

In the opinion of Mayer Brown LLP and Charity & Associates, P.C. (“Co-Bond Counsel”), under existing law, interest on the Series of June 2013 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 Series of June 2013 Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest on the Series of June 2013 Bonds is included in “adjusted current earnings” for purposes of calculating the federal alternative minimum tax liability of certain corporations. Co-Bond Counsel is also of the opinion that, under existing law, interest on the Series of June 2013 Bonds is not exempt from present Illinois income taxes. See “TAX MATTERS” herein for a more complete discussion.



\$604,110,000

**STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS)**

JUNIOR OBLIGATION SERIES OF JUNE 2013

Dated: Date of Issue

**Due: June 15, as shown on
the inside cover**

The Series of June 2013 Bonds are issuable only as fully registered, book-entry bonds in denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered under a global book-entry system in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. The Bonds will bear interest at the rates shown on the inside cover of this Official Statement. Interest on the Series of June 2013 Bonds will be payable June 15 and December 15 of each year, commencing December 15, 2013. Details of payment of the Series of June 2013 Bonds are described herein.

The Series of June 2013 Bonds are subject to redemption prior to maturity as set forth herein.

The Series of June 2013 Bonds are being issued to refund certain of the State’s outstanding Build Illinois Bonds (Sales Tax Revenue Bonds), as described herein, and pay certain costs of issuance.

The Series of June 2013 Bonds are direct, limited obligations of the State payable solely from the tax revenues and other moneys pledged therefore, subject to certain prior payments required for the benefit of the Build Illinois Bonds (Sales Tax Revenue Bonds) of the State, as described herein. The Series of June 2013 Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The holders of the Series of June 2013 Bonds may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the Series of June 2013 Bonds except for the tax revenues and other moneys pledged to such Bonds.

The Series of June 2013 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Mayer Brown LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Chapman and Cutler LLP, Chicago, Illinois, and Reyes Kurson, Chicago, Illinois. It is expected that the Series of June 2013 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 20, 2013.

Barclays

Guggenheim Securities, LLC

City Securities Corporation

Podesta & Co.

The Northern Trust Company

Estrada Hinojosa & Company, Inc.

Stern Brothers & Co.

\$604,110,000

**STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS)
JUNIOR OBLIGATION SERIES OF JUNE 2013**

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

Due June 15	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2014	\$46,470,000	2.00%	0.20%	101.772	452227GN5
2015	46,470,000	4.00%	0.50%	106.908	452227GP0
2016	46,470,000	4.00%	0.80%	109.423	452227GQ8
2017	46,470,000	5.00%	1.12%	115.084	452227GR6
2018	46,470,000	5.00%	1.45%	117.016	452227GS4
2019	46,470,000	5.00%	1.85%	117.771	452227GT2
2020	46,470,000	5.00%	2.15%	118.395	452227GU9
2021	46,470,000	5.00%	2.50%	117.996	452227GV7
2022	46,470,000	5.00%	2.78%	117.544	452227GW5
2023	46,470,000	5.00%	2.94%	117.714	452227GX3
2024	46,470,000	5.00%	3.13%	115.930**	452227GY1
2025	46,470,000	5.00%	3.30%	114.362**	452227GZ8
2026	46,470,000	5.00%	3.43%	113.180**	452227HA2

* Copyright 2012, American Bankers Association CUSIP data herein are provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by Standard & Poor's, a subsidiary of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Series of June 2013 Bonds and neither the State nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series of June 2013 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series of June 2013 Bonds.

** Priced to the June 15, 2023, call date.



STATE OF ILLINOIS

\$604,110,000

**STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),
JUNIOR OBLIGATION SERIES OF JUNE 2013**



Pat Quinn, Governor

Jerome Stermer

Acting Director of the Governor's Office of Management and Budget

John Sinsheimer

Director of Capital Markets

Jessica Akey

Manager of Capital Markets

No dealer, broker, salesperson, or other person has been authorized by the State of Illinois (the “**State**”) or the Underwriters to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Series of June 2013 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinions set forth herein have been furnished by the State and include information from other sources which the State believes to be reliable. Such information and expressions of opinion 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 since the date thereof.

The Underwriters are authorized to incorporate the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES OF JUNE 2013 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES OF JUNE 2013 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

In making an investment decision, investors must rely on their own examination of the State and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

References in this Official Statement to statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive, and all such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement is submitted in connection with the sale of the Series of June 2013 Bonds referred to herein and may not be reproduced or used, in whole or in part for any other purposes.

FORWARD-LOOKING STATEMENTS

This Official Statement contains disclosures which contain “*forward-looking statements*.” Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like “may,” “believe,” “will,” “expect,” “project,” “estimate,” “anticipate,” “plan,” or “continue.” These forward-looking statements are based on the current plans and expectations of the State and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the State’s future financial position including but not limited to changes in general economic conditions, demographic trends and federal programs which may affect the transfer of funds from the federal government to the State. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the State herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in the Official Statement.

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SUMMARY OF OFFICIAL STATEMENT

THIS SUMMARY IS SUBJECT IN ALL RESPECTS TO MORE COMPLETE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES OF JUNE 2013 BONDS TO ANY PERSON IS MADE ONLY BY MEANS OF THE ENTIRE OFFICIAL STATEMENT. CAPITALIZED TERMS NOT DEFINED HEREIN ARE DEFINED IN APPENDIX C.

THE OFFERING

The Issue	Offering of the State of Illinois through its Build Illinois program by negotiated sale.
The Issuer	State of Illinois.
Build Illinois	The Build Illinois program, initiated in 1985, expands the State's overall efforts in economic development through the funding of projects for infrastructure, educational and vocational facilities, protection of the State's environment and natural resources, and the provision of incentives for business location and expansion in Illinois.
Securities	\$604,110,000 State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of June 2013 (the " Series of June 2013 Bonds "). Dated the date of their original issue with delivery anticipated on June 20, 2013. The Offering is comprised of bonds maturing June 15 in each of the years 2014 through 2026, inclusive.
Interest	Payable semi-annually on June 15 and December 15, commencing December 15, 2013.
Form of Bonds	The Series of June 2013 Bonds will be issued as fully registered, book-entry bonds in the denomination of \$5,000 or any integral multiple thereof. The Series of June 2013 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.
Use of Proceeds	The Series of June 2013 Bonds are being issued to refund certain of the State's outstanding Build Illinois Bonds (Sales Tax Revenue Bonds) and pay certain costs of issuance, as described herein. See "PLAN OF FINANCE."
Optional Redemption	The Series of June 2013 Bonds maturing on and after June 15, 2024, are subject to redemption prior to maturity, at the option of the State, on or after June 15, 2023, as a whole or in part by lot in integral multiples of \$5,000 on any date, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption. See "THE OFFERING—Optional Redemption."

Security for the Series of June 2013 Bonds

The Series of June 2013 Bonds are designated as Junior Obligations under the Indenture, and the payment thereof is subject to the prior payment of Build Illinois Bonds (Sales Tax Revenue Bonds) of the State designated as Senior Bonds and certain other deposits required by the Indenture, as further described herein. All Bonds (as herein defined and which includes both Senior Bonds and Junior Obligations) are direct limited obligations of the State, payable solely from and secured by an irrevocable, first priority lien on moneys on deposit in the Build Illinois Bond Retirement and Interest Fund, a separate fund in the State Treasury (“**Retirement and Interest Fund**”), and certain other moneys and securities held by the Trustee under the provisions of the Indenture. The State has pledged to the payment of the Bonds, the Revenues and all moneys and securities held or set aside or to be held or set aside by any Fiduciary under the Indenture. The State Share of Sales Tax Revenues constitutes the primary source of the moneys which are ultimately transferred from the Build Illinois Bond Account to the Retirement and Interest Fund for payment of debt service on the Bonds. The Bonds have a first and prior claim on these revenue sources until each monthly transfer is made to the Retirement and Interest Fund as required by the Act. In addition, the Revenues include certain moneys upon being transferred from the Capital Projects Fund to the Retirement and Interest Fund applied to the payment of Bonds issued pursuant to the Illinois Jobs Now! Legislation described under “SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Revenues-Illinois Jobs Now! Legislation; Capital Projects Fund.” The Bonds are not general obligations of the State and are not secured by the full faith and credit of the State. See “SECURITY FOR THE SERIES OF JUNE 2013 BONDS.”

Irrevocable and Continuing Appropriation

The Act and the Indenture require the State to appropriate for each Fiscal Year an amount equal to the Required Bond Transfer for such Fiscal Year. The Act further provides that, in the event such appropriation is not made, the Act constitutes an irrevocable and continuing appropriation of such amount and constitutes the irrevocable and continuing authority and direction to the State Treasurer and Comptroller to make the necessary transfers and deposits, as directed by the Governor, and to make the payments as required by the Act. See “SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Pledge and State Covenant.”

Additional Senior Bonds

The maximum Net Debt Service Requirement on all Outstanding Senior Bonds and any proposed additional Senior Bonds may not exceed 5% of the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year. In other words, as of the date of issuance of any Series of Senior Bonds, the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 20 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series. See “SECURITY FOR THE SERIES OF JUNE 2013 BONDS”—Issuance of Additional Senior Bonds.”

Additional Junior Obligations

The greatest amount in any Fiscal Year of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and any proposed additional Junior Obligations may not exceed 9.8% of the Net State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. As of the date of issuance of any series of Junior Obligations, the Net State Share of Sales Tax Revenues for the most recently completed Fiscal Year must provide not less than 10.2 times the greatest amount in any Fiscal Year of the aggregate of the Net Debt Service Requirement for all Outstanding Senior Bonds, the Junior Annual Debt Service on all Outstanding Junior Obligations and for such additional Series of Junior Obligations. See “SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Issuance of Additional Junior Obligations.”

Debt Service Reserve

The Indenture creates a debt service reserve fund for the benefit of the Senior Bonds. The Series of June 2013 Bonds are not secured by or payable from amounts on deposit in the debt service reserve fund.

Tax Treatment of Interest

Interest on the Series of June 2013 Bonds (i) is excluded from the gross income of the owners thereof for federal income tax purposes and (ii) is not exempt from present State of Illinois income taxes. See “TAX MATTERS” herein for a more complete discussion.

Ratings

Standard & Poor’s Ratings Service has assigned a rating of AAA with a Stable Outlook to the Bonds and Fitch Ratings has assigned a rating of AA+ with a Stable Outlook to the Bonds. See “RATINGS”.

Miscellaneous

Additional information regarding the Series of June 2013 Bonds and this Official Statement is available by contacting the Governor’s Office of Management and Budget, 100 W. Randolph St, Ste. 15-100, Chicago, IL 60601; telephone: (312)-814-7279.

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\$604,110,000

**STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),
JUNIOR OBLIGATION SERIES OF JUNE 2013**

INTRODUCTION

This Official Statement (which includes the appendices) provides certain information in connection with the issuance by the State of Illinois (“**State**”) of its State of Illinois Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of June 2013 (“**Series of June 2013 Bonds**”), in the aggregate principal amount of \$604,110,000. The State is issuing the Series of June 2013 Bonds pursuant to “An Act to create the Build Illinois Bond Act and creating and amending various Acts in relation thereto”, as amended (30 ILCS 425/1 *et seq.*) (“**Act**”), and pursuant to the Master Trust Indenture entered into by and between the State and U.S. Bank National Association, Chicago, Illinois (as successor trustee to Continental Bank, National Association), as trustee (“**Trustee**”), dated as of September 15, 1985, as amended and supplemented to date (“**Master Indenture**”), and the Fiftieth Supplemental Indenture, dated as of June 1, 2013, by and between the State and the Trustee with respect to the Series of June 2013 Bonds. The Master Indenture and the Fiftieth Supplemental Indenture are herein collectively called the “**Indenture**.” The Series of June 2013 Bonds are authorized by the Act and the Indenture to be issued by the State for the Build Illinois program.

The Series of June 2013 Bonds, the \$455,080,000 of its State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds) Junior Obligation Series of June 2010 (the “**Series of June 2010 Bonds**”), and all additional bonds and certain other obligations hereinafter issued pursuant to the Act and the Indenture and designated as Junior Obligations under the Indenture are herein called “**Junior Obligations**.” Deposits of funds received by the Trustee under the Indenture for the Junior Obligations are subject to certain prior deposits for the benefit of Build Illinois Bonds (Sales Tax Revenue Bonds) designated as Senior Bonds (“**Senior Bonds**”) currently outstanding and as may hereinafter be issued under the Act and the Indenture. All Senior Bonds, all Junior Obligations and all additional bonds and other obligations previously and hereafter issued pursuant to the Act and the Indenture are herein called “**Bonds**.” The Series of June 2013 Bonds will be the fiftieth series of Bonds and the second series of Junior Obligations issued under the Act. Prior to the issuance of the Series of June 2013 Bonds, \$3,032.1 million of Bonds were outstanding as of May 15, 2013, of which approximately \$2,634.9 million are Senior Bonds. (For additional information on outstanding Bonds, see Appendix D.)

The Series of June 2013 Bonds are being issued for the purpose of refunding certain Outstanding Senior Bonds. After such refunding, Senior Bonds in the amount of \$1,829.2 million* will remain Outstanding. See “PLAN OF FINANCE.”

The Indenture constitutes a contract between the State and the holders of all Bonds. Certain 1985 amendments to “An Act in relation to State Finance”, approved June 10, 1919, as amended (“**Finance Act**”), and to the laws imposing the State’s Sales Taxes (“**Sales Tax Acts**”) relating to the payment of and security for the Bonds are also included in the Act. All references to the Act and the Indenture are qualified in their entirety by reference to the complete texts thereof, copies of which are available from the State. All references to the Series of June 2013 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Indenture.

Certain capitalized terms used in this Official Statement and the Indenture are defined in Appendix C and unless otherwise indicated shall have the respective meanings set forth therein.

* Reflects the June 15, 2013, principal and interest payments on the Bonds.

THE STATE

The State of Illinois, with a population of approximately 12.9 million persons, is a state of diversified economic strength. Measured by per capita personal income, the State ranks third among the ten most populous states and sixteenth overall. (See Table A-7 included in Appendix A.) The State ranks third among all states in total cash receipts from agriculture (see Table A-4 included in Appendix A), while also ranking among the top states in several measures of manufacturing. The City of Chicago serves as the transportation center of the Midwest and the headquarters of many of the nation's major corporations and financial institutions. Certain additional information regarding the State, including economic, statistical and financial data, is included in Appendix A. Adverse changes in general economic conditions could impact the future rate of growth reflected in such data, including the growth and volume of retail sales and Sales Tax revenues, which are the primary security for the Bonds.

The State is formally organized according to executive, legislative and judicial functions. The Governor is the chief executive of the State and is generally responsible for the administration of the government exclusive of the offices of other constitutionally-elected officials. The other elected officials of the Executive Branch of the State include the Lieutenant Governor, the Attorney General, the Secretary of State, the Comptroller and the Treasurer. The Auditor General is a constitutional officer appointed and confirmed by the Senate.

The Illinois Constitution provides that all elected officials of the Executive Branch of the State government hold office for four-year terms. The State's current elected constitutional officers are Governor Pat Quinn, Lieutenant Governor Sheila Simon, Attorney General Lisa Madigan, Secretary of State Jesse White, Comptroller Judy Baar Topinka and Treasurer Dan Rutherford. Pursuant to the Illinois Constitution, these officials were elected at a general election in November 2010, and took office as of January 10, 2011. These elected constitutional officials are elected to serve a four-year term.

The legislative power of the State is vested in the General Assembly, which is composed of the Senate and the House of Representatives. Both the Senate and the House of Representatives meet in annual sessions to enact, amend or repeal laws and to adopt appropriation bills. Pursuant to Illinois law, the election of all members of the Senate and the House of Representatives was held in November 2012. Members of the House of Representatives were elected to serve two-year terms, while members of the Senate were elected to serve staggered four-year/six-year terms.

The judicial branch is composed of the Supreme Court, the Appellate Courts and the Circuit Courts. Pursuant to Illinois law, judicial elections were held in November 2012.

BUILD ILLINOIS

The Build Illinois program, created by the Act in 1985, expands the State's overall efforts in economic development through the funding of projects within the following categories:

- construction, reconstruction, modernization, and extension of the State's infrastructure;
- development and improvement of educational, scientific, technical and vocational programs and facilities and expansion of health and human services in the State;
- protection, preservation, restoration, and conservation of the State's environmental and natural resources; and
- provision of incentives for the location and expansion of businesses in Illinois resulting in increased employment.

Originally authorized as \$948 million in bonds and \$380 million from current tax revenues, the Build Illinois authorization has been adjusted several times to the current authorization level of \$5,704 million in Bonds. On May 30, 2013, the General Assembly approved House Bill 2869 ("**H.B. 2869**"), which increased authorization to \$6,246 million. H.B. 2869 will become immediately effective if signed into law by Governor Quinn.

The table below shows the statutory authorization for all Bonds (other than refunding Bonds, such as the Series of June 2013 Bonds) as of May 30, 2013.*

Build Illinois Bonds
(As of May 30, 2013*)

Purpose of Bonds	Amount Authorized	Authorization Used	Authorization Available
Public Infrastructure and Transportation	\$3,222,800,000	\$2,982,845,443	\$239,954,557
Economic Development	849,000,000	332,854,428	\$516,145,572
Education	1,944,058,100	1,463,966,243	\$480,091,857
Environmental Protection	230,150,900	197,417,569	\$32,733,331
Total	\$6,246,009,000	\$4,977,083,684	\$1,268,925,316

Note: Totals may not sum due to rounding.

In addition to the \$6,246 million of Bonds authorized under the Act for project financing,* Bonds may be issued for the purpose of refunding or advance refunding any Bonds previously issued under the Act. The Act provides that no refunding Bonds may be offered for sale unless the net present value savings to be achieved by the issuance of the refunding Bonds is 3% or more of the principal amount of the refunding Bonds to be issued.

For additional limitations on the issuance of additional Bonds, please see “SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Additional Limitations on Issuance of Additional Bonds.”

The State is authorized to use unexpended Bond proceeds to redeem (in accordance with the redemption provisions for each Series of Bonds), purchase, advance refund, or defease outstanding Bonds.

THE OFFERING

Description of the Series of June 2013 Bonds

The Series of June 2013 Bonds will be dated the date of their original issue and will bear interest from their date payable as described below semiannually on June 15 and December 15 of each year, commencing December 15, 2013, at the rates per annum and mature on the dates set forth on the inside cover page. Interest on the Series of June 2013 Bonds will be calculated on the basis of a three hundred sixty-day year consisting of twelve thirty-day months.

Purchases of the Series of June 2013 Bonds will be made in denominations of \$5,000 principal amount or any integral multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Series of June 2013 Bonds. Principal of, premium, if any, and interest on the Series of June 2013 Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Series of June 2013 Bonds. (See APPENDIX E—Global Book-Entry System.)

* Assumes that Governor Quinn signs H.B. 2869 into law.

Debt Service Schedule

The following table sets forth for each Fiscal Year the annual debt service requirements (rounded to the nearest dollar) on the Series of June 2013 Bonds:

Fiscal Year	Principal	Interest	Total
2014	\$ 46,470,000	\$ 27,494,750	\$ 73,964,750
2015	46,470,000	26,952,600	73,422,600
2016	46,470,000	25,093,800	71,563,800
2017	46,470,000	23,235,000	69,705,000
2018	46,470,000	20,911,500	67,381,500
2019	46,470,000	18,588,000	65,058,000
2020	46,470,000	16,264,500	62,734,500
2021	46,470,000	13,941,000	60,411,000
2022	46,470,000	11,617,500	58,087,500
2023	46,470,000	9,294,000	55,764,000
2024	46,470,000	6,970,500	53,440,500
2025	46,470,000	4,647,000	51,117,000
2026	<u>46,470,000</u>	<u>2,323,500</u>	<u>48,793,500</u>
	<u>\$604,110,000</u>	<u>\$207,333,650</u>	<u>\$811,443,650</u>

Optional Redemption

The Series of June 2013 Bonds maturing on and after June 15, 2024, are redeemable at the option of the State on or after June 15, 2023, either as a whole or in part in integral multiples of \$5,000 (with less than all the Series of June 2013 Bonds of a single maturity to be selected by lot) on any date, from any moneys that may be provided for such purpose, including without limitation, the proceeds of any refunding bonds, unspent proceeds of prior bond issues, and any amounts in the General Reserve Fund, at the redemption price of par plus accrued interest to the date of redemption.

