$50,000,000

STATE OF ILLINOIS, BUILD ILLINOIS BONDS

(SALES TAX REVENUE BONDS), SERIES OF JULY 2007

CHANGES TO NOTICE OF SALE DATED June 25, 2007

Two changes have been made to the Notice of Sale.

1. On page one of the **Official Bid Form**, first sentence after table which reads: "We hereby certify that the Initial Reoffering Price (as defined in the Official Notice of Bond Sale) of each maturity of the Bonds will not be less than 99% of their par value" should be **deleted and replaced** with the following: **"We hereby certify that the Initial Reoffering Price (as defined in the Official Notice of Bond Sale) of each maturity of the Bonds will not be greater than 98% and less than 106% of that maturity's par value."**

2. Please be advised that the current version of Exhibit I – Form of Certification of Purchaser is now replaced with the attached Exhibit I - Bond Purchaser's Certificate.

EXHIBIT I

BOND PURCHASER'S CERTIFICATE

Re: State of Illinois (the "Issuer")
Build Illinois Bonds (Sales Tax Revenue Bonds), Series of July 2007 (the "Bonds")

Defined terms used in this certificate have the respective meanings set forth in the Issuer's Tax Compliance Certificate relating to the Bonds.

We hereby certify that:

A. Issue Price

(i) As of *[Date], the date on which the Bonds were sold by the Issuer (the "Sale Date"), all of the Bonds were *[reasonably expected to be offered] [offered, and the first 10% or more of the Bonds of each maturity (other than the Bonds maturing in ____) were actually sold], to the General Public for money in a *bona fide* public offering at the initial offering prices shown on the *[cover of the Official Statement for the Bonds] [attached schedules] (the "Issue Prices") which do not exceed the fair market value of such Bonds as of the Sale Date.

[(ii) With respect to the Bonds maturing in the year ____, as of the Sale Date, based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds and the recent behavior of interest rates, we reasonably expected to sell the first 10% of such maturity of the Bonds to the General Public for money in a *bona fide* offering at a price no higher than the applicable Issue Price shown on the attached schedule, which does not exceed the fair market value of such Bonds as of the Sale Date.]

(ii[i]) We have computed the aggregate Issue Price of the Bonds to be $_______________, which is the sum of the Issue Price of each maturity. In addition, the Bonds were sold with accrued interest in the amount of $_______________.

For purposes of this certificate, "General Public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

B. Calculations for Form 8038-G

(i) We have been asked to calculate the weighted average maturity of the Bonds in the following manner: divide (a) the sum of the products determined by taking the issue price of each maturity times the number of years from the date hereof to the date of such maturity (treating the mandatory redemption of bonds as a maturity), by (b) the aggregate issue price of the Bonds. Based solely on these calculations, the weighted average maturity of the Bonds is _______________.

(ii) We have also been asked to calculate the arbitrage yield of the Bonds by determining the discount rate that, when used in computing the present value as of this date of all unconditionally payable payments of principal, interest, and fees for qualified guarantees on the Bonds and amounts reasonably expected to be paid as fees for qualified guarantees on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price of Bonds, plus accrued interest, as of this date. [Add for Yield to Call Bonds -- For this purpose, the Bonds maturing in the years 20__ through 20__, inclusive, have been treated as [maturing or] being redeemed on _______________ __, 20__, at a price of 10_%, which is the retirement alternative that results in the lowest Bond Yield.] [Add for Deep Discount Term Bonds -- For this purpose, the Bonds maturing in 20__ have been treated as being redeemed on their sinking fund redemption dates at a price equal to the present value of the Bonds to be redeemed as of such dates.] Based solely on this calculation, the arbitrage yield of the Bonds is __________%.

(iii) The CUSIP number for the final maturity of the Bonds is: _______________.

[To be added if Purchaser obtains bonds insurance at its own expense for any or all of the maturities of the Bonds:

C. Bond Insurance

As shown in the attachment hereto, the present value of the interest savings attributable to the irrevocable and unconditional policy of municipal bond insurance provided by ___________ __________________________ securing the Bonds exceeds the present value of the premium paid with respect thereto (the "Premium"). For this purpose, present value has been computed by using, as the discount rate, ________%, which has been computed to be the yield of the Bonds (taking into account the Premium). Based on our experience with insured bond issues similar to the Bonds, the Premium does not exceed a reasonable, arm's length charge for the transfer of credit risk with respect to the Bonds.

