Indentures not inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes: (1) to authorize Senior Bonds or Junior Bonds; (2) to close the Indenture against, or impose additional limitations or restrictions on the issuance of Bonds or other notes, bonds, obligations or other evidences of indebtedness; (3) to impose additional covenants or agreements to be observed by, or to impose other limitations or restrictions on, the Authority; (4) to surrender any right, power or privilege reserved to or conferred upon the Authority by the Indenture; (5) to confirm, as further assurance, any pledge of or lien upon the Revenues or any other moneys, securities or funds; (6) to cure any ambiguity, omission or defect in the Indenture; (7) to provide for the appointment of a successor Fiduciary; and (8) to make any other change that, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Bondholders.

Except for Supplemental Indentures described in the preceding paragraph, any modification or amendment of the Indenture and of the rights and obligations of the Authority and of the Holders of the Bonds thereunder may be made with the written consent of the Holders of at least a majority in principal amount of Senior Bonds of all Outstanding Series which are affected and of the Holders of at least a majority in principal amount of the Junior Bonds of all Outstanding Series which are affected at the time such consent is given. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of each such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Notwithstanding any other provision of the Indenture, in issuing any Bonds the Authority may consent to any modification or amendment to the Indenture that may be adopted by consent of the required percentage of Holders of Bonds. That consent shall, upon the issuance of those Bonds, constitute the irrevocable consent of the Holders of those Bonds.

Defeasance

If the Authority shall pay or cause to be paid or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the Indenture and all covenants, agreements and other obligations of the Authority to the Bondholders, shall thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and held in trust by the escrow agent at or prior to their maturity or redemption date shall be deemed to have been paid if the Authority shall have delivered to or deposited with the escrow agent (a) irrevocable instructions to pay or redeem all of said Bonds, (b) irrevocable instructions to publish or mail the required notice of redemption of any Bonds so to be redeemed, (c) either moneys in an amount that shall be sufficient or direct obligations of or obligations unconditionally guaranteed by the United States of America the principal of and the interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (d) if any of said Bonds are not to be redeemed within the next succeeding sixty (60) days, irrevocable instructions to give notice, as provided in the Indenture, that such deposit has been made with the Trustee and such Bonds are deemed to have been paid under the Indenture.

Eighteenth Supplemental Indenture

The 2014B Bonds are authorized and issued pursuant to the Eighteenth Supplemental Indenture and the Indenture. The terms of the 2014B Bonds are generally described in this Official Statement under the caption "**DESCRIPTION OF THE 2014B BONDS**." The proceeds of the 2014B Bonds are required by the Eighteenth Supplemental Indenture to be used for the purposes described in this Official Statement under the captions "**PLAN OF FINANCE**" and "**ESTIMATED SOURCES AND APPLICATIONS OF FUNDS**."

APPENDIX E

BOOK-ENTRY SYSTEM

The Depository Trust Company ("**DTC**"), New York, New York, will act as securities depository for the 2014B Bonds. The 2014B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2014B Bonds, each in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014B Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014B Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2014B Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2014B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014B Bonds, such as tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners may wish to ascertain that the nominee holding the 2014B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014B Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2014B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2014B Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014B Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and neither the Authority nor the Underwriters take any responsibility for the accuracy of such information.

Neither the Authority nor any Fiduciary will have any responsibility or obligation to DTC, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bonds; (iii) the delivery of any notice by DTC or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2014B Bonds; or (v) any other action taken by DTC or any Participant.

In reading this Official Statement it should be understood that while the 2014B Bonds are in the Book-Entry System, references in this Official Statement to registered owners should be read to include the Beneficial Owner, but (a) all rights of ownership must be exercised through DTC and the Book-Entry System and (b) notices that are to be given to registered owners by the Authority or the Trustee will be given only to DTC.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

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June [__], 2014

The Illinois State Toll Highway Authority
Downers Grove, Illinois

The Bank of New York Mellon Trust Company, N.A.
Chicago, Illinois

Re: $500,000,000 Toll Highway Senior Revenue Bonds, 2014 Series B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Illinois State Toll Highway Authority (the "Authority") of its $500,000,000 Toll Highway Senior Revenue Bonds, 2014 Series B (the "Bonds"). The Bonds are being issued as Senior Bonds pursuant to the Toll Highway Act, 605 ILCS 10/1 *et seq.,* as amended (the "Act"), creating the Authority, Resolution No. 19825 adopted by the Board of Directors of the Authority (the "Board") on December 13, 2012 (the "Bond Resolution"), and an Amended and Restated Trust Indenture effective as of March 31, 1999 amending and restating a Trust Indenture dated as of December 1, 1985, as previously supplemented and amended (the "Trust Indenture"), from the Authority to The Bank of New York Mellon Trust Company, N.A. as successor to J.P. Morgan Trust Company, N.A. and its predecessors, as trustee (the "Trustee"), and the Eighteenth Supplemental Indenture dated as of June 1, 2014 (the "Eighteenth Supplemental Indenture") providing for issuance of the 2014B Bonds. The Trust Indenture, as supplemented by the Eighteenth Supplemental Indenture, is referred to herein as the "Indenture." Capitalized terms not otherwise defined herein have the same meanings ascribed to them in the Indenture.