Notice of Redemption

In the event that any or all of the Series of June 2013 Bonds are to be redeemed, notice of such redemption shall be mailed, postage prepaid, not more than 45 days and not less than 30 days before the redemption date to the registered owners of any Series of June 2013 Bonds or portions of Series of June 2013 Bonds to be redeemed, but failure to mail any such notice to any Series of June 2013 Bondholder, or any defect in any notice so mailed, shall not affect the validity of the proceedings for the redemption of any of the Series of June 2013 Bonds being redeemed for which the proper notice was given. Notice of redemption having been given, as aforesaid, the Series of June 2013 Bonds, or portions thereof so called for redemption, shall become due and payable on the redemption date so designated at the applicable redemption price herein provided, plus interest accrued and unpaid to the date fixed for redemption, and from and after the redemption date so designated, interest on the Series of June 2013 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable to the registered owners entitled to payment thereof on such redemption.

SECURITY FOR THE SERIES OF JUNE 2013 BONDS

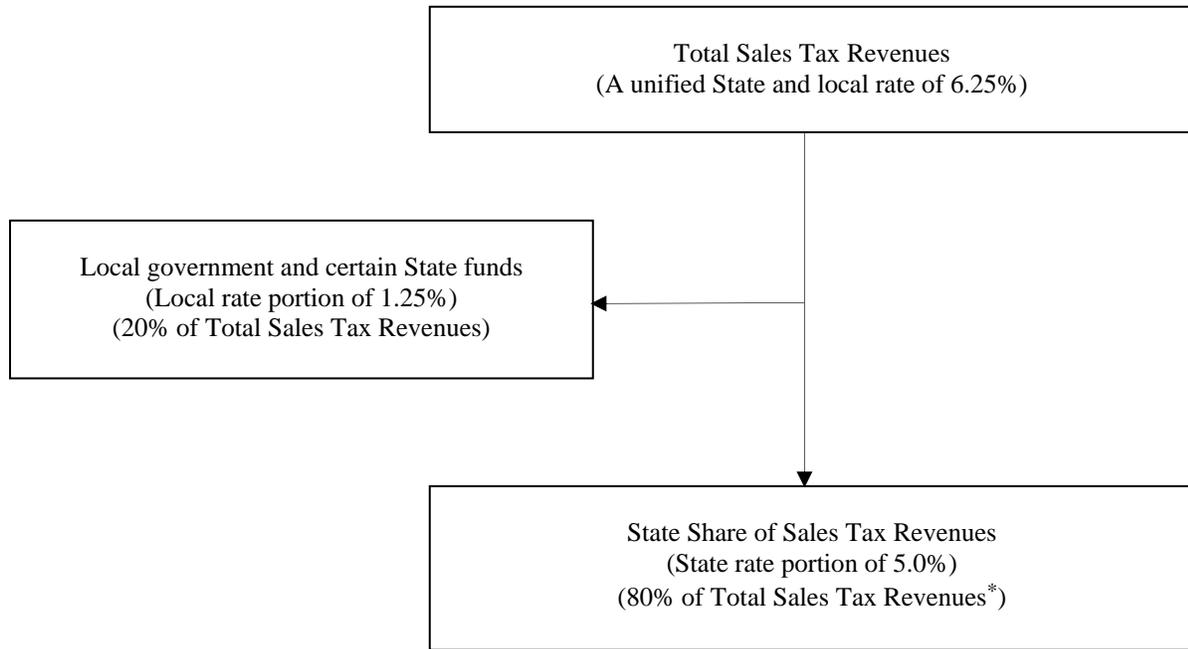
The Bonds (including the Series of June 2013 Bonds) are direct, limited obligations of the State payable solely from and secured by an irrevocable, first priority pledge of and lien on moneys on deposit in the Build Illinois Bond Retirement and Interest Fund, a separate fund in the State Treasury (“**Retirement and Interest Fund**”), and certain other moneys and securities held by the Trustee under the Indenture. Under the Act, the State has pledged to the payment of the Bonds, including the Series of June 2013 Bonds, the tax revenues and other moneys from whatever source which by law are required to be deposited into the Build Illinois Fund for the purposes of making the monthly transfers to and payments from the Retirement and Interest Fund as required by the Act (the “**Revenues**” as more specifically defined in Appendix C). Such pledge constitutes a first and prior claim against and charge on the Revenues. The Series of June 2013 Bonds are designated as Junior Obligations under the Indenture. Funds

transferred to the Trustee from the Retirement and Interest Fund are required by the Indenture to be deposited first, to pay debt service on Senior Bonds, second, to pay Program Expenses, third, to remedy any deficiencies in the reserve fund maintained for the benefit of the Senior Bonds and then to pay debt service on Junior Obligations (including the Series of June 2013 Bonds and the Series of June 2010 Bonds). The Series of June 2013 Bonds are further secured by a lien on a security interest in the General Account and the Junior Obligation Debt Service Fund, including the moneys, securities and funds held therein. See “Indenture Flow of Funds” under this caption.

The State’s Sales Tax revenues constitute the primary source of payment of debt service on the Bonds, including the Series of June 2013 Bonds. As described below under “Revenues,” twenty percent of the Sales Tax receipts collected under the Sales Tax Acts are distributed to local governments and certain State funds and the remaining eighty percent of such receipts as collected (except as described in the next sentence) are subject to a first and prior claim and charge in support of the Bonds until each monthly transfer to the Retirement and Interest Fund has been made as required by the Act. The “**State Share of Sales Tax Revenues**” include only the State’s 80 percent portion of total collected Sales Tax Revenues (excluding the 5.25% incremental portion of the Sales Taxes from the sale of candy, grooming and hygiene products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009, rate of 1.00%, which incremental portion is deposited into the Capital Projects Funds for the payment of Bonds issued pursuant to the Illinois Jobs Now! Legislation). The State Share of Sales Tax Revenues aggregated \$6,439 million for the first ten months of Fiscal Year 2013.

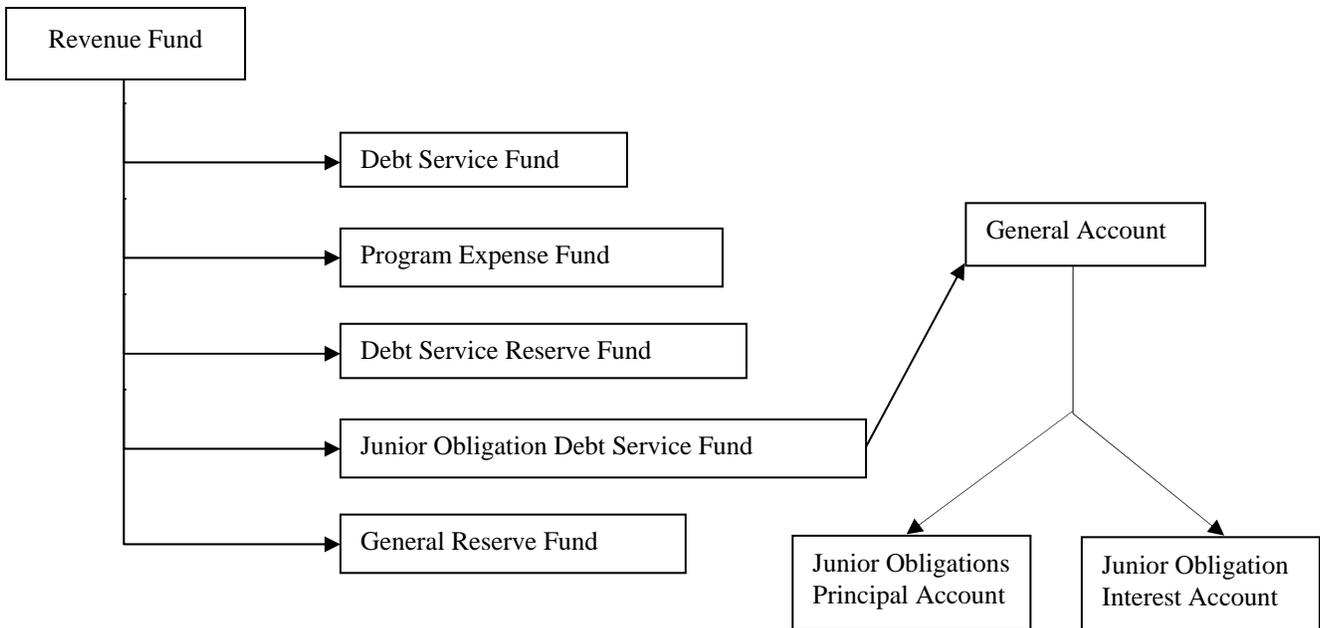
An amount equal to 1.75% of the State’s Share of Sales Tax Revenues was previously pledged to the payment of debt service on Metropolitan Fair (Pier) and Exposition Authority Dedicated State Tax Revenue Bonds, Series 1985, Series 1986 and Series 1986A, and Metropolitan Pier and Exposition Authority Dedicated State Tax Revenue Bonds, Series 1992, Series 1995, Series 1997 and Series 2002 (herein called “**McCormick Place Bonds**”) until the end of the Fiscal Year 2015. As of the date hereof, however, the McCormick Place Bonds have been retired in full and the 1.75% pledge has been terminated prior to the scheduled final maturity date of the McCormick Place Bonds. Accordingly, all of the State Share of Sales Tax Revenues will be available for payment of debt service on the Bonds. As a result, the required coverage ratio for the issuance of additional Senior Bonds changed from 19.65 times to 20 times and the required coverage ratio for the issuance of additional Junior Obligations changed from 10.03 times to 10.2 times (see “Issuance of Additional Senior Bonds” and “Issuance of Additional Junior Obligations” under this caption). The Senior Bonds are entitled to priority over other Bonds with respect to payment as set forth in the Indenture. Funds transferred to the Trustee from the Retirement and Interest Fund are required by the Indenture to be deposited first, to pay debt service on Senior Bonds, second, to pay Program Expenses, third, to remedy any deficiencies in the reserve fund maintained for the benefit of the Senior Bonds and then to pay debt service on Junior Obligations. See “Indenture Flow of Funds” under this caption.

The chart below demonstrates that portion of the Sales Tax Revenues available as the primary source of payment of debt service on the Bonds.



* Excluding the 5.25% incremental portion of the Sales Taxes from the sale of candy, grooming and hygiene products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009, rate of 1.00%, which incremental portion is deposited into the Capital Projects Funds for the payment of Bonds issued pursuant to the Illinois Jobs Now! Legislation.

As hereinafter described in greater detail, the Act and the Indenture require that, on a monthly basis, an amount of Revenues, including the Net State Share of Sales Tax Revenues, equal to the greater of (a) 1/12 of 150 percent of an amount equal to the aggregate of the Aggregate Debt Service on Senior Bonds, Junior Annual Debt Service on Junior Obligations plus amounts required to be deposited into the funds and accounts established by the Indenture, less amounts representing capitalized interest (the **“Certified Annual Debt Service Requirement”**) or (b) the Tax Act Amount (but in any Fiscal Year not in excess of the greater of the Certified Annual Debt Service Requirement or the Tax Act Amount), be transferred to the Trustee for deposit into the Revenue Fund established by the Indenture. As described in greater detail in Appendix H—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Disbursements from the Revenue Fund,” the Trustee is required to transfer amounts in the Revenue Fund to the funds and accounts shown below at the times and the amounts described under such caption.



Revenues

Sales Tax. The Sales Tax revenues (**“Sales Tax”** or **“Sales Taxes”**) consist of the receipts of four separate taxes imposed and collected by the State in connection with retail sales of certain tangible personal property and the transfer of tangible personal property incident to a sale of service. The four taxes are (i) the Retailer’s Occupation Tax imposed on persons engaged in the business of selling tangible personal property at retail within the State (this tax is the primary source of Sales Tax revenues); (ii) the Use Tax imposed on the privilege of using tangible personal property in the State; (iii) the Service Occupation Tax imposed on the cost of tangible personal property sold as an incident to service by persons engaged in the business of selling services in the State; and (iv) the Service Use Tax imposed on the privilege of using tangible personal property acquired incidental to a purchase of services. Only one of the four Sales Taxes listed above is imposed on each transaction subject to taxation. The Sales Tax is currently imposed (with certain exceptions) on the gross receipts from the retail sale or the cost price of tangible personal property transferred by the service person and is collected by the seller from the purchaser except that use taxes imposed on out-of-state purchases may be remitted directly to the State by purchasers. Sales Tax payments are collected by the Illinois Department of Revenue.

The Sales Tax Acts currently impose Sales Taxes at a unified State and local rate of 6.25 percent, consisting of a 5.0 percent State rate portion (representing 80 percent of collections) and a 1.25 percent local rate portion (representing 20 percent of collections). The State Share of Sales Tax Revenues is included in the Revenues subject to a first and prior claim and charge for the payment of the Bonds.

Illinois Jobs Now! Legislation; Capital Projects Fund. In July 2009, legislation referred to as “Illinois Jobs Now! Legislation” was enacted into law. The Illinois Jobs Now! Legislation established a \$31 billion economic development plan known as Illinois Jobs Now! to be funded from a combination of State bonds and federal and local funds. As part of Illinois Jobs Now!, State funding is to be provided either on a pay-as-you-go basis, from federal sources or from the following sources to support a \$31 billion, multi-year capital program: increases in motor vehicles fees and fines; increasing the rate of taxation on sales of “candy” and “grooming and hygiene products” from 1% to the general merchandise rate of 6.25%; expanding the definition of “soft drink” so beverages that were not previously considered soft drinks are now also taxed at the rate of 6.25%; increasing taxes on wine, spirits and certain beer products; licensing video gaming terminals; and imposing a tax on net income earned from video gaming; and making certain changes in the conduct of the Illinois Lottery designed to generate additional net income to the State.

The Illinois Jobs Now! Legislation also established the Capital Projects Fund as a separate fund in the State Treasury and provided that portions of the funds generated by the revenue sources described in the preceding paragraph be deposited in the Capital Projects Fund and used, subject to appropriation, only for capital projects and the payment of debt service on bonds issued for capital projects, which includes both the Bonds and the State’s General Obligation Bonds authorized to be paid from amounts in the Capital Projects Fund. All tax revenues and other moneys required by law to be deposited in the Capital Projects Fund (including the portion of the Sales Taxes from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at a rate of 1% prior to September 1, 2009 but that is now taxed at 6.25%) shall be paid therein upon receipt. Public Act 96-36 increased the authorization for the issuance of Bonds by \$810 million and provided that with respect to all Bonds issued pursuant to such increased authorization (including refunding Bonds to refund such Bonds), required transfers to the Retirement and Interest Fund are to be made to the extent available from amounts in the Capital Projects Fund, and if such amounts are insufficient, from the Build Illinois Bond Account. Assuming that Governor Quinn signs HB 2869 into law, the level of authorization for the issuance of Bonds would be \$6,246,009,000.

Other Revenues. Amounts equal to 20 percent of the receipts from the 6.25 percent Use Tax and Service Use Tax and 100 percent of the receipts from a 1 percent local Use Tax and Service Use Tax on food and drugs are deposited monthly into the State and Local Sales Tax Reform Fund (“**Reform Fund**”) in the State Treasury. \$259.9 million and \$275.1 million was deposited in the Reform Fund for Fiscal Years 2011 and 2012, respectively and \$221.7 has been deposited for the first nine months of Fiscal Year 2013. Moneys deposited in the Reform Fund are expended or transferred for various State and local governmental purposes in specified percentages or amounts, including monthly transfers to the Build Illinois Fund for the purpose of making transfers to the Retirement and Interest Fund. The specified monthly transfers to the Build Illinois Fund (“**Reform Fund Amounts**”) began in Fiscal Year 1994 and continue through Fiscal Year 2025 at \$3.15 million.

The Reform Fund Amounts are collectively referred to herein as “**Other Revenues.**” There is no assurance that any of these Other Revenues will be available to pay debt service on the Bonds.

Build Illinois Fund

The Act creates the Build Illinois Fund which is a separate fund in the State Treasury. Pursuant to the Act and the Indenture, all tax revenues and other moneys required by law to be deposited in the Build Illinois Fund shall be paid therein upon receipt.

Pursuant to the Act and the Indenture, an amount not to exceed the “**Annual Specified Amount**” shall be credited to the Build Illinois Bond Account for any such Fiscal Year. The Annual Specified Amount is the greater of (i) an amount equal to 3.8 percent of the State Share of Sales Tax Revenues (“**Tax Act Amount**”) or (ii) the Certified Annual Debt Service Requirement (“**Transfer Amount**”). On a monthly basis, the greater of the Tax Act Amount or 1/12 of 150% of the Transfer Amount shall be deposited in the Build Illinois Bond Account. This effectively requires that at least 1/8 of 100% of the Transfer Amount be deposited each month so that the entire Transfer Amount is deposited during the first eight months in any Fiscal Year. In Fiscal Year 2012, the Tax Act Amount was \$291.6 million. The Fiscal Year 2013 Transfer Amount is \$342.1 million, consisting of \$290.8 million for Senior Bonds and \$51.3 million for Junior Bonds. The Annual Specified Amount for Fiscal Year 2014 will be the sum of (i) \$287.2 million for Senior Bonds, (ii) \$65.9 million for Junior Bonds, (iii) and any adjustments to the Senior and Junior Bonds as a result of the Series of June 2013 Bonds. Pursuant to the Act and the Indenture, when additional

Bonds are issued during any Fiscal Year, the Transfer Amount for such Fiscal Year shall be adjusted to reflect the issuance of such Bonds.

Retirement and Interest Fund

The Retirement and Interest Fund is a separate fund in the State Treasury. The Act and the Indenture provide that the Bonds are secured by an irrevocable, first priority pledge of and lien on moneys on deposit in the Retirement and Interest Fund.

In each Fiscal Year, the amount transferred to the Retirement and Interest Fund (“**Required Bond Transfer**”) is equal to the Annual Specified Amount described above. On a monthly basis, the Act and Indenture provide that on the last day of each month a transfer shall be made from the Build Illinois Fund to the Retirement and Interest Fund in an amount equal to the greater of (a) 1/12th of 150% of the Certified Annual Debt Service Requirement (The Transfer Amount described above) or (b) the Tax Act Amount deposited in the Build Illinois Bond Account during such month, plus any cumulative deficiency in such transfers and payments for prior months; provided that all of such transfers and payments for any such Fiscal Year shall not exceed the greater of (a) the Certified Annual Debt Service Requirement or (b) the Tax Act Amount. Transferring 1/12 of 150% effectively requires transferring at least 1/8 of 100% of the Transfer Amount each month so that the required amount is deposited during the first eight months of each Fiscal Year.