D. Debt Service Reserve Fund

The funding of a Debt Service Reserve Fund in the amount of the Reserve Fund Deposit is necessary in order to obtain the [municipal bond insurance policy] [rates achieved] for the Bonds.

It is understood by the undersigned that the certifications contained in this certificate will be relied upon by the Issuer and Bond Counsel in determining that the Bonds are tax-exempt under Section 103 of the Internal Revenue Code of 1986.

E. No Contingent Fee

The Purchaser did not and will not pay a contingent fee, whether directly or indirectly, to a third party for having promoted the award of the Bonds.

Dated: [Date of Issuance]

[BOND PURCHASER]

By:___________________________________

Its: _______________________________

OFFICIAL NOTICE OF BOND SALE AND BID FORM

STATE OF ILLINOIS

$50,000,000

STATE OF ILLINOIS, BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS), SERIES OF JULY 2007

ROD R. BLAGOJEVICH
Governor

JOHN FILAN
Chief Operating Officer, Office of the Governor

GINGER OSTRO
Director, Governor's Office of Management and Budget

Bids Will Be Received Via PARITY Until
11:00 A.M. Central Daylight Savings Time
June 26, 2007
As Described Herein

Bond Counsel
KATTEN MUCHIN ROSENMAN LLP

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OFFICIAL NOTICE OF BOND SALE
$50,000,000 STATE OF ILLINOIS
BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS), SERIES OF JULY 2007

NOTICE is hereby given that sealed bids will be received by the Director of the Governor's Office of Management and Budget (the *"GOMB"*) of the State of Illinois (the *"State"*) until the hour of 11:00 A.M. (Central Daylight Savings Time) on, Tuesday June 26, 2007, via PARITY, in the manner described below, for the purchase of the following described bonds of the State:

> $50,000,000 State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds), Series of July 2007, hereinafter collectively known as the "Bonds". The Bonds will be dated the date of issuance thereof, and will be issued in fully registered form, without coupons. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (*"DTC"*), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased unless the book-entry system is terminated. See "APPENDIX E—GLOBAL BOOK-ENTRY SYSTEM" in the Preliminary Official Statement relating to the Bonds (the *"Preliminary Official Statement"*). The Bonds will be payable as to principal on June 15 of each of the years 2008 to 2027, inclusive, as more fully set forth in the Preliminary Official Statement. The Bonds are subject to optional redemption and may be subject to mandatory sinking fund redemption prior to maturity as provided in the Preliminary Official Statement. Bidders have the option to designate and aggregate up to a maximum of five maturities as one or two maturities of term bonds as provided in the Preliminary Official Statement.

Principal of and interest (payable semiannually on the fifteenth days of June and December of each year, beginning on December 15, 2007) on the Bonds will be paid by U.S. Bank National Association, Chicago, Illinois, as trustee (the "Trustee"), under the Master Trust Indenture, dated as of September 15, 1985, from the State to the Trustee and the Forty Third Supplemental Indenture, dated as of July 1, 2007, from the State to the Trustee, to DTC, which will remit such principal and interest to DTC's participants, who in turn will be responsible for remitting such payments to the beneficial owners of the Bonds, all as more fully described in the Preliminary Official Statement.

Bids shall be submitted electronically via PARITY pursuant to this Official Notice of Bond Sale until the time specified above, but no bid will be received after the time for receiving bids specified above. **Any prospective bidder that intends to submit a bid must submit its**

bid through PARITY, no in-person or faxed bids will be accepted. Subscription to i-Deal's PARITY Competitive Bidding System is required in order to submit an electronic bid. The State will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed to incorporate the provisions of this Official Notice of Bond Sale and the Official Bid Form. Any such electronic bid shall be deemed to constitute an irrevocable offer to purchase the Bonds for which a bid is submitted on the terms provided herein and shall be binding upon the Successful Bidder (hereafter defined). The State shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Official Notice of Bond Sale shall conflict with any instructions or directions set forth in PARITY, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 404-8102. The State shall not be responsible for any fees or charges imposed in connection with the use of PARITY.