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The Bonds are dated the date hereof and mature on January 1 of the years, in the amounts and bear interest at the rates per annum as follows:

Maturity Date (January 1)	Principal Amounts	Interest Rates	Yield	Price
2026	$ 7,300,000	5.000%	2.940%	117.080[C]
2027	9,100,000	5.000	3.050	116.084[C]
2028	9,100,000	5.000	3.160	115.097[C]
2029	8,100,000	5.000	3.260	114.209[C]
2030	7,700,000	5.000	3.370	113.242[C]
2031	7,700,000	5.000	3.480	112.284[C]
2032	12,900,000	5.000	3.560	111.594[C]
2033	14,900,000	5.000	3.650	110.823[C]
2034	16,900,000	5.000	3.710	110.313[C]
2035	16,700,000	5.000	3.770	109.806[C]
2036	85,500,000	5.000	3.820	109.385[C]
2037	89,800,000	5.000	3.850	109.134[C]
2038	94,300,000	5.000	3.870	108.966[C]
2039	120,000,000	5.000	3.890	108.799[C]

[C] Priced to first call date.

The Bonds are subject to optional redemption as set forth in the final Official Statement dated May 8, 2014.

The Bonds are issued for the purpose of (i) paying costs of the Move Illinois Program Project, (ii) funding a deposit to the Debt Reserve Account and (iii) paying costs related to the issuance of the Bonds.

In our capacity as bond counsel, we have examined, among other things, the following:

(a) a certified copy of the proceedings of the Board adopting the Bond Resolution and authorizing the execution and delivery of the Eighteenth Supplemental Indenture and the issuance of the Bonds;

(b) a certified copy of the Bond Resolution;

(c) an executed counterpart of the Indenture; and

(d) such other certifications, documents, showings and related matters of law as we have deemed necessary in order to render this opinion.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority had and has the right and power under the Constitution and the laws of the State of Illinois (the "State") to authorize the Bonds, to enter into the Indenture and to perform its obligations under the Indenture.

2. The Indenture is presently in full force and effect and is binding upon the Authority in accordance with its terms and is part of the contract of the Authority with the several owners of the Bonds.

3. The Bonds have been duly authorized and issued, are entitled to the benefits of the Indenture and are valid and legally binding direct and limited obligations of the Authority, enforceable in accordance with their terms and payable ratably and equally together with all Senior Bonds, from the Net Revenues, Funds, Accounts, and other moneys, securities and property pledged under the Indenture. The Bonds are not debt of the Authority or the State and are not secured by a pledge of the full faith and credit of the Authority or the State within the meaning of any constitutional or

statutory limitation. The owners of the Bonds may not require the levy or imposition of any taxes or the appropriation of funds by the Authority or the General Assembly of the State for the payment of the Bonds.

4. The Indenture creates the valid pledge and lien which it purports to create on and in the Net Revenues, Funds, Accounts, and other moneys, securities and property held or set aside under the Indenture for the benefit and security of the Bonds on the terms, conditions, priorities and order set forth in or provided under the Indenture.

5. Interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the continued compliance by the Authority with certain covenants and the requirements of the Internal Revenue Code of 1986, as amended. Failure to comply with such covenants and requirements could cause interest on the Bonds to be includable in gross income retroactively to the date of issuance of the Bonds.

6. Interest on the Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest on the Bonds is included in the “adjusted current earnings” for purposes of calculating the federal alternative minimum tax liability of certain corporations.

7. Interest on the Bonds is not exempt from State of Illinois income taxes.

8. Other than the opinions set forth in paragraphs 5, 6 and 7 above, we express no opinion regarding any other federal or state tax consequences relating to acquisition, ownership or disposition of, or the accrual or receipt of interest on the Bonds.

In rendering the foregoing opinion, we advise you that the enforceability (but not the validity or binding effect) of the Bonds and the Indenture (i) may be limited by any applicable bankruptcy, insolvency or other laws affecting the rights or remedies of creditors generally now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

In rendering this opinion, we have relied upon the accuracy of the representations and certifications of the Authority and certain other parties with respect to certain material facts solely within the their knowledge relating to the property financed with the proceeds of the Bonds and the application of the proceeds of the Bonds and certain other matters pertinent to the tax exempt status of the Bonds.

This opinion is based upon laws, regulations, rulings and decisions in effect on the date hereof. We assume no responsibility for updating this opinion to take into account any event, action, interpretation or change of law occurring subsequent to the date hereof that may affect the validity of any of the opinions expressed herein.

Very truly yours,

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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY • TOLL HIGHWAY SENIOR REVENUE BONDS, 2014 SERIES B

MOVE ILLINOIS

The Illinois Tollway

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