The Act provides that for each Fiscal Year, the State shall make an annual appropriation of an amount equal to the Required Bond Transfer. The Act further provides that it shall constitute an irrevocable and continuing appropriation of an amount equal to the Required Bond Transfer if for any reason the General Assembly fails to make such appropriation for any Fiscal Year. For the Fiscal Year 2013, the General Assembly has appropriated funds totaling \$384 million for this purpose. For the Fiscal Year 2014, the proposed appropriation passed by the General Assembly is \$378 million, which is in excess of the Annual Specified Amount for Fiscal Year 2014. Appropriation amounts are based on debt service estimates for existing and anticipated issuances (including any refunding transactions, if planned). The actual amount of necessary debt service may vary from estimates. The proposed appropriation amount for Fiscal Year 2014 is expected to be in excess of the Annual Specified Amount for such year.

On the last day of each month, the Act and the Indenture require a transfer from the Build Illinois Fund to the Retirement and Interest Fund in the amounts described above. Further, the Act and Indenture require the State Treasurer and the Comptroller to make monthly payments of the amounts on deposit in the Retirement and Interest Fund on the last day of each month to the Trustee for deposit in the Revenue Fund. Finally, under the Indenture, on the first day of each month, the Trustee is required to apply the amount held in the Revenue Fund as described below under the caption “Indenture Flow of Funds.”

Balance in Build Illinois Fund

After making provision for the monthly payment to the Retirement and Interest Fund, the Act provides for monthly credits or transfers of specified amounts from the Build Illinois Fund to various State funds and for transfers of any balance in the Build Illinois Fund to the General Revenue Fund of the State.

Indenture Flow of Funds

The Indenture creates a Revenue Fund, a Debt Service Fund, a Program Expense Fund, a Debt Service Reserve Fund, a Junior Obligation Debt Service Fund and a General Reserve Fund and provides that on the first day of each month the Trustee shall deposit moneys received from the Retirement and Interest Fund into the Revenue Fund and shall promptly apply such moneys as follows:

- (a) **First**, to the Debt Service Fund, an amount equal to the monthly requirement for debt service on the Senior Bonds;
- (b) **Second**, to the Program Expense Fund, an amount equal to the monthly requirement for Program Expenses;

- (c) **Third**, to the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in the Debt Service Reserve Fund so that it equals the Debt Service Reserve Fund Requirement with respect to the Senior Bonds;
- (d) **Fourth**, to the Junior Obligation Debt Service Fund, an amount equal to the amount required by any Supplemental Indentures or other instruments authorizing Junior Obligations; and
- (e) **Fifth**, to the General Reserve Fund, the balance remaining.

Program Expense Fund

The Program Expense Fund is established for the payment of expenses related to the Bonds payable by the State, including the fees and charges of the Trustee, costs of credit or liquidity enhancement arrangements, fees of indexing and remarketing agents and costs of arrangements to limit interest rate risk (“**Program Expenses**”). In Fiscal Year 2012, these expenses paid from this fund totaled \$57,500. For Fiscal Year 2013, these expenses are estimated to total approximately \$70,000. For Fiscal Year 2014, these expenses are estimated to not exceed \$170,000. The expected increase in Fiscal Year 2014 is, in part, due to periodic arbitrage calculations expected in Fiscal Year 2014.

Debt Service Reserve Fund

The Debt Service Reserve Fund is established for the benefit of Senior Bonds and amounts therein are not available to pay the principal of and interest on the Series of June 2013 Bonds. The Debt Service Reserve Fund contains, and following the issuance of the Series of June 2013 Bonds and the refunding of the Refunded Bonds (as hereinafter defined) will continue to contain, the amount of funds required to be on deposit therein.

Issuance of Additional Senior Bonds

The Indenture permits the issuance of additional Senior Bonds, bearing interest at a fixed or variable rate, which would rank equally and ratably with Outstanding Senior Bonds. Additional Senior Bonds may be issued for the purpose of financing projects provided that the following conditions, among others, are met:

- (1) The maximum Net Debt Service Requirement on all Outstanding Senior Bonds and proposed additional Senior Bonds for the current or any future Fiscal Year does not exceed 5 percent of the State Share of Sales Tax Revenues for the most recently completed Fiscal Year; and
- (2) The Director of the Governor’s Office of Management and Budget of the State (the “**Director**”) shall certify that the Debt Service Reserve Fund Requirement, calculated immediately after the issuance of such additional Senior Bonds, will be met within 24 months after the date of such issuance.

Additional Senior Bonds may be issued for the purpose of refunding Outstanding Senior Bonds provided that, among others, the following conditions are met:

- (1) Either (a) the maximum Net Debt Service Requirement on all Outstanding Senior Bonds and proposed additional Senior Bonds for the current or any future Fiscal Year does not exceed 5 percent of the State Share of Sales Tax Revenues for the most recently completed Fiscal Year; or (b) maximum Aggregate Debt Service for the then current or any future Fiscal Year will not increase as a result of such issuance; and
- (2) The Director shall certify that the Debt Service Reserve Requirement will be met within 24 months after the date of such issuance.

The limitations set forth in (1) above effectively require that on the date of issuance of any Series of Senior Bonds (other than refunding Bonds that do not increase Aggregate Debt Service in any Fiscal Year), the State Share of

Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 20 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series.

Issuance of Additional Junior Obligations

The Indenture permits the issuance of additional Junior Obligations, which would rank equally and ratably with the Series of June 2013 Bonds and the Outstanding Junior Obligations. Junior Obligations may be issued for the purpose of financing projects if the greatest amount of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and the proposed additional Junior Obligations, for the then current or any future Fiscal Year, will not exceed 9.8 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year.

Additional Junior Obligations may be issued for the purpose of refunding Outstanding Senior Bonds and Junior Obligations if either:

- (1) The greatest amount of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and the proposed additional Junior Obligations, for the then current Fiscal Year or any future Fiscal Year, will not exceed 9.8 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year, or
- (2) The greatest amount of the aggregate of the Net Debt Service Requirement on all Outstanding Senior Bonds and the Junior Annual Debt Service for all Outstanding Junior Obligations and the Junior Obligations proposed to be issued, for the then current Fiscal Year or any future Fiscal Year, will not increase as a result of the issuance of such additional Series.

The limitations set forth above effectively require that, on the date of issuance of any Series of Junior Obligations (other than refunding Bonds), the State Share of Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 10.2 times coverage of the greatest amount in any Fiscal Year of the aggregate of the Net Debt Service Requirement for all Outstanding Senior Bonds and the Junior Annual Debt Service on all Outstanding Junior Obligations and for such Series.

The Indenture also permits the issuance of bonds and other obligations that are subordinated to any Outstanding Senior Bonds and Outstanding Junior Obligations.

Additional Limitations on Issuance of Additional Bonds

The Illinois Constitution and the Act include certain additional limitations on the issuance of additional Bonds, including requirements that refunding Bonds may be offered for sale only if (i) all non-refunding Bonds in an issue that includes refunding Bonds shall mature no later than the final maturity date of Bonds being refunded; (ii) the net present value savings to be achieved by the issuance of the refunding Bonds is 3% or more of the principal amount of the refunding Bonds to be issued; (iii) the maturities of the refunding Bonds can not extend beyond the maturities of the Bonds they refund, so that for each fiscal year in the maturity schedule of a particular issue of refunding Bonds, the total amount of refunding principal maturing and redemption amounts due in that fiscal year and all prior fiscal years in that schedule shall be greater than or equal to the total amount of refunded principal and redemption amounts that had been due over that year and all prior fiscal years prior to the refunding; and (iv) the Bonds are issued with principal or mandatory redemption amounts in equal amounts, with the first maturity issued occurring within the fiscal year in which the Bonds are issued or within the next succeeding fiscal year.

Future Financings

The State continues to execute on its \$31 billion Illinois Jobs Now! capital program. As a result, the State will continue to issue bonds to finance capital expenditures, at such times and in such amounts as shall be determined by its capital investment program and subject to market conditions. To provide additional funds for the Illinois Jobs Now! capital program, the State anticipates, subject to market conditions, issuing in the second quarter of 2013 up to \$1.25 billion in additional General Obligation Bonds.

Pledge and State Covenant

The Act and the Indenture require the State to appropriate for each Fiscal Year an amount equal to the Required Bond Transfer for such Fiscal Year. The Act further provides that, in the event such appropriation is not made, the Act constitutes an irrevocable and continuing appropriation of such Required Bond Transfer and constitutes the irrevocable and continuing authority and direction to the State Treasurer and Comptroller to make the necessary transfers and deposits, as directed by the Governor, and to make the payments as required by the Act.

Under the Act and the Indenture, the State irrevocably covenants and agrees with the Bondholders not to limit or alter (i) the basis on which taxes and revenues of the State are required to be collected and deposited in the Build Illinois Fund, credited to and transferred from the Build Illinois Bond Account, and transferred to the Retirement and Interest Fund, (ii) the purposes of the Retirement and Interest Fund or (iii) the provisions of specified sections of the Act, so as to impair, in any of the foregoing respects, the obligations of contract incurred by the State in favor of the holders of the Bonds.

Sales Tax Revenues

The following table shows the historical State Share of Sales Tax Revenues received by the State for each of the Fiscal Years ended June 30, 1999 through 2013 year to date (see “**Revenues**”), and the approximate distributions of those Sales Taxes into General Funds, other State funds, the Build Illinois Fund McCormick Place Bonds and Build Illinois Bond Account.

State Share of Sales Tax Revenues¹ (\$ millions)

Fiscal Year	State Share Sales Tax Revenues²	Portion to Build Illinois Fund McCormick Place Bonds³	Net State Share of Sales Tax Revenues⁴	Portion to Build Illinois Bond Retirement and Interest Fund	Debt Service Coverage Levels⁶
1999	\$5,949.0	\$104.1	\$5,844.9	\$226.1	\$25.83
2000	6,393.1	111.9	6,281.2	242.9	25.80
2001	6,319.7	110.6	6,209.2	240.2	25.86
2002	6,421.2	112.4	6,308.8	244.0	25.86
2003	6,413.4	112.2	6,301.2	243.7	25.89
2004	6,675.5	116.8	6,558.7	253.7	25.71
2005	7,002.2	122.5	6,879.7	266.1	25.86
2006	7,535.2	131.9	7,403.4	286.3	25.66
2007	7,575.6	132.6	7,443.0	287.9	25.86
2008	7,666.5	134.2	7,532.3	291.3	25.86
2009	7,215.2	126.3	7,088.9	274.2	25.86
2010	6,743.7	118.0	6,625.7	274.9 ⁵	24.10
2011	7,189.6	125.8	7,063.8	299.3 ⁵	23.60
2012	7,673.5	134.3	7,539.2	299.7 ⁵	25.15
2013 ⁷	6,438.6	0.0	6,438.6	342.1 ⁵	n/a

¹ State Share of Sales Tax Revenues is generally imposed at a rate of 5%.

² State Share Sales Tax Revenues for Fiscal Years 1999 through 2013 year to date are from the records of the Illinois Comptroller. These figures do not include Automobile Renting Tax.

³ Approximately 1.75% of the State Share of Sales Tax Revenues was distributed to the Build Illinois Fund McCormick Place Bonds, until July 1, 2012 when the bonds were paid in full.

⁴ Prior to July 1, 2012, this represented the State Share of Sales Tax Revenues available for the retirement and interest payments of Build Illinois Bonds after the 1.75% was distributed to the Build Illinois McCormick Place Bonds. The McCormick Place Bonds have been retired.

⁵ This represents the greater of (i) 3.8% of the State Share of Sales Tax Revenues or (ii) Certified Annual Debt Service distributed to the Build Illinois Bond Retirement and Interest Fund. This amount includes debt service for bonds issued under Illinois Jobs Now! authorization, which is paid from the Capital Projects Fund. If the Capital Projects Fund is insufficient, then the State Share of Sales Tax Revenues will make up for any deficiencies. In Fiscal Years 2010 through 2013, the Certified Annual Debt Service was the greater of items (i) and (ii) and was equal to the Required Bond Transfer.

⁶ These debt service coverage levels reflect the amount of Net State Share of Sales Tax Revenues, or the State Share of Sales Tax Revenues beginning in Fiscal Year 2013, for any given Fiscal Year divided by the debt service for that same Fiscal Year. These figures are not representative of the coverage levels required by the Additional Bonds Test. See “Issuance of Additional Senior Bonds” and “Issuance of Additional Junior Obligations.”

⁷ As of April 30, 2013.

The following table shows the historical Sales Tax revenues each month for the Fiscal Years ended June 30, 2006 through 2013 year to date.

Monthly State Share of Sales Tax Revenues
(\$ millions)

Month	2006	2007	2008	2009	2010	2011	2012	2013
July	\$ 661	\$ 631	\$ 663	\$ 672	\$ 587	\$ 581	\$ 644	\$ 655
August	626	694	635	642	571	574	639	620
September	639	652	618	660	567	564	651	639
October	612	657	655	647	554	575	636	670
November	596	617	633	580	527	669	640	649
December	633	676	760	690	614	654	675	698
January	670	693	664	612	594	655	700	685
February	583	551	540	491	469	513	542	584
March	587	544	593	526	523	551	608	602
April	606	584	619	538	586	611	646	637
May	649	623	631	552	558	601	662	-
June	674	654	657	605	595	642	631	-
Year Total	\$7,535	\$7,576	\$7,667	\$7,215	\$6,744	\$7,190	\$7,674	N/A

Note: Totals may not sum due to rounding.

PLAN OF FINANCE

Proceeds of the Series of June 2013 Bonds will be used to refund all or a portion of certain maturities of outstanding Build Illinois Bonds (Sales Tax Revenue Bonds) and to pay costs of issuance of the Series of June 2013 Bonds. The table attached to this Official Statement as APPENDIX G sets forth the series designation, dated date, CUSIP numbers, maturity date, interest rate, principal amount and redemption date and price for each maturity of bonds to be refunded with proceeds of the Series of June 2013 Bonds (the “**Refunded Bonds**”).

The State is refunding the Refunded Bonds in order to achieve overall debt service savings and to release excess amounts on deposit in the Debt Service Reserve Fund, which released amounts will be transferred to the General Revenue Fund of the State for general State purposes.

In order to provide for the refunding of the Refunded Bonds, certain proceeds of the Series of June 2013 Bonds will be used to purchase Federal Obligations, the principal of which together with the interest to be earned thereon and a beginning cash deposit will be sufficient (i) to pay when due the interest on the Refunded Bonds to their respective maturity or redemption dates, and (ii) to pay or redeem the Refunded Bonds on their respective maturity or redemption dates at their respective principal amounts or redemption prices.

The Federal Obligations will be held in an escrow account (the “**Escrow Account**”) created pursuant to an Escrow Agreement (the “**Escrow Agreement**”), between the State and the Trustee.

All moneys and Federal Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Bonds. Neither the maturing principal of the Federal Obligations nor the interest to be earned thereon will serve as security or be available for the payment of the principal of, premium, if any, and interest on the Series of June 2013 Bonds.

The Trustee will have no claim against or lien on such moneys and Federal Obligations for any fees or expenses incurred by the Trustee under the Escrow Agreement.

As provided in the Act, following the deposit of the Federal Obligations into the Escrow Account, the liability of the State upon the Refunded Bonds will continue, but the holders of the Refunded Bonds are entitled to payment only

out of the moneys on deposit in the Escrow Account, and the Refunded Bonds will be deemed paid, discharged and no longer to be Outstanding.

The mathematical accuracy of computations made by the herein defined Underwriters demonstrating the adequacy of the deposit into the Escrow Account to pay when due and redeem the Refunded Bonds will be verified by Robert Thomas CPA, LLC, Shawnee Mission, Kansas, independent certified public accountants (the “**Verification Agent**”), at the time the Series of June 2013 Bonds are issued and delivered. See “**VERIFICATION OF MATHEMATICAL COMPUTATIONS.**”

APPLICATION OF SERIES OF JUNE 2013 BOND PROCEEDS

Proceeds of the Series of June 2013 Bonds will be applied approximately as set forth below:

Sources:	
Principal Amount Issued	\$604,110,000.00
Premium	85,084,246.50
Total Sources	<u>\$689,194,246.50</u>
Uses:	
Deposit to Escrow Account	\$686,235,769.27
Underwriters’ Discount	2,445,138.82
Issuance Expenses	513,338.41
Total Uses	<u>\$689,194,246.50</u>

CERTAIN INVESTMENT CONSIDERATIONS

THE PURCHASE OF THE SERIES OF JUNE 2013 BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES OF JUNE 2013 BONDS IS ENCOURAGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE CONSIDERATIONS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES OF JUNE 2013 BONDS, AND COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES OF JUNE 2013 BONDS TO AN EXTENT THAT CANNOT BE DETERMINED. THE FOLLOWING IS NOT A COMPLETE LIST OF THE INVESTMENT CONSIDERATIONS ASSOCIATED WITH THE PURCHASE OF THE SERIES OF JUNE 2013 BONDS NOR DOES THE ORDER OF PRESENTATION NECESSARILY REFLECT THE RELATIVE IMPORTANCE OF THE VARIOUS CONSIDERATIONS.

Limited Obligations

The Bonds are limited obligations of the State, enforceable in accordance with their terms and payable from the Revenues and the other moneys, securities and funds pledged under the Act and the Indenture. The Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The owners of the Bonds may not require the levy or imposition of any taxes or the application of State revenues or funds for the payment of the Bonds, except as provided in the Act and the Indenture.

Economic Factors

Due to the character of the taxes that comprise the Revenues, the amount of Revenues collected by the State will be subject to various economic factors. The amount of Sales Tax revenues is dependent upon the level of sales of certain tangible personal property and the transfer of tangible personal property incident to a sale of service. See “**SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Revenues**” for a description of such taxes. Therefore, changes in local, national and international economic conditions, the rates of employment and economic growth, the availability of consumer credit and the level of consumer spending, and the level of residential and commercial development, among other things, will directly affect the amount of Revenues. Future Sales Tax receipts may fluctuate from historical levels and affect the level of debt service coverage provided by the Revenues for the Bonds.

It is not possible to predict whether or to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on such debt service coverage. Sales Taxes, however, would have to decline significantly to materially impact the level of coverage for the Bonds. As shown in the above table entitled “State Share of Sales Tax Revenues,” the “Net State Share of Sales Tax Revenues” has never been less than 23 times the applicable debt service in each of the last 15 years.

Sales Tax Not Collected on Certain Sales Over the Internet

The future level of taxable retail sales which occurs within the State may be affected by the future level of internet sales (also known as ecommerce). Under current law, the State imposes Sales Tax on economic transactions to the extent that the vendor maintains a physical presence within the State. Ecommerce vendors compete with local retail businesses and in the future could reduce the level of taxable retail sales which otherwise may occur within the State. Additionally, if this ecommerce is not treated, for sales and use tax purposes, comparably to, or if it displaces, the types of transactions for which sales and use taxes currently are collected, Sales Tax collections may be adversely affected. The use of the internet by consumers for their purchases is subject to various market factors as well as consumer behavior and preferences. The ultimate impact of internet sales on the level of taxable retail sales that occurs within the State cannot be determined at this time.

Future Changes in Laws

Various State laws and constitutional provisions apply to the imposition and collection of the Revenues. The Illinois General Assembly has the authority to amend the provisions of State laws governing the Sales Taxes. Changes to the tax base and exemptions could adversely affect the amount of Sales Tax revenues received by the State. Under the Act and the Indenture, however, the State has irrevocably covenanted and agreed with the Bondholders not to limit or alter (i) the basis on which taxes and revenues of the State are required to be collected and deposited in the Build Illinois Fund, credited to and transferred from the Build Illinois Bond Account, and transferred to the Retirement and Interest Fund, (ii) the purposes of the Retirement and Interest Fund or (iii) the provisions of specified sections of the Act, so as to impair, in any of the foregoing respects, the obligations of contract incurred by the State in favor of the holders of the Bonds.