SECURITY

The 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 in the State Treasury and certain other moneys and securities held by the Trustee under the provisions of the Master Indenture and any supplemental indenture. The State has pledged the Revenues (as defined in the Master Indenture) and all moneys and securities held or set aside or to be held or set aside under the Master Indenture or any supplemental indenture to secure the payment of the principal and redemption price of, and interest on, the 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, subject only to the provisions of the Master Indenture or any supplemental 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 Master Indenture or such supplemental indenture. The Bonds are not general obligations of the State and are not secured by the full faith and credit of the State and, except as specifically provided in the Build Illinois Bond Act, as amended (the *"Act"*), and Sections 6z-9 and 8.25 of "An Act in relation to State finance," approved June 10, 1919, as amended, the holders of the 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 Bonds.

The Bonds are issued in the aggregate principal amount of $50,000,000 pursuant to the Master Indenture and the Forty Third Supplemental Indenture dated as of July 1, 2007 from the State to the Trustee (the Master Indenture as amended by the Fourth Supplemental Indenture, the Eighth Supplemental Indenture, the Eleventh Supplemental Indenture, the Thirteenth Supplemental Indenture, the Sixteenth Supplemental Indenture, the Twenty Second Supplemental Indenture, and the Twenty Fifth Supplemental Indenture, as supplemented by the Forty Third Supplemental Indenture being herein collectively called the *"Indenture"*), for the purposes authorized by the Indenture. The Bonds are payable and secured on an equal and ratable basis with all series of Senior Bonds (as defined in the Master Indenture) issued prior to or subsequent to the issuance of the Bonds. As provided in the Master Indenture, Senior Bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Master Indenture. The aggregate principal amount of Senior Bonds which may be issued pursuant to the Master Indenture is not limited except as provided therein and all Senior Bonds issued and to be issued pursuant to the Master Indenture are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Indenture.

Copies of the Indenture are on file at the offices of the Director of the GOMB (at the location as set forth in the last paragraph hereof) and reference to the Indenture and any and all supplemental indentures thereto and modifications and amendments thereof is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which bonds are issued and may be issued thereunder.

RATINGS AND BOND INSURANCE

The Bonds have been rated "Aa3" with a Stable Outlook by Moody's Investor Services, "AAA" with a Stable Outlook by Standard & Poor's Rating Service, a Division of the McGraw-Hill Companies, and "AA" with a Negative Outlook by Fitch Ratings Inc. Each such rating reflects only the views of such rating agency. Any explanation of the significance of such ratings may be obtained only from the respective rating agencies. As part of the State's application for the ratings, certain information and materials, some of which are not contained herein, have been supplied to the Rating Agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Bonds and the ratings and the Bonds should be evaluated independently.

The State is not securing the Bonds with bond insurance or any other form of credit enhancement.

Bidders, at their own expense, may elect to insure all or a portion of the Bonds, and such insurance may be obtained from one or more bond insurance providers identified on the Official Bid Form.

The Successful Bidder agrees to disclose to the State the cost of any such insurance obtained from each (if more than one) insurance provider used, and to which serial bond or term bond maturity or maturities such insurance applies. The Successful Bidder must certify to the net interest cost benefit from the use of bond insurance, as more fully described in the form of Certification of Purchaser attached hereto as Exhibit I. Insured ratings with the use of bond insurance, if required, are to be applied for by the Successful Bidder, and costs incurred for such ratings must be paid at the Successful Bidder's expense.

BIDDING DETAILS

The Bonds will be awarded to the bidder (hereinafter, the *"Successful Bidder"*) whose bid conforms to the terms of this Official Notice of Bond Sale and which bid results in the lowest "true interest cost" (*"TIC"*), determined as follows: The TIC is the discount rate (expressed as a per-annum percentage rate) which, when used in computing the present value of all principal and interest to be paid on the Bonds, from the scheduled payment dates back to the date of delivery, produces a present value amount equal to the price bid, including premium, if any, to the date of delivery. Payments of principal and interest on the Bonds shall be based on the principal amounts set forth in the Official Bid Form and the interest rates specified by each bidder. The computation of present value shall be based on the number of semiannual periods between the scheduled payment dates and the date of delivery, using a 360-day year of twelve 30-days months.