Issuance of Additional Senior Bonds

The Series of June 2013 Bonds are “Junior Bonds” as defined and referred to in the Indenture. Under the terms of the Indenture, the State has issued various series of Senior Bonds that are currently outstanding and may authorize and issue additional series of Senior Bonds for the purposes and upon the terms and conditions prescribed in the Indenture. All Senior Bonds are equally entitled to the benefit and security of the Indenture, including the pledge of the Revenues. The State has the right to issue additional Senior Bonds payable from the Revenues and secured by a lien on the Revenues senior to the lien of the Series of June 2013 Bonds; however, specific conditions and requirements which are set forth in an additional bonds test must be met by the State prior to the issuance of such Additional Senior Bonds. See “SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Issuance of Additional Senior Bonds.” The issuance of Additional Senior Bonds (to the extent issued for purposes other than the refunding of Outstanding Senior Bonds) would dilute the security for the Series of June 2013 Bonds and, in the event of a decline in the Revenues, could affect the level of debt service coverage provided by the Revenues for the Series of June 2013 Bonds.

Rating Changes

As set forth below in “RATINGS”, the ratings on the Series of June 2013 Bonds are subject to change or withdrawal at any time, and any such change or withdrawal may affect the market price or marketability of the Series of June 2013 Bonds. Standard & Poor’s Ratings Service (“S&P”) stated in its rating report issued in connection with the Series of June 2013 Bonds that should the State’s rating on its outstanding general obligation bonds be lowered to ‘BBB,’ it could indicate more severe budget and liquidity challenges at the State level and test the ability of Build Illinois bonds to remain insulated from such challenges. If this were to happen, S&P indicated that it could lower its rating on the Series of June 2013 Bonds if it felt that operational issues could affect collection and remittance of the State Share of Sales Tax Revenues.

Prior to the end of the Spring Session of the General Assembly, both of the rating agencies rating the Series of June 2013 Bonds made public statements that the State's general obligation bonds could face further credit deterioration if, among other issues, the General Assembly did not pass pension reform legislation during the Spring Session. The General Assembly adjourned the Spring Session on May 31, 2013, without passing pension reform legislation. On June 3, 2013, Fitch Ratings ("Fitch") lowered its credit rating on the State's general obligation bonds to "A-" with a negative outlook from "A" with a negative outlook.

The reader is referred to the following websites of S&P and Fitch for further information regarding their credit reports on the State's general obligation bonds: <http://www.standardandpoors.com> and <http://www.fitchratings.com>.

Enforceability of Bondholders' Remedies Upon Default

In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, remedies available to registered owners and Beneficial Owners of the Bonds may have to be enforced from year to year. The Trustee will have the right to exercise the remedies provided in the Indenture. See Appendix H—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Default and Remedies."

The Act provides that if the State fails to pay the principal of or interest on any of the Bonds or premium, if any, as the same become due, a civil action to compel payment may be instituted in the Supreme Court of Illinois as a court of original jurisdiction by the holder or holders of the Bonds on which such default of payment exists or by the Trustee. Delivery of a summons and a copy of the complaint to the Attorney General shall constitute sufficient service to give the Supreme Court of Illinois jurisdiction of the subject matter of such a suit and jurisdiction over the State and its officers named as defendants for the purpose of compelling such payment. If the Supreme Court of Illinois denies the holder or holders of Bonds or the Trustee acting on their behalf leave to file an original action in the Supreme Court, the Bond holder or holders or the Trustee may bring the action in the Circuit Court of Sangamon County.

OUTSTANDING BONDS - DEBT SERVICE SCHEDULE

The following table shows for each Fiscal Year the annual debt service payments after the issuance of the Series of June 2013 Bonds (and reflects the June 15, 2013, principal and interest payments on the Bonds).

Fiscal Year	Outstanding Senior Build Illinois Bonds			Junior Obligation Series of June 2010			Build Illinois Series of June 2013			Total Debt Service (\$)
	Principal (\$)	Interest (\$)	Total (\$)	Principal (\$)	Interest (\$)	Total (\$)	Principal (\$)	Interest (\$)	Total (\$)	
2014	124,334,306	84,238,444	208,572,750	47,815,000	18,037,850	65,852,850	46,470,000	27,494,750	73,964,750	348,390,350
2015	118,201,038	79,301,153	197,502,191	51,955,000	15,647,100	67,602,100	46,470,000	26,952,600	73,422,600	338,526,891
2016	95,150,000	66,434,469	161,584,469	76,060,000	13,049,350	89,109,350	46,470,000	25,093,800	71,563,800	322,257,619
2017	81,935,000	63,049,313	144,984,313	74,255,000	9,467,550	83,722,550	46,470,000	23,235,000	69,705,000	298,411,863
2018	87,730,000	60,261,812	147,991,812	53,700,000	5,754,800	59,454,800	46,470,000	20,911,500	67,381,500	274,828,112
2019	101,490,000	56,940,629	158,430,629	26,950,000	3,069,800	30,019,800	46,470,000	18,588,000	65,058,000	253,508,429
2020	79,525,000	52,658,940	132,183,940	32,870,000	1,722,300	34,592,300	46,470,000	16,264,500	62,734,500	229,510,740
2021	79,565,000	49,562,041	129,127,041	1,970,000	78,800	2,048,800	46,470,000	13,941,000	60,411,000	191,586,841
2022	91,995,000	46,409,876	138,404,876	0	0	0	46,470,000	11,617,500	58,087,500	196,492,376
2023	80,710,000	42,575,921	123,285,921	0	0	0	46,470,000	9,294,000	55,764,000	179,049,921
2024	73,515,000	39,241,826	112,756,826	0	0	0	46,470,000	6,970,500	53,440,500	166,197,326
2025	72,400,000	36,072,666	108,472,666	0	0	0	46,470,000	4,647,000	51,117,000	159,589,666
2026	70,550,000	33,086,155	103,636,155	0	0	0	46,470,000	2,323,500	48,793,500	152,429,655
2027	95,415,000	30,132,745	125,547,745	0	0	0	0	0	0	125,547,745
2028	73,915,000	25,674,862	99,589,862	0	0	0	0	0	0	99,589,862
2029	73,915,000	22,327,982	96,242,982	0	0	0	0	0	0	96,242,982
2030	65,810,000	18,968,601	84,778,601	0	0	0	0	0	0	84,778,601
2031	70,790,000	16,068,108	86,858,108	0	0	0	0	0	0	86,858,108
2032	64,790,000	12,824,865	77,614,865	0	0	0	0	0	0	77,614,865
2033	64,790,000	9,881,622	74,671,622	0	0	0	0	0	0	74,671,622
2034	64,790,000	6,922,129	71,712,129	0	0	0	0	0	0	71,712,129
2035	42,710,000	4,025,136	46,735,136	0	0	0	0	0	0	46,735,136
2036	42,710,000	2,255,068	44,965,068	0	0	0	0	0	0	44,965,068
2037	12,500,000	485,000	12,985,000	0	0	0	0	0	0	12,985,000
Totals	1,829,235,344	859,399,363	2,688,634,707	365,575,000	66,827,550	432,402,550	604,110,000	207,333,650	811,443,650	3,932,480,907

Note: All bonds have a fixed interest rate.

DEBT SERVICE COVERAGE

The State Share of Sales Tax Revenues constitute the primary source of deposits to the Retirement and Interest Fund. The Act provides that the State Share of Sales Tax Revenues are subject to a first and prior claim and charge in support of the Bonds until each monthly transfer is made to the Retirement and Interest Fund as required by the Act.

The State Share of Sales Tax Revenues for Fiscal Year 2012 was \$7,673.5 million, which amount was approximately 26.4 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds (prior to the planned issuance of the Series of June 2013 Bonds) and 21.7 times the maximum Net Debt Service Requirement for all Outstanding Senior and Junior Obligation Bonds (prior to the planned issuance of the Series of June 2013 Bonds).

After the planned issuance of the Series of June 2013 Bonds and the June 15, 2013, principal and interest payments on the Bonds, the State Share of Sales Tax Revenues for Fiscal Year 2012 would provide approximately 36.79 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and approximately 22.03 times the maximum Net Debt Service Requirement for all Outstanding Senior and Junior Obligation Bonds.

Further, the limitations established in the Indenture for the issuance of additional Senior Bonds requires that the maximum Net Debt Service Requirement for Outstanding Senior Bonds of all Series and for the proposed Series for the current or any future Fiscal Year not exceed 5 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. Those limitations effectively require that on the date of issuance of any Series of Senior Bonds, Share of State Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 20 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series. (See "SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Issuance of Additional Senior Bonds.")

The limitations established in the Indenture for the issuance of additional Junior Obligations require that the aggregate of (i) the maximum Net Debt Service Requirement for Outstanding Senior Bonds, the Junior Annual Debt Service for all Outstanding Junior Obligations and (ii) the Junior Annual Debt Service for Outstanding Junior Obligations and for the proposed Series for the current or any future Fiscal Year not exceed 9.8 percent of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. Those limitations effectively require that, on the date of issuance of any Series of Junior Obligations, the Share of State Sales Tax Revenues for the then most recently completed Fiscal Year must provide not less than 10.2 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds, the Junior Annual Debt Service for all Outstanding Junior Obligations and for such Series. (See “SECURITY FOR THE SERIES OF JUNE 2013 BONDS—Issuance of Additional Junior Obligations.”)

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

A summary of certain provisions of the Indenture can be found in Appendix H—“SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.” Reference is made to the Indenture for a complete statement of the provisions or contents thereof.

LITIGATION

There is no litigation pending, or to the knowledge of the State threatened, in any way questioning the title of the State officials to their respective offices or any proceedings of the State incident to the authorization and issuance of the Series of June 2013 Bonds, or in any way concerning the validity or enforceability of the Series of June 2013 Bonds. However, there is certain litigation as described below that may affect the manner of payment or the appropriation for the payment of the Series of June 2013 Bonds.

The following describes certain pending lawsuits in Illinois:

Tax Protest Litigation

In the case *Bambeneck v. Hynes*, No. 09-MR-136 (Champaign County), petitioner seeks leave to file a taxpayer action that would enjoin the disbursement of monies until the State enacts a balanced budget. Petitioner has taken no action since the State objected to the petition in August, 2009.

Fee Protest Litigation

In November 2004, the Circuit Court of Cook County ruled that the imposition of a surcharge on workers' compensation insurance policies coupled with a mechanism to transfer a portion of surcharge proceeds to the State's General Funds pursuant to Public Act 93-32 was unconstitutional. As a result, the court escrowed \$11.5 million of surcharge proceeds pending final disposition of the case. The State appealed the ruling directly to the Illinois Supreme Court. The Court heard argument in May 2005 and in October 2005 released its opinion reversing the lower court's order granting plaintiff summary judgment and remanding the matter to the circuit court for further proceedings. In October 2005, on the State's motion, the trial court released approximately \$1.4 million from escrow to fund Illinois Workers' Compensation Commission (“IWCC”) operations through November 2005. The court further agreed to the future release, on a monthly basis upon the State's petition, of amounts sufficient to fund ongoing IWCC operations. Since October 2005, the IWCC has on a regular basis requested and the Circuit Court of Cook County has released monies sufficient to fund the IWCC's on-going operations. As of November 2009, approximately \$22.8 million remained in escrow. In addition, the trial court has allowed certain insurance companies to make surcharge payments into the Protest Fund. As of November 2009, approximately \$58 million in such payments have been deposited into the Protest Fund. The case has been settled. The money in escrow and the protest funds were deposited in a court settlement fund for use by the Illinois Workers' Compensation Commission for capital improvements and to pay possible liabilities to the Rate Adjustment Fund, upon application for and receipt of permission by the Circuit Court of Cook County.

Several other special interest groups have filed similar actions challenging the constitutionality of fee increases and the application of legislatively-mandated transfer mechanisms. In an action brought in Sangamon County in

December 2004, a group of trade associations representing depository institutions and mortgage lenders challenged the assessment of fees on and application of certain provisions of the Illinois Finance Act to their industries. In March 2005, a Sangamon County judge issued a preliminary injunction barring further transfers from the funds at issue pending resolution of the matter. In approximately March, 2008, the State entered into an agreement to settle the litigation with the plaintiff trade associations. Under the terms of the executed settlement agreement, the State retained approximately \$50.6 million from the funds at issue, as well as the right to periodically access 10% of the balance of those funds through January 2011. The case was dismissed in accordance with the settlement agreement in June 2009.

In May and June 2006, trade associations representing property and casualty insurance and real estate sales interests, respectively, filed similar actions in Sangamon County challenging certain fees and transfers of funds. The Sangamon County Court entered orders preliminarily preventing the State from transferring monies from the funds at issue, pending further consideration of the matters.

In January 2008, in the property and casualty insurance case, the Sangamon County Court denied the plaintiff's motion for summary judgment, holding that the statutory authorization to transfer money from the relevant fund was controlling over an earlier statutory prohibition for such fund transfers. The State's motion for summary judgment has been fully briefed and is pending. Finally, in the real estate sales' litigation, the State's motion to dismiss was argued before the Sangamon County Circuit Court on October 26, 2012. The motion to dismiss was granted on January 18, 2013. Plaintiffs subsequently filed a Notice of Appeal and a motion to stay enforcement of judgment pending appeal. The motion is pending.

In June 2006, a motorcyclist's organization filed an action similar to the property and casualty insurance case in Sangamon County challenging certain fees and transfers of funds. The Sangamon County Court denied the plaintiffs' motion for a temporary restraining order as to all but two funds; plaintiffs had previously sought to enjoin transfers from 39 state funds. In November 2006, the Sangamon County Court granted the State's motion to dismiss the motorcyclists' litigation as to two State funds, and in October 2008, the Sangamon County Court granted the State's motion for summary judgment the motorcyclists' litigation with respect to the final State fund. Following the Sangamon County Court's denial of the motorcyclists' motion to reconsider in January, 2009, the motorcyclists filed an appeal with the Illinois Appellate Court. The appellate court issued its decision on May 3, 2010. The Supreme Court granted Plaintiffs' Petition for Leave to Appeal on September 28, 2010. The case was argued on March 23, 2011. The Supreme Court affirmed the judgment of the appellate court on October 27, 2011. The Supreme Court issued the mandate in this case on December 2, 2011.

In early 2005, a Sangamon County Court dismissed a suit similar to those described above filed by an aggregate producers' industry association to challenge an increase in permit fees and the transfer of a portion of the funds generated by the fee increase to the State's General Funds. In May 2005, the Illinois Appellate Court upheld the trial court's dismissal, rejecting the plaintiff's challenges to the fees and transfers. The Illinois Supreme Court subsequently refused the plaintiffs' request for review, letting stand the Appellate Court's order upholding dismissal. The State thereafter obtained release of approximately \$1.1 million, which had been held in escrow during the litigation.

Retaliatory Tax Litigation

In May 2005, the Director of Insurance assessed Sun Life Assurance Company of Canada approximately \$4 million in additional tax owed pursuant to the so-called "retaliatory" statute (215 ILCS 5/444). Sun Life objected to the assessment and filed an action seeking a declaration that the tax is unconstitutional and in violation (among other reasons) of the Commerce Clause. The company sought and obtained an injunction barring the State from collecting the tax. The State prevailed in both the trial and appellate courts, and on November 29, 2007, the United States ("U.S.") Supreme Court affirmed the trial and appellate courts in all regards, holding that Illinois' insurance retaliatory tax law does not discriminate against non-U.S. insurers. The court further held that federal law, and specifically the McCarran-Ferguson Act, imposes no limits on a state's authority to assess retaliatory taxes on alien insurers. In a separate action, John Hancock Life Insurance Company filed suit in Cook County challenging the State's collection of approximately \$7 million in retaliatory tax. On January 2, 2008, the trial court granted summary judgment for the State, holding that the application of the retaliatory tax to this company on these facts did not

violate the Illinois Constitution's Uniformity Clause. In August of 2008, Hancock filed an appeal in Illinois Appellate Court. On February 11, 2010, the Illinois Appellate Court affirmed the judgment of the trial court.

TAX MATTERS

General

In the opinion of Co-Bond Counsel, under existing law, interest on the Series of June 2013 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the accuracy of the certifications of the State and continuing compliance by the State with the requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"). Interest on the Series of June 2013 Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest on the Series of June 2013 Bonds is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax liability of certain corporations. Co-Bond Counsel is also of the opinion, under existing law, that interest on the Series of June 2013 Bonds is not exempt from income taxes imposed by the State. Co-Bond Counsel expresses 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 Series of June 2013 Bonds. Prospective purchasers of the Series of June 2013 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 Series of June 2013 Bonds.

Original Issue Discount

The issue price for each maturity of the Series of June 2013 Bonds is the price at which a substantial amount of such maturity is first sold to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the "**Issue Price**"). The Issue Price of certain Series of June 2013 Bonds ("**OID Bonds**") may be less than the stated amount payable on such Series of June 2013 Bonds at maturity. The difference between (i) the stated amount payable at maturity of an OID Bond and (ii) the Issue Price of that OID Bond constitutes original issue discount ("**Original Issue Discount**") with respect to that OID Bond in the hands of the owner who purchased that OID Bond in the initial public offering.

For federal income tax purposes, original issue discount on each OID Bond will accrue over the term of the OID Bond. The amount accrued will be based on a single rate of interest, compounded semiannually and, during each semi-annual period, the amount will accrue ratably on a daily basis. The original issue discount accrued during the period that an initial purchaser of an OID Bond owns it is added to that purchaser's tax basis for purpose of determining gain or loss at maturity, redemption, sale or disposition of that OID Bond. Therefore, for an OID Bond, accrued OID is treated as stated interest is treated for a tax-exempt bond, that is, is excludible from gross income for federal income tax purposes.

Purchasers of OID Bonds should consult their own tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning an OID Bond.

Original Issue Premium

The Issue Price of certain Series of June 2013 Bonds ("**Premium Bonds**") may be greater than the stated amount payable on such 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 Series of June 2013 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 Series of June 2013 Bonds. U.S. Holders of the Series of June 2013 Bonds will recognize gain or loss on the sale, redemption, retirement or other disposition of such Series of June 2013 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 Series of June 2013 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 Series of June 2013 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 Series of June 2013 Bonds or otherwise prevent holders of the Series of June 2013 Bonds from realizing the full benefit of the tax exemption of interest on the Series of June 2013 Bonds. Such legislative proposals, if enacted into law, may cause interest on the Series of June 2013 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Series of June 2013 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 Series of June 2013 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 Series of June 2013 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 Series of June 2013 Bonds would be impacted thereby.

Prospective purchasers of the Series of June 2013 Bonds should consult their own tax advisors regarding any such pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-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 Series of June 2013 Bonds and Co-Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Concurrently with the delivery of the Series of June 2013 Bonds, the Verification Agent will deliver a verification report stating that it has verified the mathematical accuracy of certain computations relating to the sufficiency of the principal of and interest on the Federal Obligations to provide for the timely payment of the principal or respective redemption prices of and interest on the Refunded Bonds as they become due. Such computations will be based solely on assumptions and information supplied by the Underwriters on behalf of the State. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations are based and, accordingly, not

express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the anticipated outcome.

CONTINUING DISCLOSURE

The State will enter into a Continuing Disclosure Undertaking (“**Undertaking**”) for the benefit of the beneficial owners of the Series of June 2013 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b) (5) of Rule 15c2-12 (“**Rule**”) adopted by the Securities and Exchange Commission (“**SEC**”) under the Securities Exchange Act of 1934, as amended. See “**APPENDIX F—CONTINUING DISCLOSURE UNDERTAKING**” for a description of the information to be provided annually, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies. The State has represented that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. The State has filed its “Annual Financial Information” within the time periods prescribed in its various continuing disclosure undertakings. During the last five years, the State’s “Audited Financial Statements” have not been available when the Annual Financial Information has been filed, but have been filed within 30 days after their availability to the Governor’s Office of Management and Budget. A failure by the State to comply with the Undertaking will not constitute a default under the Indenture and beneficial owners of the Series of June 2013 Bonds are limited to the remedies described in the Undertaking. See “**APPENDIX F—CONTINUING DISCLOSURE UNDERTAKING.**”

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series of June 2013 Bonds are subject to the approving opinions of Mayer Brown LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel. The opinions of Co-Bond Counsel will accompany the delivery of the Series of June 2013 Bonds and be in substantially the form included in this Official Statement as Appendix B.

UNDERWRITING

The Series of June 2013 Bonds are being purchased by the underwriters listed on the coverage page here of this Official Statement (the “**Underwriters**”), led by Barclays Capital, Inc., pursuant to a Contract of Purchase by and among the Underwriters and the State at a purchase price of \$686,749,107.68 (being the principal amount of \$604,110,000.00 plus \$85,084,246.50 of premium and less an Underwriters’ discount of \$2,445,138.82). The State has been advised by the Underwriters that the Series of June 2013 Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. Any obligations of the Underwriters are the sole obligations of the Underwriters and do not create any obligations on the part of any affiliate of the Underwriters, including any affiliated banks.

In the ordinary course of business, certain Underwriters and some of their affiliates have engaged and, in the future, may engage in investment banking and/or commercial banking transactions with the State of Illinois.

RATINGS

S&P has assigned a rating of AAA with a Stable Outlook to the Bonds and Fitch has assigned a rating of AA+ with a Stable Outlook to the Bonds. These ratings reflect the views of such organizations, and an explanation of the significance of such ratings may be obtained only from the respective rating agency. The ratings on the Series of June 2013 Bonds were applied for by the State and certain information and materials, some of which are not contained herein, were supplied to S&P and Fitch. The ratings are not a “market” rating nor a recommendation to buy, sell or hold the Series of June 2013 Bonds and the ratings and the Series of June 2013 Bonds should be evaluated independently. The ratings are subject to change or withdrawal at any time, and any such change or withdrawal may affect the market price or marketability of the Series of June 2013 Bonds. The State undertakes no responsibility either to bring to the attention of the owners of the Series of June 2013 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

LEGAL INVESTMENT

Under the Act, the Series of June 2013 Bonds are securities in which all public officers and bodies of the State and all political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, saving banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all credit unions, pension funds, administrators, and guardians who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them.

The Act also provides that the Series of June 2013 Bonds are securities which may be deposited with and may be received by all public officers and bodies of the State and all political subdivisions of the State and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

FINANCIAL ADVISOR

A.C. Advisory, Inc., Chicago, Illinois has been retained by the State to serve as Financial Advisor (the “**Financial Advisor**”) with respect to the Series of June 2013 Bonds. Under the terms of its engagement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor’s fee for services rendered with respect to the sale of the Series of June 2013 Bonds is contingent upon the issuance and delivery of the Series of June 2013 Bonds.

AUTHORIZATION

In accordance with the Act and Indenture, the Series of June 2013 Bonds will be issued pursuant to a Bond Sale Order of the Director, to be approved by the Governor of the State.

The present office holders are:

Pat Quinn – Governor

Jerome Stermer -- Acting Director of the Governor’s Office of Management and Budget

CERTIFICATE OF THE DIRECTOR

The Director will provide to the Underwriters at the time of delivery of the Series of June 2013 Bonds a certificate confirming that, to the best of his knowledge and belief, the Official Statement was, as of its date, and is, as of the date of such delivery, true and correct in all material respects and did not and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication may or shall be derived there from or from the sale of the Series of June 2013 Bonds that there has been no change in the affairs of the State or the information contained herein since the dates as of which such information is given. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State and the purchasers of any of the Series of June 2013 Bonds.

MISCELLANEOUS

Additional information regarding the Series of June 2013 Bonds and this Official Statement is available by contacting John Sinsheimer, Director of Capital Markets, the Governor's Office of Management and Budget, 100 West Randolph Street, Suite 15-100, Chicago, Illinois; telephone: (312) 814-7279.

The State has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Acting Director of the Governor's Office of Management and Budget on behalf of the State.

STATE OF ILLINOIS

/s/ Jerome Stermer

Acting Director,

Governor's Office of Management and Budget

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APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

Economic Data

Illinois is a state of diversified economic strength. Personal income and workforce composition in Illinois are similar to that of the United States as a whole. Measured by per capita personal income, Illinois ranks second among the ten most populous states and sixteenth among all states. Illinois ranks third among all states in total cash receipts from crops, second in feed and grain exports, second in soybean and products exports, third in exports of all commodities and ranks among the top states in several measures of manufacturing activity. Chicago serves as the transportation center of the Midwest and the headquarters of many of the nation's major corporations and financial institutions. Table A-1 shows Illinois has a historically higher per capita GDP than the Great Lakes Region and the United States. Table A-2 compares the workforce composition of Illinois to that of the United States as a whole. Table A-3 shows the distribution of Illinois non-agricultural employment by industry sector.

The Bonds are primarily secured by Sales Tax revenues. Adverse changes in general economic conditions in the State could impact the future rate of growth reflected in the following tables, including the growth and volume of retail sales and Sales Tax revenues. See "CERTAIN INVESTMENT CONSIDERATIONS—Economic Factors."

Table A-1
PER CAPITA REAL GDP (chained 2005 dollars)

	2007	2008	2009	2010	2011
United States	\$ 43,633	\$ 43,079	\$ 41,640	\$ 42,346	\$ 42,070
Illinois	46,593	45,970	44,565	45,258	45,231
Great Lakes Region	40,617	39,786	38,258	39,175	38,722

Source: U.S. Department of Commerce, Bureau of Economic Analysis, data as of May 2013.

TABLE A-2
PAYROLL JOBS BY INDUSTRY, SEASONALLY ADJUSTED – February 2013
(Thousands)

Industry Employment Sector	<u>Illinois</u>	<u>% of Total</u>	<u>U.S.</u>	<u>% of Total</u>
Financial Activities	371	6.4%	7,853	6.2%
Manufacturing	584	10.1%	11,988	9.4%
Trade, Transportation and Utilities	1,167	20.1%	25,808	20.3%
Leisure and Hospitality	541	9.3%	13,995	11.0%
Education and Health Services	876	15.1%	20,542	16.2%
Mining, Logging, Information and Other Services	362	6.2%	867	0.7%
Government	831	14.3%	21,871	17.2%
Professional and Business Services	876	15.1%	18,291	14.4%
Construction	187	3.2%	5,783	4.6%
Total	5,794	100.0%	126,998	100.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics, data as of May 2013.

Table A-3
NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
ILLINOIS - 2008 THROUGH February 2013
(Thousands)

Industry Employment Sector	2008	2009	2010	2011	2012	2013
Total Non-Agricultural Employment	5,994	5,806	5,588	5,651	5,726	5,794
Financial Activities	397	381	364	364	367	371
Manufacturing	671	621	554	569	599	584
Trade, Transportation and Utilities	1,219	1,172	1,120	1,135	1,145	1,167
Leisure and Hospitality	534	524	513	518	534	541
Educational and Health Services	791	812	823	844	866	876
Mining, Logging, Information & Other Services	388	381	369	360	345	362
Government	854	857	857	842	827	831
Professional and Business Services	873	822	786	820	864	876
Construction	266	236	203	199	180	187

Source: U.S. Department of Labor, Bureau of Labor Statistics, data as of May 2013.

Agriculture

Illinois ranks prominently among states for agricultural activity and exports. Tables A-4 and A-5 summarize key agricultural production statistics including rank among all states for the years 2007 to 2011.

Table A-4
ILLINOIS CASH RECEIPTS FROM CROPS AND LIVESTOCK
(\$ in Millions)

	2007	2008	2009	2010	2011	2011 Rank
Crops	\$10,662	\$13,077	\$13,098	\$13,713	\$17,220	3
Livestock	2,112	2,121	1,851	2,269	2,600	25
Total	\$12,774	\$15,197	\$14,949	\$15,983	\$19,820	6

Source: U.S. Department of Agriculture-Economic Research Service, data as of May 2013.

Table A-5
AGRICULTURAL EXPORTS
Federal Fiscal Year 2011
(\$ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	\$ 136,374	\$ 8,238	6.0%	3
Feeds	\$ 5,745	\$ 1,019	17.7%	2
Grain Products	\$ 4,098	\$ 474	11.6%	2
Soybeans	\$ 17,563	\$ 2,515	14.3%	2

Source: U.S. Department of Agriculture-Economic Research Service, data as of May 2013.

Personal Income

Per capita income in Illinois is greater than the average in both the United States and the Great Lakes Region. Table A-6 presents personal income data, and Table A-8 presents per capita income comparisons.

Table A-6
PERSONAL INCOME
(\$ in Billions)

	2007	2008	2009	2010	2011	2012
Illinois	533	555	525	540	563	577
United States	11,912	12,460	11,930	12,373	12,950	13,402

Source: U.S. Department of Labor, Bureau of Labor Statistics, data as of May 2013.

**Table A-7
PER CAPITA PERSONAL INCOME**

	2007	2008	2009	2010	2011	2012	2012 Rank
Illinois	41,950	43,502	40,865	42,025	43,721	44,815	16
United States	39,506	40,947	38,637	39,791	41,560	42,693	--
Ten Most Populous States:*							
New York	47,852	49,408	46,739	49,119	51,126	52,095	1
California	43,211	44,003	41,034	41,893	43,647	44,980	2
Illinois	41,950	43,502	40,865	42,025	43,721	44,815	3
Pennsylvania	38,927	40,674	39,210	40,444	42,291	43,616	4
Texas	37,098	39,615	36,595	38,222	40,147	41,471	5
Florida	39,256	39,978	36,849	38,345	39,636	40,344	6
Ohio	35,183	36,401	35,001	35,931	37,836	39,289	7
Michigan	34,419	35,288	33,221	34,326	36,264	37,497	8
North Carolina	34,761	35,741	34,001	34,604	36,028	37,049	9
Georgia	35,369	35,857	33,887	34,531	35,979	36,869	10
Great Lakes States:							
Illinois	41,950	43,502	40,865	42,025	43,721	44,815	1
Wisconsin	36,831	38,172	36,859	38,010	39,575	40,537	2
Ohio	35,183	36,401	35,001	35,931	37,836	39,289	3
Michigan	34,419	35,288	33,221	34,326	36,264	37,497	4
Indiana	33,645	34,894	33,163	34,028	35,689	36,902	5

*United States Census Bureau, 2010 Census, data as of May 2013.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, data as of May 2013.

Employment

Table A-8

NUMBER OF UNEMPLOYED

	2008	2009	2010	2011	2012	2013*
United States	8,924,000	15,142,000	14,876,000	12,613,000	12,042,000	12,032,000
Illinois	433,700	674,692	620,983	627,586	574,902	627,487
Bloomington-Normal MSA	4,573	6,495	7,201	6,320	5,643	7,223
Champaign-Urbana MSA	6,929	9,987	11,038	9,400	8,430	10,646
Chicago PMSA	303,175	487,453	496,036	465,543	405,055	505,239
Danville-MSA	2,971	4,201	4,547	3,617	3,533	4,455
Davenport-Moline-Rock Island MSA	10,772	15,884	17,127	14,846	12,705	16,283
Decatur MSA	3,825	6,166	6,502	5,406	5,547	7,104
Kankakee MSA	4,803	6,746	7,511	6,342	5,720	7,441
Peoria-Pekin MSA	11,296	20,850	20,812	16,483	15,696	20,665
Rockford MSA	15,347	25,332	26,830	20,149	17,672	22,208
Springfield MSA	6,568	8,390	9,433	8,699	8,097	10,468

*February figures as of May 2013.

Source: United States Department of Labor, Bureau of Labor Statistics Data, data as of May 2013.

Table A-9
UNEMPLOYED RATE (%)

	2008	2009	2010	2011	2012	2013*
United States	5.8	10.0	9.7	8.2	7.8	7.7
Illinois	6.5	10.1	9.8	9.4	8.7	10.4
Bloomington-Normal MSA	5.1	7.2	7.5	6.8	6.1	8.0
Champaign-Urbana MSA	5.7	8.3	9.0	7.8	7.2	9.2
Chicago PMSA	6.2	10.0	10.2	9.6	8.3	10.3
Danville MSA	8.2	11.5	12.1	9.9	9.9	12.3
Davenport-Moline-Rock Island	5.2	8.1	8.4	7.3	6.4	8.2
Decatur MSA	7.2	11.4	11.8	9.9	10.2	13.6
Kankakee MSA	8.8	12.1	13.1	10.8	10.0	13.2
Peoria-Pekin MSA	5.7	10.4	10.2	7.9	7.7	10.3
Rockford MSA	9.1	15.0	15.3	11.9	10.5	13.3
Springfield MSA	5.9	7.4	8.0	7.4	6.9	9.2

*February figures as of May 2013.

Source: United States Department of Labor, Bureau of Labor Statistics Data, data as of May 2013.

Note: U.S. BLS dropped Quad Cities Region and St. Louis MSA, IL portion and added Danville and Davenport-Moline-Rock Island MSAs.

Population

Illinois is the nation's fifth most populous state. The State's population is approximately 12.9 million according to the U.S. Bureau of the Census for calendar year 2012.

Table A-10
POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS

	1980	1990	2000	2010
Illinois	11,427,409	11,430,602	12,419,293	12,830,632
Chicago CMSA (IL Part)	7,348,874	7,410,858	8,272,768	9,461,105
St. Louis MSA (IL Part)	588,464	588,995	599,845	684,849
Rockford MSA	325,852	329,676	371,236	349,431
Peoria MSA	365,864	339,172	347,387	379,186
Springfield MSA	187,770	189,550	201,437	210,170
Champaign-Urbana MSA	168,392	173,025	179,669	231,891

Source: U.S. Bureau of the Census, Population Division, Annual Estimates of the Population for Metropolitan Areas of Illinois, data as of May 2013.

Note: Population data for 1980 and 1990 were adjusted to reflect Metropolitan Statistical Area definitions.

APPENDIX B

FORM OF OPINIONS OF CO-BOND COUNSEL

[Date of Delivery]

State of Illinois
Governor’s Office of Management and Budget
State House
Springfield, Illinois

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$604,110,000.00 aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds), Junior Obligation Series of June 2013 (the “**Bonds**”) of the State of Illinois (the “**State**”). The Bonds are direct and limited obligations of the State issued pursuant to the authority of Section 9 of Article IX of the Illinois Constitution of 1970 (the “**Constitution**”) and the Build Illinois Bond Act, 30 Illinois Compiled Statutes 425/1 *et seq.*, as amended (the “**Act**”), and under and in accordance with a Master Trust Indenture Securing Build Illinois Bonds (Sales Tax Revenue Bonds) dated as of September 15, 1985 (the “**Master Indenture**”), as amended and supplemented to date, from the State to U.S. Bank National Association, as successor trustee (the “**Trustee**”), and a Fiftieth Supplemental Indenture dated as of June 1, 2013 (the “**Fiftieth Supplemental Indenture**”) from the State to the Trustee. The Master Indenture, as supplemented by the Fiftieth Supplemental Indenture, is sometimes referred to herein as the “**Indenture**.”

The Bonds are issued and issuable only in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Bonds are dated June 20, 2013. The Bonds mature on June 15 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on December 15, 2013 and semiannually thereafter on June 15 and December 15 in each year at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Rate of Interest</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Rate of Interest</u>
2014	\$46,470,000	2.00%	2021	\$46,470,000	5.00%
2015	46,470,000	4.00%	2022	46,470,000	5.00%
2016	46,470,000	4.00%	2023	46,470,000	5.00%
2017	46,470,000	5.00%	2024	46,470,000	5.00%
2018	46,470,000	5.00%	2025	46,470,000	5.00%
2019	46,470,000	5.00%	2026	46,470,000	5.00%
2020	46,470,000	5.00%			

The Series of June 2013 Bonds are subject to optional redemption as set forth in the Official Statement dated June 11, 2013.

Pursuant to the Indenture, a series of bonds may be issued as “Senior Bonds” or as “Junior Obligations” (each as defined and referred to in the Indenture). Senior Bonds are entitled to a priority claim for payment over Junior Obligations. Under the terms of the Indenture, the State has issued various series of Senior Bonds that are currently outstanding and may authorize and issue additional series of Senior Bonds and Junior Obligations for the purposes and upon the terms and conditions prescribed in the Indenture.

Based upon such examination, we are of the opinion that:

1. The State had and has the right and power under the Constitution and the Act 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 State in accordance with its terms and is part of the contract of the State with the several owners of the Bonds.
3. The Bonds have been duly authorized and issued, are entitled to the benefits of the Act and the Indenture and are valid and legally binding direct and limited obligations of the State, enforceable in accordance with their terms and payable from the Revenues and the other moneys, securities and funds pledged under the Act and the Indenture. The Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The owners of the Bonds may not require the levy or imposition of any taxes or the application of State revenues or funds for the payment of the Bonds, except as provided in the Act and the Indenture.
4. The Act and the Indenture create a valid pledge constituting a first and prior claim against and charge on the Revenues and an irrevocable, first priority pledge of and lien on moneys on deposit in the Retirement and Interest Fund (as defined in the Indenture) and on the other moneys and securities held or set aside under the Indenture for the benefit and security of the Bonds, subject to the provisions of the Indenture requiring or permitting the payment, setting apart or application thereof for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Indenture; including the priority claim for payment of Senior Bonds over Junior Obligations. Pursuant to the Fiftieth Supplemental Indenture, the Bonds are also secured by a lien on and security interest in the moneys, securities and funds held in the General Account and the Junior Obligation Debt Service Fund.
5. Interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes assuming the accuracy of the Certifications and the continued compliance by the State with the requirements of the Internal Revenue Code of 1986, as amended. Failure to comply with such 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.

Respectfully submitted,

APPENDIX C

CERTAIN DEFINITIONS

“*Act*” means “AN ACT to create the Build Illinois Bond Act and creating and amending various Acts in relation thereto”, Public Act 84-111, approved July 25, 1985, as amended (30 ILCS 425/1 et seq.).

“*Aggregate Debt Service*” means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period, an amount of money equal to the aggregate of the amounts of Annual Debt Service with respect to such Fiscal Year or other specified 12-month period and to the Senior Bonds of all Series.

“*Annual Debt Service*” means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and to Senior Bonds of a particular Series, an amount of money equal to the sum of (a) all interest payable during such Fiscal Year or other specified 12 month period on all Bonds of said Series Outstanding on said date of computation (provided that interest on Variable Rate Bonds of said Series shall be included at the Assumed Variable Amount) and (b) all Principal Installments payable during such Fiscal Year or other specified 12-month period with respect to all Bonds of said Series Outstanding on said date of computation, all calculated on the assumption that Bonds of said Series will after said date of computation cease to be Outstanding by reason, but only by reason, of the payment when due and application in accordance with the Indenture and the Supplemental Indenture creating such Series of Principal Installments payable at or after said date of computation. For purposes of this definition the term “interest” shall not include Subordinated Interest and the term “Principal Installments” shall not include Subordinated Principal Installments.

“*Annual Specified Amounts*” means with respect to any Fiscal Year the amounts designated as Annual Specified Amounts in the Sales Tax Acts.

“*Appreciation and Income Bond*” means any Senior Bond or Senior Bonds of a Series sold at a price less than 97 percent of the Compounded Amount thereof payable at maturity, but only if (a) such Bond or Bonds are designated as an Appreciation and Income Bond or Bonds by the Supplemental Indenture providing for the issuance of such Series of Bonds, (b) Annual Debt Service on such Series of Bonds, together with Annual Debt Service on all other Series of Outstanding Bonds, is as nearly level or equal as possible, taking into consideration prevailing financial techniques, including, without limitation, the possible initial delay of principal maturities in early years and the use of Capitalized Interest, the determination by the Director in the applicable Bond Sale Order as to such level Annual Debt Service being final and conclusive, and (c) such Appreciation and Income Bonds may also be designated either serial or term Bonds by the Supplemental Indenture providing for the issuance of such Bonds.