In the event of more than one bid specifying the lowest TIC as defined above, it shall be the option of the State to propose that the winning bidders syndicate the award as such bidders may mutually agree, or to select by lot among the bidders with the lowest TIC, in which case such determination by the State shall be considered final.

In the event of more than one Successful Bidder, there shall be decided between them which bidder shall assume the primary role of Successful Bidder in respect to the obligations in this Official Notice of Bond Sale, including the payment of expenses, good faith deposit and providing of Certification of Purchaser, and other disclosures and representations as required herein.

Bidders are to specify a rate of interest per annum to be paid on the Bonds of each maturity, subject to the following limitations:

(i) all Bonds of the same maturity year (whether a serial maturity or a wholly designated and consecutive sinking fund redemption of a term bond as provided in the Preliminary Official Statement) must bear the same rate of interest and no one Bond shall bear more than one rate of interest;

(ii) no interest rate shall be other than a whole multiple of one-eighth or one-twentieth of one percent, a zero rate of interest may not be named, and no rate of interest may exceed the greater of 9% per annum or 125% of the rate for the most recent date shown in the 20 G.O. Bonds Index of average municipal bond yields as published in the most recent edition of *The Bond Buyer,* published in New York, New York, at the time the contract is made for the sale of the Bonds; and

(iii) the reoffering price for Series 2007 Bonds of any maturity must be greater than 98% and less than 106% of that maturity's par value.

No bid for the Bonds at a price less than 100% of their par value will be considered. Proposals may specify any number of interest rates, subject to (i) through (iii) above. No proposal will be considered which does not offer to purchase all of the Bonds. For information purposes only, and not for consideration as part of the bid, the TIC for the Bonds shall be specified in such bid, including bids submitted electronically via PARITY.

Each bid must be accompanied by a good faith deposit (the *"Deposit"*) in the form of either (i) a certified check or cashier's check drawn on a solvent bank or trust company authorized to transact business in the State or (ii) a financial surety bond from an insurance company licensed to issue such a bond in the State and acceptable to the State. The Deposit shall be payable to the order of the State Treasurer in the amount of $50,000. Good faith checks with respect to bids which are not accepted shall be promptly returned. Any good faith checks must be submitted to the GOMB, in care of Jason Hall, 603 Stratton Building, Springfield, Illinois 62706, (217-782-2892), prior to the opening of the bids. Any financial surety bond must be submitted to the GOMB prior to the opening of the bids, and must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder that submitted a financial surety bond, then such Successful Bidder shall submit its Deposit to the State in the form of a certified check or cashier's check, as described above, or wire transfer such amount as instructed by the GOMB, not later than 2:00 p.m., Central Daylight Savings Time, on the first business day following the award of the Bonds. If such Deposit is not received by such time, the financial surety bond may be drawn by the State to satisfy the Deposit requirement.

The State may, as security for the faithful performance by the Successful Bidder of its obligation to take up and pay for the Bonds when tendered, cash the check of the Successful Bidder. The State may hold the proceeds of any Deposit or invest the same (at the State's risk) in obligations that mature at or before the delivery of the Bonds, until disposed of as follows: (a) at the delivery of the Bonds and upon compliance with the Successful Bidder's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the State, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the State, and (b) if the Successful Bidder fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the State as liquidated damages.

Action awarding the Bonds or rejection of all bids will be taken no later than three (3) hours after expiration of the time prescribed in this Notice for the receipt of bids. Notice of award will be given promptly to the Successful Bidder. The right is reserved to reject any or all bids and to waive any irregularity or informality in any bid.

The Successful Bidder will be required to provide the State within two (2) hours after the award of the Bonds the initial offering price of the Bonds to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the *"Initial Reoffering Prices"*). The Successful Bidder will be required to confirm to the State within 24 hours after the award of the Bonds the first offering prices at which more than 10% of the principal amount of each maturity of the Bonds has been sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The Successful Bidder shall make a bona fide public offering of the Bonds at the Initial Reoffering Prices and will be required to provide a certificate at closing confirming the Initial Reoffering Prices for purposes of complying with

Section 148 of the Internal Revenue Code of 1986, as amended. Such form of certificate is attached as Exhibit I to this Notice and is entitled "Certification of Purchaser."