“*Appreciation Bond*” means any Senior Bond or Senior Bonds of a Series sold at a price less than 97 percent of the Compounded Amount thereof payable at maturity, but only if (a) such Bond or Bonds are designated as an Appreciation Bond or Bonds by the Supplemental Indenture providing for the issuance of such Series of Bonds, (b) Annual Debt Service on such Series of Bonds together with Annual Debt Service on all other Series of Outstanding Bonds is as nearly level or equal as possible, taking into consideration prevailing financial techniques, including, without limitation, the possible initial delay of principal maturities in early years and the use of Capitalized Interest, the determination by the Director in the applicable Bond Sale Order as to such level Annual Debt Service being final and conclusive, and (c) such Appreciation Bonds may also be designated either serial or term Bonds by the Supplemental Indenture providing for the issuance of such Bonds.

“*Assumed Variable Amount*” means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and to Variable Rate Bonds of a particular Series of Senior Bonds, an amount of money equal to (a) the interest payable on such Variable Rate Bonds calculated at the maximum rate permitted under the Bond Sale Order and Supplemental Indenture authorizing the issuance of such Variable Rate Bonds, less (b) the amount permitted to be credited, under Section 711 of the Indenture and the terms of such Supplemental Indenture, against the amount of interest on such Variable Rate Bonds required to be included in any computation with respect to such period, including but not limited to, any computation of Annual Debt Service, Certified Annual Debt Service Requirement and Required Bond Transfer. For purposes of this definition the term “interest” shall not include Subordinated Interest.

“*Bond Counsel*” or “*Co-Bond Counsel*” means a firm of attorneys having expertise in the field of law relating to municipal, state and public agency financing, selected by the State and satisfactory to the Trustee.

“*Bondholder*” or “*holder*” or “*owner*” or words of similar import, when used with reference to a Bond, means any person who shall be the bearer of any Outstanding Bond registered to bearer or not registered, or the registered owner of any Outstanding Bond at the time registered other than to bearer.

“*Bonds*” means any Senior Bonds and Junior Obligations of the State authenticated and delivered as a Series under and pursuant to Article II of the Indenture and any Section 209 Obligations.

“*Bond Sale Order*” means any Bond Sale Order as defined in Section 6(a) of the Act.

“*Build Illinois Bond Account*” means the Build Illinois Bond Account in the Build Illinois Fund.

“*Build Illinois Bond Fund*” means the Build Illinois Bond Fund created in the State Treasury pursuant to Section 5.159 of the Finance Act.

“*Build Illinois Fund*” means the Build Illinois Fund created in the State Treasury pursuant to Sections 6z-9 and 5.148 of the Finance Act.

“*Capital Projects Fund*” means the Capital Projects Fund created in the State Treasury.

“*Certified Annual Debt Service Requirement*” for any Fiscal Year means an amount equal to the Aggregate Debt Service and the Junior Annual Debt Service for such Fiscal Year, plus an amount equal to the difference, if any, between (a) the Aggregate Debt Service and the Junior Annual Debt Service for any prior Fiscal Year and (b) the amount of Revenues deposited with the Trustee for such prior Fiscal Year, plus an amount of money equal to the aggregate amounts required by the provisions of the Indenture and all Supplemental Indentures to be deposited from Revenues in all Funds or Accounts under the Indenture and in all funds, accounts and subaccounts created under such Supplemental Indentures in such Fiscal Year, minus any moneys in the Capitalized Interest Account to be used to pay interest on Bonds during such Fiscal Year.

“*Compounded Amount*” when used with reference to any Appreciation Bond or any Appreciation and Income Bond, shall mean:

- (i) The Initial Offering Price, plus
- (ii) the amount, assuming semi-annual compounding, of earnings which would be produced on an investment of the Initial Offering Price, (a) in the case of an Appreciation Bond, beginning on the date of delivery of such Bond, at a yield which, if received throughout the term of such Bond, would produce the principal amount and interest payable at maturity on such Bond in accordance with its terms, and (b) in the case of an Appreciation and Income Bond, beginning on the date of such Bond and ending on the Current Interest Commencement Date, at a yield which, if received until the Current Interest Commencement Date will produce the principal amount plus the compounded interest payable at maturity on such Bond in accordance with its terms.

“*Compounded Amount*” shall further mean, to the extent provided in a Supplemental Indenture, as applied to any particular Series of Bonds, in respect of each \$5,000 principal and interest payable at maturity of any Appreciation Bond or any Appreciation and Income Bond, on any June 15 and December 15 prior to maturity, the amount set forth in the table of Compounded Amounts appearing on such Bond, as provided in the applicable Supplemental Indenture. “*Compounded Amount*” shall also further mean, to the extent provided in a Supplemental Indenture, as applied to any particular Series of Bonds, in respect of each \$5,000 principal and interest payable at maturity of any Appreciation Bond or any Appreciation and Income Bond, on a date other than a June 15 or December 15, the Compounded Amount on the next preceding December 15 or June 15 plus the portion of the difference between the Compounded Amount on the next preceding December 15 or June 15 and the next succeeding June 15 or December 15 that the number of days from the next preceding December 15 or June 15 to the date for which the

determination is being calculated bears to the total number of days from the next preceding December 15 or June 15 to the next succeeding June 15 or December 15.

“Costs of Issuance” means any item of expense payable or reimbursable, directly or indirectly, by the State and related to the authorization, offering, sale, issuance and delivery of Bonds, including but not limited to travel and other expenses of any officer or employee of the State in connection with the authorization, offering, sale, issuance and delivery of such Bonds, advertising, printing, bond rating, travel, security, and delivery costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary or registrar, legal and financial advisory fees and disbursements, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, application fees and premiums on municipal bond insurance, initial credit or liquidity facility charges, initial fees of indexing and remarketing agents, initial costs of entering into interest rate swaps, guarantees or arrangements to limit interest rate risk and costs and expenses relating to the refunding of Bonds.

“Current Interest Commencement Date” means the date designated in the applicable Supplemental Indenture on which interest on any Appreciation and Income Bond ceases to be deferred and compounded and becomes currently payable on the scheduled interest payment dates.

“Debt Service Fund” means the Debt Service Fund created by Section 501 of the Indenture.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund created by Section 501 of the Indenture.

“Debt Service Reserve Fund Requirement” means at any time an amount equal to 50 percent of the maximum Aggregate Debt Service for the then current or any future Fiscal Year; provided, however, that for the purposes of this definition interest payable on each Series of Variable Rate Senior Bonds shall, to the extent includable in Aggregate Debt Service, be included in Aggregate Debt Service at the maximum rate permitted under the Bond Sale Order and Supplemental Indenture authorizing the issuance of such Series.

“Federal Obligation” means any direct obligation of, or any obligation the full and timely payment of principal of and interest on which is guaranteed by, the United States of America, including, but not limited to, United States Treasury Certificates of Indebtedness, Notes and Bonds--State and Local Government Series or 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 which is a member of the Federal Reserve System and has capital and surplus (exclusive of undivided profits) in excess of \$100,000,000.

“Fiduciary” means the Trustee, any trustee under a Supplemental Indenture or any Paying Agent or any or all of them, as may be appropriate.

“Fiftieth Supplemental Indenture” means the Fiftieth Supplemental Indenture to the Master Indenture as originally executed and delivered by the State and the Trustee in accordance with Article VIII of the Master Indenture.

“Finance Act” means “AN ACT in relation to State finance,” approved June 10, 1919, as amended.

“Fiscal Year” means July 1 through June 30 of the following year.

“General Account” means the General Account within the Junior Obligation Debt Service Fund.

“General Reserve Fund” means the General Reserve Fund created by Section 501 of the Indenture.

“Indenture” means the Master Indenture as the same may from time to time be amended or supplemented by Supplemental Indentures executed and delivered by the State and the Trustee in accordance with Article VIII of the Master Indenture.

“*Initial Offering Price*” means the principal amount of an Appreciation Bond or an Appreciation and Income Bond and the price at which such Bond is offered for sale to the public or sold to the initial purchaser thereof at the time of sale thereof by the State without reduction to reflect underwriters’ discount or placement agent’s fees.

“*Junior Annual Debt Service*” means as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period and with respect to all Junior Obligations and to all Senior Bonds with respect to which Subordinated Interest or Subordinated Principal Installments are payable, an amount of money equal to the sum of (a) all interest and Subordinated Interest payable during such Fiscal Year or other specified 12-month period on all Junior Obligations and all such Senior Bonds Outstanding on said date of computation (provided that interest or Subordinated Interest payable at a variable rate shall be included on the basis of the maximum rate permitted under the Bond Sale Order and Supplemental Indenture or other instrument authorizing the issuance of such Junior Obligations or Senior Bonds, as the case may be, less amounts permitted to be credited under the Indenture and the terms thereof against the amount of interest or Subordinated Interest required to be included in any computation with respect to such period of any debt service reserve fund requirement, the Certified Annual Debt Service Requirement, or the Required Bond Transfer), plus (b) all Principal Installments and Subordinated Principal Installments payable during such Fiscal Year or other specified 12-month period in respect of all Junior Obligations and all such Senior Bonds Outstanding on such date of computation.

“*Junior Obligation Debt Service Fund*” means the Junior Obligation Debt Service Fund created by Section 501 of the Indenture.

“*Junior Obligations*” means Bonds of any Series designated as Junior Obligations in the Supplemental Indenture authorizing such Series, any obligation to pay Subordinated Interest or any Subordinated Principal Installment, and any Section 209 Obligations.

“*Master Indenture*” means the Master Trust Indenture, dated as of September 15, 1985, as originally executed and delivered by the State and the Trustee.

“*Net Debt Service Requirement*” means, as of any particular date of computation and with respect to a particular Fiscal Year or other specified 12-month period, an amount equal to (a) the Aggregate Debt Service less (b) an amount equal to that portion of Aggregate Debt Service which may be paid when due from any moneys, Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof, together with interest thereon, set aside in trust in the Net Debt Service Account solely for the purpose of paying all or any portion of Aggregate Debt Service; provided that the principal of and interest on such Federal Obligations and Qualified Investments, when due (without reinvestment thereof) will provide moneys which, together with any moneys so set aside, shall be sufficient to pay such portion of Aggregate Debt Service.

“*Outstanding,*” when used with reference to the Bonds, means as of any date, all Bonds theretofore or thereupon being issued pursuant to the Indenture except:

- (a) Bonds canceled by the Trustee or the owner of a Section 209 Obligation, as the case may be, at or prior to such date or theretofore delivered to the Trustee or such owner, as the case may be, for cancellation;
- (b) Bonds (or portions of Bonds) for the payment or redemption of which there shall be held in trust and set aside for such payment or redemption (whether at, prior to or after the maturity or redemption date) moneys or Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof the principal of and interest on which when due or payable will provide moneys, together with the moneys, if any, deposited with the Trustee at the same time, in an amount sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, and, if such Bonds are to be redeemed, for which notice of such redemption shall have been given as provided in the Master Indenture or in the related Supplemental Indenture or provisions satisfactory to the Trustee shall have been made for the giving of such notice;

- (c) Bonds for the transfer or exchange of, in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and
- (d) Bonds deemed to have been paid as provided in Section 1201 of the Indenture or in any Supplemental Indenture.

“*Principal Installment*” means as of any particular date of computation and with respect to Bonds of a particular Series or particular Section 209 Obligations, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Bonds or Section 209 Obligations which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds or Section 209 Obligations which would at or before said future date be retired by reason of the payment when due and application in accordance with the Indenture of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Bonds or Section 209 Obligations, plus (ii) the amount of any Sinking Fund Payments payable on said future date for the retirement of any Outstanding Bonds of such Series or said Section 209 Obligations, and said future date shall, for all purposes of the Indenture, be deemed to be the date when such Principal Installment is payable and the date of such Principal Installment.

“*Program Expense Fund*” means the Program Expense Fund created by Section 501 of the Indenture.

“*Program Expenses*” means any item of expense relating to the Bonds payable or reimbursable, directly or indirectly, by the State and relating to the fees and charges of any Fiduciary or registrar, costs of credit or liquidity enhancement arrangements, fees of indexing or remarketing agents and costs of entering into interest rate swaps, guarantees or arrangements to limit interest rate risk; provided, however, that Program Expenses shall not include any item of expense which is a Cost of Issuance.

“*Qualified Financial Institution*” means any bank, insurance company, corporation or other person having capital, surplus and undivided profits or net worth aggregating not less than \$100,000,000 and whose senior debt is rated in one of the two highest rating categories by at least two nationally recognized rating agencies; provided that such bank, insurance company, corporation or person shall further meet the requirements imposed by the Act for banks, insurance companies or other persons executing arrangements with the State with respect to interest rate swaps or guarantees or financial futures contracts for the purpose of limiting or restricting interest rate risk.

“*Qualified Investments*” means:

- (a) Federal Obligations;
- (b) Deposits in interest-bearing deposits or certificates of deposit or similar arrangements issued by any bank or national banking association, including a Fiduciary, which deposits, to the extent not insured by the Federal Deposit Insurance Corporation, shall be secured by Qualified Collateral having a current market value (exclusive of accrued interest) at all times at least equal to 102 percent of the amount of such deposits, and which Qualified Collateral shall have been deposited in trust by such bank or national banking association with the trust department of the Trustee or with a Federal Reserve Bank or branch or, with the written approval of the State and the Trustee, with another bank, trust company or national banking association for the benefit of the State and the appropriate Fund or Account as collateral security for such deposits;
- (c) Direct and general obligations of any state of the United States of America, any direct obligations of the State, or any direct obligations of any political subdivision of the State which, in each case, are rated not less than AA or Aa or their equivalents by two nationally recognized bond rating agencies;
- (d) Obligations issued by any of the following agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks System, Federal Land Banks, Export-Import Bank, Tennessee Valley Authority, Government National Mortgage Association, Farmers Home Administration, United States Postal Service, and the Federal National Mortgage Association to

the extent that such obligations are guaranteed by the Government National Mortgage Association, any agency or instrumentality of the United States of America and any corporation controlled and supervised by, and acting as an agency or instrumentality of, the United States of America;

- (e) Repurchase agreements extending not beyond 30 calendar days with banks which are members of the Federal Reserve System having capital, surplus and undivided profits of at least \$100,000,000 or with government bond dealers having capital, surplus and undivided profits or net worth of at least \$100,000,000 and recognized as primary dealers by the Federal Reserve Bank of New York that are secured by Federal Obligations having a current market value (inclusive of accrued interest) at all times at least equal to 102 percent of the full amount of the repurchase agreement, and which Federal Obligations shall have been deposited in trust by such banks or dealers with the trust department of the Trustee or with a Federal Reserve Bank or branch, or with the written approval of the State and the Trustee, with another bank, trust company or national banking association for the benefit of the State and the appropriate Fund or Account as collateral security for such repurchase agreements;
- (f) 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, or project notes issued by public housing authorities, or project notes issued 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; and
- (g) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or obligations for redemption on the date or dates specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in the definition of Federal Obligation which may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in clause (i) of this paragraph (g), as appropriate, and (iii) as to which the principal of and interest on the bonds and obligations of the character described in the definition of Federal Obligation which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph (g) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) of this paragraph (g), as appropriate.

“*Record Date*” means the fifteenth (15th) day (whether or not a business day) next preceding any interest payment date, including any interest payment date resulting from an optional redemption of Series of June 2013 Bonds on a date other than June 15 or December 15.

“*Redemption Price*” means with respect to any Series of Bonds or any particular Section 209 Obligations, the principal amount of the Bonds or Section 209 Obligations plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bonds or Section 209 Obligations or the Supplemental Indenture creating such Series or the instrument creating such Section 209 Obligations.

“*Reform Act*” means “AN ACT relating to taxes and the use thereof, amending Acts named therein,” Public Act 851135, approved July 28, 1988, as amended.

“*Reform Fund*” means the State and Local Sales Tax Reform Fund created in the State Treasury pursuant to Section 6z-17 of the Finance Act.

“*Reform Fund Amounts*” means the amounts of money required to be transferred monthly from the Reform Fund to the Build Illinois Fund as provided in Section 6z-17 of the Finance Act.

“*Required Bond Transfer*” means with respect to any Fiscal Year the amount of money required to be transferred from the Build Illinois Bond Account to the Retirement and Interest Fund and to be paid from the Retirement and Interest Fund to the Trustee for such Fiscal Year as provided in Section 502(c) of the Indenture and Section 13 of the Act.

“*Retirement and Interest Fund*” means the Build Illinois Retirement and Interest Fund created in the State Treasury pursuant to Section 11(b) of the Act and Section 5.158 of the Finance Act.

“*Retailers’ Occupation Tax*” means the tax now or hereafter imposed by the State pursuant to Section 3 of the “Retailers’ Occupation Tax Act,” approved June 28, 1933, as amended.

“*Revenue Fund*” means the Revenue Fund created by Section 501 of the Indenture.

“*Revenues*” means all tax revenues and other moneys, from whatever source (including without limitation the Navy Pier Act), which by law are required to be deposited into the Build Illinois Fund for the purposes of making transfers to and payments from the Retirement and Interest Fund as required by Sections 6z-9 and 8.25 of the Finance Act; and into the Capital Projects Fund for the purpose of making transfers to and payments from the Retirement and Interest Fund as required by Public Act 96-36 (amending Section 13 of the Act), provided, however, that Revenues shall not include (a) any tax revenues and other moneys, from whatever source, which by law, now or hereafter enacted, are required to be transferred from the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund as permitted by Section 712 of the Indenture or (b) 1/12th of \$5,000,000 of the moneys received by the Illinois Department of Revenue and required to be paid each month into the Build Illinois Fund pursuant to Section 3-1001 of “The Illinois Vehicle Code,” approved September 29, 1969, as amended.

“*Sales Tax*” or “*Sales Taxes*” means the taxes now or hereafter imposed by the State pursuant to the Sales Tax Acts.

“*Sales Tax Acts*” means Section 9 of the “Use Tax Act,” approved July 14, 1955, as amended, Section 9 of the “Service Use Tax Act,” approved July 10, 1961, as amended, Section 9 of the “Service Occupation Tax Act,” approved July 10, 1961, as amended, and Section 3 of the “Retailers’ Occupation Tax Act,” approved June 28, 1933, as amended.

“*Section 209 Obligations*” means any Junior Obligations in the form of obligations incurred by the State to reimburse or repay the issuer or issuers of one or more letters of credit or the provider or providers of lines of credit or other credit or liquidity enhancement facilities securing one or more Series of Bonds as described in Section 209 of the Indenture, including any fees or other amounts payable to the issuer or provider of any such letter of credit or facility, whether such obligations are set forth in one or more agreements entered into between the State and the issuer or provider of any such letter of credit or facility, or in one or more notes or other evidences of indebtedness executed and delivered by the State pursuant thereto, or any combination thereof.

“*Senior Bonds*” means Bonds of any Series designated as Senior Bonds in the Supplemental Indenture authorizing such Series.

“*Series*” shall mean all of the Bonds authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated as a Series therein, but, unless the context clearly indicates otherwise, shall not include Section 209 Obligations.

“*Series of June 2013 Bonds*” means a Series of Junior Obligations designated as Series of June 2013 Bonds in the Fiftieth Supplemental Indenture.

“*Service Occupation Tax*” means the tax now or hereafter imposed by the State pursuant to Section 9 of the “Service Occupation Tax Act,” approved July 10, 1961, as amended.

“*Service Use Tax*” means the tax now or hereafter imposed by the State pursuant to Section 9 of the “Service Use Tax Act,” approved July 10, 1961, as amended.

“*Sinking Fund Payment*” means as of any particular date of determination and with respect to the Outstanding Bonds of any Series or with respect to any particular Section 209 Obligations, the amount required by the Supplemental Indenture creating such Series or the instrument creating such Section 209 Obligations to be paid in any event by the State on a single future date for the retirement of Bonds of such Series or of such Section 209 Obligations which mature after said future date, but does not include any amount payable by the State by reason only of the maturity of a Bond or Section 209 Obligation.

“*State*” means the State of Illinois.

“*State Portion*” means, commencing January 1, 1990, the portion of the Sales Taxes remaining after the monthly deposits of 20 percent thereof required to be made from and after such date pursuant to the Reform Act.

“*State Share of Sales Tax Revenues*” means the State’s 80 percent portion of total collected sales tax receipts (excluding the 5.25% incremental portion of the Sales Taxes from the sale of candy, grooming and hygiene products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009, rate of 1.00%, which incremental portion is deposited into the Capital Projects Funds for the payment of Bonds issued pursuant to the Illinois Jobs Now! Legislation).

“*Subordinated Interest*” means interest designated as Subordinated Interest under any Supplemental Indenture authorizing a Series of Senior Bonds which are Variable Rate Bonds and which is payable from the Junior Obligation Debt Service Fund to a person who becomes a Bondholder as a result of providing a credit or liquidity enhancement facility relating to such Series.

“*Subordinated Principal Installment*” means any Principal Installment designated as a Subordinated Principal Installment under any Supplemental Indenture authorizing a Series of Senior Bonds which are Variable Rate Bonds and which is payable from the Junior Obligation Debt Service Fund to a person who becomes a Bondholder as a result of providing a credit or liquidity enhancement facility relating to such Series.

“*Supplemental Indenture*” means an indenture supplemental to or amendatory of the Master Indenture, executed and delivered by the State and the Trustee in accordance with Article VIII of the Indenture.

“*Tax Act Amount*” means the Tax Act Amount as defined in Section 3 of the “Retailers’ Occupation Tax Act,” approved June 28, 1933, as amended.

“*Trustee*” means U.S. Bank National Association, as trustee under the Indenture, or its successor as such trustee hereafter appointed in the manner provided in the Indenture and, with respect to any Supplemental Indenture, the trustee thereunder or its successor as trustee.

“*Use Tax*” means the tax now or hereafter imposed by the State pursuant to Section 9 of the “Use Tax Act,” approved July 14, 1955, as amended.

APPENDIX D

**OUTSTANDING BONDS
BUILD ILLINOIS (SALES TAX REVENUE BONDS)
(As of May 15, 2013)**

Senior Obligation Bonds	Note	Original Principal Amount	Bonds Outstanding
Series A		\$100,000,000	\$ 0
Series B		80,000,000	0
Series T-1	a	40,000,000	0
Series C	1	95,475,000	0
Series D		70,000,000	0
Series E		80,000,000	0
Series F		70,000,000	0
Series G		52,203,027	0
Series H		57,800,588	0
Series I		87,000,000	0
Series J		70,000,000	0
Series K		110,000,000	0
Series L		120,001,779	11,366,605
Series M		120,000,000	0
Series N		135,000,000	0
Series O	2	265,840,447	2,535,863
Series P		100,000,000	54,450,000
Series Q	3	416,890,000	0
Series R		100,000,000	0
Series S	4	331,645,000	0
Series U		100,000,000	0
Series V		135,000,000	0
Series W		80,000,000	0
Series X		60,000,000	0
Series Y	5	145,475,000	0
Series Z		60,000,000	0
Series May 2000		125,000,000	0
Series March 2001	6	125,165,000	40,535,000
Series June 2001		125,000,000	0
Series September 2001	7	110,450,000	56,390,000
Series April 2002		150,000,000	70,000,000
Series May 2002	8	50,310,000	50,310,000
Second Series May 2002	9	94,815,000	94,815,000
Series November 2002		182,225,000	88,000,000
Series December 2002	10	54,350,000	37,915,000
Series March 2003	11	75,775,000	47,230,000
Series July 2003		150,000,000	55,730,000
Series March 2004		200,000,000	174,700,000
Series February 2005		75,000,000	53,125,000
Series June 2005		125,000,000	90,000,000
Series March 2006		65,000,000	45,500,000
Series June 2006		150,000,000	114,000,000
Series July 2007		50,000,000	37,500,000
Series A December 2009		154,920,000	142,010,000
Series B December 2009		375,000,000	343,750,000
Series October 2011		300,000,000	300,000,000
Taxable Series May 2012		425,040,000	425,040,000
Taxable Series May 2013		300,000,000	300,000,000
Total Senior Bonds			2,634,902,468

Junior Obligation Bonds	Note	Original Principal Amount	Bonds Outstanding
Junior Obligation Series of June 2010	12	455,080,000	397,215,000
Total Outstanding Bonds			\$3,032,117,468

^a The Series T-1 Bonds were defeased on August 1, 1989.

¹ The Series C Bonds advance refunded \$78,755,000 in principal amount of the Series A Bonds.

² The Series O Bonds, in part, advance refunded \$126,215,588 in principal amount of the Series A, E, F, and H Bonds.

³ The Series Q Bonds advance refunded \$356,086,311 in principal amount of the Series A, B, D, F, G, I, J, K, M, N, and P Bonds.

⁴ The Series S Bonds, in part, advance refunded \$224,885,000 in principal amount of the Series C, D, F, I, J, K, M, N, and P Bonds.

⁵ The Series Y Bonds, in part, advance refunded \$140,130,000 in principal amount of the Series C, D, E, F, I, J, K, M, N, and O Bonds.

⁶ The Series March 2001 Bonds currently and advance refunded \$126,105,000 in principal amount of the Series O and V Bonds.

⁷ The Series September 2001 Bonds advance refunded \$107,500,000 in principal amount of the Series R, V and May 2000 Bonds.

⁸ The Series May 2002 Bonds currently refunded \$50,790,000 in principal amount of the Series Q Bonds.

⁹ The Second Series May 2002 Bonds currently refunded \$97,165,000 in principal amount of the Series Q Bonds.

¹⁰ The Series December 2002 Bonds advance refunded \$54,445,000 in principal amount of the Series R and Series S Bonds.

¹¹ The Series March 2003 Bonds currently refunded \$77,070,000 in principal amount of the Series S Bonds.

¹² The Junior Obligation Series of June 2010 currently refunded \$261,495,000 in principal amount of the Series S, U, W, X, Y, Z and May 2000 and advance refunded \$209,755,000 in principal amount of Series March 2001, June 2001, November 2002, and July 2003.

APPENDIX E

GLOBAL BOOK-ENTRY SYSTEM

The following information concerning the Depository Trust Company, New York, New York, (“**DTC**”) has been furnished by DTC for use in this Official Statement. The State is not responsible for its accuracy or completeness.

DTC, will act as securities depository for the Series of June 2013 Bonds. The Series of June 2013 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 Series of June 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities 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. This eliminates 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. DTC is owned by 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 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series of June 2013 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 Series of June 2013 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 the Series of June 2013 Bonds, except in the event that use of the book-entry system for the Series of June 2013 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series of June 2013 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.

Redemption notices shall be sent to DTC. If less than all of the Series of June 2013 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State 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 Series of June 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments (including redemption proceeds) on the Series of June 2013 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 the State or the Trustee, as bond registrar and paying agent for the Series of June 2013 Bonds ("**Bond Registrar**"), 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 Bond Registrar, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest (including redemption proceeds) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Bond Registrar, 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 securities depository with respect to the Series of June 2013 Bonds at any time by giving reasonable notice to the State or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

APPENDIX F

CONTINUING DISCLOSURE UNDERTAKING

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

Annual Financial Information Disclosure

The State covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below), to the Municipal Securities Rulemaking Board (“**MSRB**”) through its Electronic Municipal Market Access (“**EMMA**”) system. The State is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking and described below.

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents, including other official statements (subject to the following sentence), which have been submitted to EMMA or filed with the SEC. If the information included by reference is contained in a final official statement, the final official statement must be submitted by the State to the MSRB through EMMA.

“Annual Financial Information” means sales tax information of the type contained herein in the tables entitled “Sales Tax Revenues” and “Monthly Sales Tax Revenues.” Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA within 330 days after the last day of the State’s Fiscal Year.

“Audited Financial Statements” means the General Purpose Financial Statements of the State prepared in accordance with generally accepted accounting principles applicable to governmental units as in effect from time to time Audited Financial Statements will be provided through EMMA within 30 days after their availability to the Governor’s Office of Management and Budget.

Events Notification; Reportable Events Disclosure

The State covenants that it will disseminate to EMMA 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, the disclosure 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 Series of June 2013 Bonds, are:

- principal and interest payment delinquencies on the Series of June 2013 Bonds;
- occurrence of any default under and as defined in the Indenture (other than as described above), if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- 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;
- amendments to the Indenture modifying the rights of the beneficial owners of the Series of June 2013 Bonds, if material;

- bond calls, if material, and tender offers of the Series of June 2013 Bonds;
- defeasances of the Series of June 2013 Bonds or any portion thereof;
- release, substitution or sale of property securing repayment of the Series of June 2013 Bonds, if material;
- any change in any rating that relates to the Series of June 2013 Bonds, the State, an obligated person, credit enhancer or liquidity provider for the Series of June 2013 Bonds that could affect the value of the Series of June 2013 Bonds;
- Bankruptcy, insolvency, receivership or similar event of the State;*
- The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, 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
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Consequences of Failure of the State to Provide Information

The State shall give notice in a timely manner to EMMA and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the State to comply with any provision of the Undertaking, the beneficial owner of any Series of June 2013 Bond may seek mandamus or specific performance by court order, to cause the State to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Indenture, and the sole remedy under the Undertaking in the event of any failure of the State to comply with the Undertaking shall be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the State by a duly enacted order authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) 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 State, or type of business conducted;
- (b) The Undertaking, 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
- (c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Series of June 2013 Bonds, as determined either by a party unaffiliated with the State (such as bond counsel).

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 State, or if such jurisdiction has been assumed by leaving the existing governing body and 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 State.

Termination of Undertaking

The Undertaking shall be terminated if the State shall no longer have any legal liability for any obligation on or relating to repayment of the Series of June 2013 Bonds under the Indenture. The State shall give notice to EMMA in a timely manner if this paragraph is applicable.

Additional Information

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

Dissemination Agent

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

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APPENDIX G

SENIOR BONDS REFUNDED BY THE SERIES OF JUNE 2013 BONDS

Series	Dated Date	CUSIP[†]	Maturity Date	Coupon	Refunded Par	Remaining Non-Refunded	Call Date*
Series P	5/15/92	452226RW5	6/15/22	6.500%	\$36,255,000	\$14,160,000	N/A
Series March 2001	3/20/01	452227DY4	6/15/14	5.500%	16,010,000	-	7/24/13
Series March 2001	3/20/01	452227DZ1	6/15/15	5.500%	13,305,000	-	7/24/13
Series March 2001	3/20/01	452227EA5	6/15/16	5.500%	7,910,000	-	7/24/13
Series September 2001	10/2/01	452226M26	6/15/14	4.500%	55,000	-	7/24/13
Series September 2001	10/2/01	452226M34	6/15/15	5.375%	5,060,000	-	7/24/13
Series September 2001	10/2/01	452226M42	6/15/16	5.375%	10,010,000	-	7/24/13
Series September 2001	10/2/01	452226M59	6/15/17	5.375%	4,915,000	-	7/24/13
Series November 2002	11/26/02	452226T78	6/15/19	5.250%	4,815,000	10,185,000	N/A
Series November 2002	11/26/02	452226T94	6/15/21	5.000%	16,300,000	-	7/24/13
Series November 2002	11/26/02	452226U27	6/15/22	5.000%	44,700,000	-	7/24/13
Series December 2002	12/12/02	452226V26	6/15/14	5.250%	8,130,000	-	7/24/13
Series December 2002	12/12/02	452226V34	6/15/15	5.250%	8,315,000	-	7/24/13
Series December 2002	12/12/02	452226V42	6/15/16	5.250%	4,025,000	-	7/24/13
Series December 2002	12/12/02	452226V59	6/15/17	5.250%	4,015,000	-	7/24/13
Series December 2002	12/12/02	452226V67	6/15/18	5.250%	4,000,000	-	7/24/13
Series March 2003	3/18/03	452226W25	6/15/14	5.250%	14,045,000	-	7/24/13
Series March 2003	3/18/03	452226W33	6/15/15	5.250%	14,695,000	-	7/24/13
Series July 2003	7/24/03	4522262E2	6/15/23	5.250%	9,985,000	-	7/24/13
Series July 2003	7/24/03	4522262F9	6/15/24	5.250%	9,325,000	-	7/24/13
Series July 2003	7/24/03	4522262G7	6/15/25	5.250%	8,630,000	-	7/24/13
Series July 2003	7/24/03	4522262H5	6/15/26	5.250%	7,905,000	-	7/24/13
Series July 2003	7/24/03	4522262J1	6/15/27	5.250%	7,140,000	-	7/24/13
Series July 2003	7/24/03	4522262K8	6/15/28	5.250%	10,335,000	-	7/24/13
Series March 2004	3/4/04	4522263P6	6/15/16	5.000%	15,000,000	-	6/15/14
Series March 2004	3/4/04	4522263Q4	6/15/17	5.000%	13,700,000	-	6/15/14
Series March 2004	3/4/04	4522263R2	6/15/18	5.000%	13,400,000	-	6/15/14
Series March 2004	3/4/04	4522263S0	6/15/19	5.000%	15,000,000	-	6/15/14
Series March 2004	3/4/04	4522263T8	6/15/20	5.000%	15,400,000	-	6/15/14
Series March 2004	3/4/04	4522263U5	6/15/21	5.000%	17,500,000	-	6/15/14
Series March 2004	3/4/04	4522263V3	6/15/22	5.000%	880,000	220,000	6/15/14
Series March 2004	3/4/04	4522263W1	6/15/23	5.000%	16,600,000	-	6/15/14
Series March 2004	3/4/04	4522263X9	6/15/24	5.000%	10,000,000	-	6/15/14
Series March 2004	3/4/04	4522263Y7	6/15/25	5.000%	9,500,000	-	6/15/14
Series March 2004	3/4/04	4522263Z4	6/15/26	5.000%	8,300,000	-	6/15/14
Series March 2004	3/4/04	4522264A8	6/15/27	5.000%	3,500,000	-	6/15/14
Series March 2004	3/4/04	4522264B6	6/15/28	5.000%	10,700,000	-	6/15/14
Series February 2005	2/8/05	4522264T7	6/15/17	4.000%	3,125,000	-	6/15/15
Series February 2005	2/8/05	4522264U4	6/15/18	5.000%	3,125,000	-	6/15/15
Series February 2005	2/8/05	4522264V2	6/15/19	5.000%	3,125,000	-	6/15/15

† Copyright 2012, American Bankers Association CUSIP data herein are provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by Standard & Poor's, a subsidiary of The McGraw-Hill Companies, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Series of June 2013 Bonds and neither the State nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series of June 2013 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series of June 2013 Bonds.

* The call price for all the refunded bonds is par plus accrued interest to the call date.

Series	Dated Date	CUSIP [†]	Maturity Date	Coupon	Refunded Par	Remaining Non-Refunded	Call Date*
Series February 2005	2/8/05	4522264W0	6/15/20	5.000%	\$ 3,125,000	\$ -	6/15/15
Series February 2005	2/8/05	4522264X8	6/15/21	5.000%	3,125,000	-	6/15/15
Series February 2005	2/8/05	4522264Z3	6/15/23	5.000%	3,125,000	-	6/15/15
Series February 2005	2/8/05	4522265A7	6/15/24	5.000%	3,125,000	-	6/15/15
Series February 2005	2/8/05	4522265B5	6/15/25	5.000%	3,125,000	-	6/15/15
Series June 2005	6/29/05	4522265P4	6/15/14	5.250%	3,045,000	1,955,000	N/A
Series June 2005	6/29/05	4522265R0	6/15/16	5.000%	3,760,000	1,240,000	6/15/15
Series June 2005	6/29/05	4522265S8	6/15/17	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522265T6	6/15/18	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522265U3	6/15/19	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522265V1	6/15/20	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522265W9	6/15/21	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522265Y5	6/15/23	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522265Z2	6/15/24	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522266A6	6/15/25	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522266B4	6/15/26	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522266D0	6/15/28	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522266E8	6/15/29	5.000%	5,000,000	-	6/15/15
Series June 2005	6/29/05	4522266F5	6/15/30	5.000%	5,000,000	-	6/15/15
Series March 2006	3/21/06	4522266Z1	6/15/17	5.000%	3,250,000	-	6/15/16
Series March 2006	3/21/06	4522267A5	6/15/18	5.000%	3,250,000	-	6/15/16
Series March 2006	3/21/06	4522267B3	6/15/19	5.000%	3,250,000	-	6/15/16
Series March 2006	3/21/06	4522267C1	6/15/20	5.000%	3,250,000	-	6/15/16
Series March 2006	3/21/06	4522267F4	6/15/23	4.375%	1,330,000	1,920,000	6/15/16
Series March 2006	3/21/06	4522267G2	6/15/24	4.375%	3,250,000	-	6/15/16
Series June 2006	6/20/06	4522267V9	6/15/17	5.000%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522267W7	6/15/18	5.000%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522267X5	6/15/19	5.000%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522267Y3	6/15/20	5.000%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522267Z0	6/15/21	5.000%	3,655,000	2,345,000	6/15/16
Series June 2006	6/20/06	4522268B2	6/15/23	5.000%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522268C0	6/15/24	5.000%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522268D8	6/15/25	4.625%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522268E6	6/15/26	5.000%	6,000,000	-	6/15/16
Series June 2006	6/20/06	4522268J5	6/15/30	5.000%	4,980,000	1,020,000	6/15/16
Series July 2007	7/2/07	452227AK7	6/15/17	5.000%	385,000	2,115,000	N/A
Series July 2007	7/2/07	452227AL5	6/15/18	5.000%	2,500,000	-	6/15/17
Series July 2007	7/2/07	452227AM3	6/15/19	5.000%	2,500,000	-	6/15/17
Series July 2007	7/2/07	452227AN1	6/15/20	5.000%	2,500,000	-	6/15/17
Series July 2007	7/2/07	452227AR2	6/15/23	5.000%	2,500,000	-	6/15/17
Series July 2007	7/2/07	452227AS0	6/15/24	5.000%	2,500,000	-	6/15/17
Series July 2007	7/2/07	452227AT8	6/15/25	5.000%	2,500,000	-	6/15/17
Series July 2007	7/2/07	452227AU5	6/15/26	5.000%	2,500,000	-	6/15/17
Series B December 2009	12/23/09	452227CL3	6/15/18	5.000%	2,775,000	12,850,000	N/A
Series B December 2009	12/23/09	452227CN9	6/15/20	5.000%	4,035,000	11,590,000	6/15/19
Series B December 2009	12/23/09	452227CS8	6/15/24	5.000%	5,275,000	10,350,000	6/15/19
Series B December 2009	12/23/09	452227CT6	6/15/25	5.125%	9,640,000	3,485,000	6/15/19
Series B December 2009	12/23/09	452227CU3	6/15/26	5.250%	14,615,000	1,010,000	6/15/19

APPENDIX H

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture, to which reference is made for a complete statement of the provisions or contents thereof. Certain capitalized words and terms used in this summary are defined in the Indenture and shall have the same meanings herein as therein, except as otherwise defined in this Official Statement. Certain of such defined words and terms are set forth in Appendix C.