State law requires that no more than 0.5 percent of the principal amount of the proceeds of sale of the Bonds be used to pay the reasonable costs of issuance and sale, including, without limitation, underwriter's discount and fees, but excluding bond insurance. The Successful Bidder, as the purchaser of the Bonds, shall be responsible for the payment of all costs of issuance including without limitation the fees of Katten Muchin Rosenman LLP, Chicago, Illinois ("*Bond Counsel*"), the financial and fiscal advisors, the rating agencies, the cost of advertising, the cost of the Parity bidding system and printing expenses. The Successful Bidder shall retain the amount of $109,470.32 for payment of such expenses. The Successful Bidder agrees to make payment for such expenses within 15 business days following receipt of invoices presented by the State.

The Successful Bidder will request the assignment of CUSIP numbers for each maturity of the Bonds. All expenses for the printing of CUSIP numbers, including the CUSIP Service Bureau charge for the assignment of said numbers, shall be the responsibility of and shall be paid for by the Successful Bidder.

Pursuant to the Act, the Successful Bidder will be required to provide to the GOMB (i) the respective percentages of participation and compensation of each underwriter in the bidding syndicate pursuant to an Agreement Among Underwriters or other arrangement among the members of the bidding syndicate and (ii) an identification of which members in the bidding syndicate are minority owned businesses, female owned businesses and businesses owned by persons with disabilities (as such firms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act of the State, as amended; see 30 ILCS 575/0.01 *et seq.*). Such disclosure will be made part of a publicly disclosed GOMB report and will be posted on the GOMB's website.

It is the policy of the State and the GOMB to encourage that at least 5% of the Bonds are underwritten by minority owned firms, at least 5% of the Bonds are underwritten by woman owned firms, and at least 2% of the Bonds are underwritten by firms owned by persons with disabilities. Such firms are also strongly encouraged to assemble bidding groups for the submission of bids.

In order for the Successful Bidder to be awarded the Bonds, the Successful Bidder must also certify that it did not and will not pay a contingent fee, whether directly or indirectly, to a third party for having promoted the award of the Bonds to the Successful Bidder.

PROVISIONS RELATING TO RULE 15C2-12

Final Official Statement

Upon the sale of the Bonds, the State will publish an Official Statement in substantially the same form as the Preliminary Official Statement subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Successful Bidder will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. The State will provide the Successful Bidder with a reasonable number (not to exceed 100) of final Official Statements at the time of closing. The Successful Bidder agrees to supply to the State all necessary pricing information and any underwriter identification necessary to complete the Official Statement within 24 hours after the award of the Bonds. A reoffering price and yield must be provided for every serial and term bond maturity, and none such may be indicated as "not reoffered."

The State will deliver at closing a certificate to the effect that the facts contained in the Official Statement relating to the State and the Bonds are correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Continuing Disclosure

The State covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the *"Undertaking"*) to provide ongoing disclosure about the State for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking is described in the Preliminary Official Statement, with such changes as may be agreed to in writing by the Successful Bidder. The State is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. The obligation of the Successful Bidder to purchase the Bonds shall be conditioned upon the State delivering the Undertaking on or before the date of delivery of the Bonds.

OTHER MATTERS

The approving opinion of Bond Counsel covering the legality of and Federal tax-exempt status of the interest on the Bonds, form of which is set forth as APPENDIX B in the Preliminary Official Statement, will be furnished at the expense of the Successful Bidder, as the purchaser of the Bonds, as described above, and all bids must be so conditioned. The State will provide the usual closing certificates dated as of the date of delivery of and payment for the Bonds, including a statement that there is no litigation pending, or to the knowledge of the signer thereof, threatened, affecting the legality of the Bonds.

The Bonds are expected to be ready for delivery on or about July 10, 2007, and at delivery will be registered in the name of Cede & Co., as described above. Delivery of the Bonds will be made to DTC in New York, New York, without cost to the Successful Bidder. Payment for the Bonds must be made in Federal Reserve Bank funds which will be immediately available in Chicago on the day of delivery. The Successful Bidder shall have the right, at its option, to cancel its contract to purchase if the Bonds are not tendered for delivery to the Successful Bidder within thirty (30) days from the date of sale thereof, and in such event the Successful Bidder shall be entitled to the return of the Deposit. The State shall have the right, at its option, to cancel the contract of purchase if upon tender of the Bonds for delivery the Successful Bidder shall not have accepted delivery and paid for the Bonds, in which event the Deposit, without adjustment for interest, accompanying such bid shall be forfeited to the State as payment of damages for failure to comply with the contract of purchase for the Bonds.