Source of Payment; Pledge of Revenues

The provisions of the Indenture constitute a contract among the State, the Trustee and the Bondholders. The Series of June 2013 Bonds are direct, limited obligations of the State payable solely from and secured by an irrevocable, first priority pledge of and lien on moneys on deposit in the Retirement and Interest Fund and certain other moneys and securities held by the Trustee under the provisions of the Indenture. The State has pledged the Revenues and all moneys and securities held or set aside or to be held or set aside by any Fiduciary under the Indenture to secure the payment of the principal of and premium, if any, and interest on the Series of June 2013 Bonds, such pledge constituting a first and prior claim against and charge on the Revenues and a first priority pledge of and lien on such other moneys and securities, subject only to the provisions of the Indenture requiring or permitting the payment, setting apart or application thereof for or to the purposes and on the terms, conditions, priorities and order set forth in or provided under the Indenture. The Series of June 2013 Bonds are not general obligations of the State and are not secured by the full faith and credit of the State, and the holders of the Series of June 2013 Bonds may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the Series of June 2013 Bonds, except as specifically provided in the Act and Sections 6z-9 and 8.25 of the Finance Act with respect to the Revenues.

Additional Senior Bonds

The Indenture permits the issuance of additional Series of Bonds which may be (i) Senior Bonds that have a senior lien to the Series of June 2013 Bonds and other Outstanding Senior Bonds or (ii) Junior Obligations on a parity with the Series of June 2013 Bonds, provided that certain conditions precedent are satisfied, including receipt by the Trustee of the following:

- (a) a copy of a Bond Sale Order signed by the Director and approved by the Governor, (i) authorizing the execution and delivery of a Supplemental Indenture, (ii) stating the identity of the purchasers, aggregate purchase price and date and place of delivery of such Series, (iii) stating that no Event of Default has occurred and is continuing under the Indenture, (iv) specifying the uses to which the proceeds of the Bonds of such Series shall be applied, including Costs of Issuance, and (v) certifying that the Build Illinois Fund, the Build Illinois Bond Account and the Retirement and Interest Fund have been established in the State Treasury and are being maintained in full accordance with the provisions of the Act and the Finance Act;
- (b) a Counsel's Opinion to the effect that (i) the Indenture and such Supplemental Indenture have been duly and lawfully authorized and executed and are in full force and effect and are valid and binding upon the State, (ii) the Act, the Indenture and such Supplemental Indenture create the valid pledge of Revenues, moneys and securities which they purport to create, and (iii) upon the execution, authentication and delivery thereof, the Bonds of such Series will have been duly and validly authorized and issued;
- (c) an executed counterpart of the Supplemental Indenture; and
- (d) with respect to any proposed Series of Senior Bonds, a Certificate signed by the Director certifying that (i) the maximum Net Debt Service Requirement for Outstanding Senior Bonds of all Series and for the proposed Series for the current or any future Fiscal Year will not exceed 5 percent of the State Share of Sales Tax Revenues received by the State for the most recently

completed Fiscal Year, and (ii) an amount at least equal to the Debt Service Reserve Fund Requirement, calculated immediately after the issuance of the proposed Series, will be on deposit in the Debt Service Reserve Fund within 24 months after the date of issuance of such proposed Series. In calculating the Net Debt Service Requirement, interest on any Series of Variable Rate Senior Bonds is required pursuant to Section 711 of the Indenture to be included at the maximum rate permitted under the applicable Supplemental Indenture, less credits for the sum of (i) certain amounts on deposit in the applicable Variable Rate Interest Subaccount as provided in the applicable Supplemental Indenture, and (ii) amounts required to be deposited in the Variable Rate Interest Subaccount pursuant to agreements with Qualified Financial Institutions for the purpose of limiting interest rate risk, and (iii) beginning in Fiscal Year 1994, and while the amount on deposit in the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Fund Requirement, additional amounts not to exceed 50 percent of the maximum rate permitted under the Supplemental Indenture.

The delivery of Bonds of any Series shall also be subject to the delivery to the Director, the Comptroller and the Treasurer of a Certificate signed by the Trustee, certifying (i) the Annual Debt Service or the Junior Annual Debt Service, as the case may be, for the Series of Bonds then being issued and the total Aggregate Debt Service and Junior Annual Debt Service on all then Outstanding Bonds payable on all future Payment Dates and (ii) the amount of principal of and interest and premium, if any, on all such Bonds payable on each future Payment Date.

The issuance of refunding Bonds of any Series shall be subject to the receipt by the Trustee of:

- (a) The documents referred to in paragraphs (a) through (d) above, provided that, with respect to a proposed Series of Senior Bonds, in lieu of the Certificate described in paragraph (d) above, the State may deliver a Certificate certifying that the maximum Aggregate Debt Service for the then current or any future Fiscal Year shall not increase as a result of such issuance of refunding Bonds;
- (b) If a redemption of Bonds is to be effected, irrevocable instructions to the Trustee to give due notice of redemption of all the Bonds to be redeemed and the redemption date or dates, if any, upon which such Bonds are to be redeemed;
- (c) If a redemption of Bonds is to be effected and the redemption is scheduled to occur subsequent to the next succeeding 45 days, irrevocable instructions to the Trustee to give notice of redemption of such Bonds on a specified date prior to their redemption date; and
- (d) A certificate of an Independent Accountant stating that the amount of moneys and Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof deposited with the Trustee are sufficient to pay when due the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date or dates or the date or dates of maturity thereof.

Additional Junior Obligations

The Indenture permits the issuance of additional Series of Junior Obligations on a parity with other Outstanding Junior Obligations including the Series of June 2013 Bonds provided that certain conditions in addition to the requirement for the issuance of Senior Bonds described above are satisfied, including receipt by the Trustee with respect to any Series of Junior Obligations proposed to be issued, other than a Series proposed to be issued as refunding Bonds, a Certificate signed by the Director certifying that, as of the time immediately following the issuance of such Series, the greatest amount of the aggregate of (A) the Net Debt Service Requirement for Outstanding Senior Bonds and (B) the Junior Annual Debt Service, for the then current or any future Fiscal Year, will not exceed 9.8% of the State Share of Sales Tax Revenues received by the State for the most recently completed Fiscal Year. The issuance of refunding Junior Obligations on a parity with other Junior Obligations is permitted provided that certain conditions in addition to the requirements for the issuance of refunding Senior Bonds described above are satisfied, including receipt by the Trustee of either (1) the Certificate of the Director required for the issuance Junior Obligations for project purposes or (2) a Certificate of the Director, certifying that, as of the time

immediately following the issuance of such Series, the greatest amount of the aggregate of (A) the Net Debt Service for Senior Bonds and (B) the Junior Annual Debt Service, for the then current or any future Fiscal Year, shall not increase as a result of the issuance of such Series.

Covenant Against Pledge of Revenues

The State has covenanted that it will not issue or authorize the issuance of any bonds, notes or other evidences of indebtedness secured by the pledge of Revenues contained in the Indenture, other than the Bonds, and that it will not create or cause to be created any pledge, lien or charge on Revenues or on any other amounts pledged for the benefit of owners of Bonds under the Indenture, other than the pledge of Revenues contained in the Indenture, provided, however, that the State may (a) issue or authorize the issuance of bonds, notes or other evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived after the pledge contained in the Indenture has been discharged or (b) issue or authorize the issuance of bonds, notes or other evidences of indebtedness which are payable out of, or secured by the pledge of, amounts which may be withdrawn from the General Reserve Fund so long as such pledge is expressly junior and subordinate to the pledge of Revenues contained in the Indenture.

Establishment of Funds and Accounts

The Indenture creates the following Funds and Accounts to be held and administered by the Trustee:

- (a) The Revenue Fund;
- (b) The Debt Service Fund and four separate Accounts therein to be known as the Capitalized Interest Account, the Interest Account, the Principal Account and the Variable Rate Account;
- (c) The Program Expense Fund;
- (d) The Debt Service Reserve Fund;
- (e) The Junior Obligation Debt Service Fund; and
- (f) The General Reserve Fund and a separate Account therein to be known as the Net Debt Service Account.

In addition, the State has established in the State Treasury and agrees to maintain in accordance with the requirements of the Act and the Finance Act, the Build Illinois Bond Fund, the Build Illinois Fund (including the Build Illinois Bond Account established therein) and the Retirement and Interest Fund.

The Trustee shall, at the written request of the State, establish additional Accounts and subaccounts for the purpose of identifying more precisely the sources of payments into and disbursements from such Funds, Accounts and subaccounts. Additional Accounts and subaccounts may also be created by any Supplemental Indenture.

Deposit of Revenues

All Revenues shall be promptly deposited by the State in Capital Projects Fund or the Build Illinois Fund, as applicable, credited to the Build Illinois Bond Account, transferred to the Retirement and Interest Fund and paid to the Trustee for deposit in the Revenue Fund, all as provided in the Act and Sections 6z-9 and 8.25 of the Finance Act.

The State has covenanted that the Governor shall include in each annual State Budget and the General Assembly shall annually appropriate for each Fiscal Year the Required Bond Transfer from the Retirement and Interest Fund in an amount estimated to equal the greater of (a) the Certified Annual Debt Service Requirement for such Fiscal Year or (b) the Tax Act Amount for such Fiscal Year. For the purposes of implementing such appropriations and the transfers and payments required to be made to the Trustee, the Trustee shall deliver a Certificate to the Director, the Comptroller and the Treasurer on or before each June 20 so long as Bonds remain Outstanding, certifying the

Certified Annual Debt Service Requirement for the next succeeding Fiscal Year. The Required Bond Transfer for each Fiscal Year shall be equal to the Certified Annual Debt Service Requirement as so certified in such Certificate unless the Tax Act Amount for such Fiscal Year shall be greater than such Certified Annual Debt Service Requirement, in which case the Required Bond Transfer for such Fiscal Year shall be equal to such Tax Act Amount; provided, however, that if Bonds are issued during any such Fiscal Year the Certified Annual Debt Service Requirement for such Fiscal Year shall be increased to reflect the issuance of such Bonds to the extent such issuance was not reflected in the Certified Annual Debt Service Requirement previously certified for such Fiscal Year. The State has covenanted and agreed that in the event the Required Bond Transfer is not made for any Fiscal Year as required under the Indenture and the Act, the Act shall constitute an irrevocable and continuing appropriation of such Required Bond Transfer and the continuing, irrevocable authority for and direction to the Treasurer and the Comptroller to make the necessary transfers and deposits, as directed by the Governor, and to make the payments specified in Sections 6z-9 and 8.25 of the Finance Act and as provided in the Indenture.

The State has covenanted that the Treasurer and the Comptroller shall, on the last day of each month, transfer from the Build Illinois Bond Account to the Retirement and Interest Fund and pay from such Fund to the Trustee for deposit in the Revenue Fund an amount equal to the greater of (a) 1/12th of 150 percent of the Certified Annual Debt Service Requirement or (b) the Tax Act Amount deposited in the Build Illinois Bond Account during such month, plus any cumulative deficiency in such transfers and payments for prior months; provided that all of such transfers and payments for any such Fiscal Year shall not exceed the greater of (a) the Certified Annual Debt Service Requirement or (b) the Tax Act Amount. See "SECURITY FOR THE SERIES OF JUNE 2013 BONDS."

Disbursements From Revenue Fund

On the first day of each month the Trustee shall make the following deposits from amounts on deposit in the Revenue Fund in the manner and order of priority set forth:

First: To the Debt Service Fund, an amount equal to 1/12th of 150 percent of the aggregate amount of Principal Installments and interest included in the Annual Debt Service for all Series of Senior Bonds for the then current Fiscal Year, such amounts to be allocated among the Interest Account, the Principal Account and the Variable Rate Account;

Second: To the Program Expense Fund, an amount equal to the amount, if any, required for Program Expenses;

Third: To the Debt Service Reserve Fund, the amount, if any, necessary to increase the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement;

Fourth: To the Junior Obligation Debt Service Fund, the amount, if any, equal to the amount required by any Supplemental Indentures or other instruments authorizing the issuance of Junior Obligations; and

Fifth: To the General Reserve Fund, the balance remaining.

Use of Funds

The moneys on deposit in the Funds and Accounts listed above shall be used for the purposes and uses specified as follows:

- (a) The moneys in the Interest Account shall be used only for the payment of the interest on Fixed Rate Senior Bonds. The moneys in the Principal Account shall be used only for the payment of Principal Installments on Fixed Rate Senior Bonds. Moneys on deposit in the Variable Rate Account and which have been credited to Variable Rate Interest Subaccounts and Variable Rate Principal Subaccounts therein as may have been created for the benefit of a Series of Variable Rate Senior Bonds shall be used for the purposes specified in the Supplemental Indenture creating such Series.

- (b) The moneys in the Program Expense Fund shall be used to pay Program Expenses as directed in Certificates filed by the Director with the Trustee.
- (c) The moneys in the Debt Service Reserve Fund shall be used for the payment of the interest and Principal Installments (other than Subordinated Interest or Subordinated Principal Installments) on Senior Bonds, whenever and to the extent moneys in the Interest Account, the Principal Account and the Variable Rate Account, respectively, are insufficient therefor. At the direction of the State expressed in a Certificate of the Director filed with the Trustee, moneys in the Debt Service Reserve Fund may be withdrawn from the Debt Service Reserve Fund and deposited into the General Reserve Fund; provided, however, that immediately after such withdrawal, the amount of deposit in the Debt Service Reserve Fund equals or exceeds the Debt Service Reserve Fund Requirement.
- (d) The moneys in the Junior Obligation Debt Service Fund shall be transferred by the Trustee to the appropriate trustees or paying agents under the Supplemental Indenture or other instrument authorizing the issuance of Junior Obligations for the purpose of paying such amounts as may be required to be paid by such Supplemental Indenture or other instrument.
- (e) The moneys in the General Reserve Fund shall be used for the payment of the interest and Principal Installments on Bonds whenever and to the extent moneys in the Interest Account, the Principal Account, the Variable Rate Account, the Debt Service Reserve Fund, and the Junior Obligation Debt Service Fund, respectively, are insufficient therefor. At the direction of the State, moneys in the General Reserve Fund may be withdrawn and deposited in trust to purchase or redeem or pay or otherwise provide for the payment of Bonds of any Series or of Section 209 Obligations provided the purchase price does not exceed par or the next Redemption Price. At the direction of the State, expressed in a Certificate signed by the Director and filed with the Trustee, moneys, Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof in the General Reserve Fund shall be set aside and held in trust, together with the interest thereon, in the Net Debt Service Account for the sole and exclusive purpose of paying the principal of and premium, if any, and interest on Senior Bonds. The State has reserved the right to direct the Trustee in writing at any time to pay to the State or to such fund, account or official of the State as may be specified in such direction, on any one or more dates during the period commencing on June 15 of a Fiscal Year and ending on June 30 of that Fiscal Year, for any purpose of the State now or hereafter authorized by law, all or any part of the moneys on deposit in the General Reserve Fund; provided, however, that no such payment shall include any amounts set aside in trust in the Net Debt Service Account or any other moneys which have been committed, reserved or restricted pursuant to any Supplemental Indenture or instrument authorizing Section 209 Obligations; and, further provided that no such payment may be made at any time during the existence and continuation of an Event of Default.
- (f) If at any time the aggregate amount of all moneys held in all Funds and Accounts established and created under and pursuant to the Indenture shall be sufficient, as certified by the Director, to purchase or redeem or pay or otherwise provide for the payment of all Outstanding Bonds, such amount shall be irrevocably set aside in trust for such purpose in the manner summarized under "Defeasance" under this caption and shall not be used thereafter for any other purpose.

Qualified Investments

All moneys held in any Fund or Account shall be invested in Qualified Investments at the direction of the Director.

Valuation of Investments

In computing the amount in any Fund or Account, investments shall be valued at amortized cost.

Supplemental Indentures

A Supplemental Indenture which is not contrary to or inconsistent with the Indenture may be adopted at any time and shall be fully effective without the consent of the Bondholders for the following purposes: to limit the issuance of Bonds or other indebtedness; to add covenants, agreements, limitations and restrictions to be observed by the State; to surrender any right, power or privilege reserved to the State; to authorize a Series of Bonds; to confirm, as further assurance, the pledge of the Indenture; to modify any of the provisions of the Indenture but only if such modification shall be effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding; to increase the Required Bond Transfer; and to authorize Section 209 Obligations.

A Supplemental Indenture may be adopted at any time and shall be fully effective upon the consent of the Trustee for the following purposes: to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or to provide additional duties of the Trustee under the Indenture.

Any other modification or amendment of the Indenture or of any Supplemental Indenture or of the rights and obligations of the State and of the holders of the Bonds may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture (a) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (b) in case less than all of the several Series of the then Outstanding Bonds are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the then Outstanding Bonds of each Series so affected, and (c) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of at least two-thirds in principal amount of the then Outstanding Bonds of the particular Series and maturity entitled to such Sinking Fund Payment. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of 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.

Default and Remedies

Each of the following events shall be an "Event of Default":

- (a) Payment of the principal or Redemption Price, if any, of any Bond shall not be made when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;
- (b) Payment of any installment of interest on any Bond shall not be made within 30 days after the same shall become due;
- (c) The State shall fail or refuse to comply with the provisions of the Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained therein or in the Bonds which materially affects the rights of the owners of the Bonds and such failure, refusal or default shall continue for a period of 30 days after written notice thereof by the Trustee or the owners of not less than 25 percent in principal amount of the Outstanding Bonds; provided, however, that so long as the State is exercising due diligence if such default cannot be cured within the 30-day period, the time to cure shall be extended for such period as may be necessary to remedy the default with all due diligence;
- (d) An Event of Default shall occur and be continuing under the provisions of any Supplemental Indenture; or
- (e) An Event of Default shall occur and be continuing under any Supplemental Indenture or other instrument creating any Section 209 Obligations.

Upon the happening and continuance of any Event of Default specified in paragraph (a) or (b) above, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (c), (d) or (e) above, the Trustee may proceed, and upon the written request of the owners of not less than 25 percent in principal amount of the Outstanding Bonds, shall proceed, to protect and enforce its rights and the rights of the owners of the Bonds by such of the following remedies or any additional remedies specified in one or more Supplemental Indentures as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

- (i) By mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the Bonds including the right to require the State to receive and collect Revenues adequate to carry out the covenants and agreements as to such Revenues and the pledge of the Indenture and to require the State to carry out any other covenant or agreement with the owners of the Bonds and to perform its duties under the Indenture;
- (ii) By bringing suit upon the Bonds;
- (iii) By action or suit in equity, require the State to account as if it were the trustee of an express trust for the owners of the Bonds; or
- (iv) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds.

In the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the State but only out of moneys pledged as security for the Bonds for principal, Redemption Price, interest or otherwise, under any provision of the Indenture or any Supplemental Indenture or of the Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds without prejudice to any other right or remedy of the Trustee or of the owners of the Bonds, and to recover and enforce a judgment or decree against the State for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available under the Indenture for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Defeasance

If the State shall pay or cause to be paid the principal and interest and Redemption Price, if any, to become due on the Bonds of any Series or maturity of a Series, at the times and in the manner stipulated therein and in the Indenture, then, with respect to such Bonds, the pledge of Revenues provided by the Indenture and all other rights granted thereby shall be discharged and satisfied.

Bonds of any Series or maturity within any Series shall be deemed to have been paid if (a) there shall have been deposited with the Trustee either moneys or Federal Obligations and Qualified Investments described in paragraphs (f) and (g) of the definition thereof maturing and bearing interest at times and in amounts sufficient, together with the moneys on deposit with the Trustee for such purpose, to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds, and (b) in case any of said Bonds are to be redeemed on any date prior to their maturity the State shall have given to the Trustee in form satisfactory to it irrevocable instructions to redeem such Bonds.

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