The Preliminary Official Statement, the Official Notice of Bond Sale and the Official Bid Form, together with other pertinent information, may be obtained from the State of Illinois, Governor's Office of Management and Budget, Attention: Jason Hall, at 603 Stratton Building, Springfield, Illinois 62706, Telephone: (217) 782-2892, or from Katten Muchin Rosenman LLP, Bond Counsel, Attention: Lewis Greenbaum, 525 West Monroe Street, Chicago, Illinois 60661-3693, Telephone: (312) 902-5418.

Dated this 25th day of June 2007.

ROD R. BLAGOJEVICH
Governor

JOHN B. FILAN
Chief Operating Officer
Office of the Governor

GINGER OSTRO
Director
Governor's Office of Management and Budget

OFFICIAL BID FORM

Ginger Ostro June 26, 2007
Director, Governor's Office of Management and Budget
State of Illinois

Director:

For your State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds), Series of July 2007, dated the date of issuance thereof, maturing as set forth below, and which Bonds are to be limited obligations of the State of Illinois as set forth in the Official Notice of Bond Sale, which is made a party hereof by reference, we will pay you the sum of:

$____

(Purchase price not to be less than 100% of the aggregate par amount of the Bonds).

The $50,000,000 aggregate principal amount of State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds), Series of July 2007, are to bear interest at the following respective interest rates (each a multiple of 1/8 or 1/20 of 1%) for the Bonds of each designated June 15 maturity.[1]

$2,500,000	2008	______%	$2,500,000	2018	______%
$2,500,000	2009	______%	$2,500,000	2019	______%
$2,500,000	2010	______%	$2,500,000	2020	______%
$2,500,000	2011	______%	$2,500,000	2021	______%
$2,500,000	2012	______%	$2,500,000	2022	______%
$2,500,000	2013	______%	$2,500,000	2023	______%
$2,500,000	2014	______%	$2,500,000	2024	______%
$2,500,000	2015	______%	$2,500,000	2025	______%
$2,500,000	2016	______%	$2,500,000	2026	______%
$2,500,000	2017	______%	$2,500,000	2027	______%

We hereby certify that the Initial Reoffering Price (as defined in the Official Notice of Bond Sale) of each maturity of the Bonds will not be less than 99% of their par value.

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1 Bidders should carefully review the interest rate limitations and specifications set forth in the Official Notice of the Bond Sale under the heading "BIDDING DETAILS." All maturities shall be serial maturities unless specified below to be designated and aggregated into not more than two term bond maturities as described in the Official Notice of Bond Sale, in which case the maturities so specified (up to a maximum of five maturities) shall be retired by mandatory sinking fund redemption in such years prior to maturity.

We hereby specify that the following maturities of Bonds be designated and aggregated into one or two term bonds maturing on June 15 of the following years and in the following amounts (leave blank if no term bonds are specified):

MATURITIES DESIGNATED AND AGGREGATED	YEAR OF TERM BOND MATURITY	PRINCIPAL AMOUNT
20__ through 20__	_________	_______________
20__ through 20__	_________	_______________

Said Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel.

We hereby certify that we did not and will not pay a contingent fee, whether directly or indirectly, to a third party for having promoted the award of the Bonds to us.

We hereby further certify that the total costs of issuance and sale for the Bonds, including our underwriter's discount and fees and the issuance costs and fees to be incurred by the State (such aggregate amount of State costs having been disclosed to be $109,470.32), but excluding bond insurance, is less than 0.5 percent of the principal amount of the proceeds of the Bonds.

As evidence of our good faith we enclose herewith a check or financial surety bond (the *"Deposit"*) in the amount of $50,000, in accordance with your Official Notice of Bond Sale, which is made a part hereof by reference.

Form of Deposit:
Check One:

Certified/Cashier's Check [ ]
Financial Surety Bond [ ]

____

Description of Check (if applicable):
Amount: $________________
Name of Bank

____
City_______________ State ____________
Check No. __________________________
Dated______________________________

Respectfully submitted:

Name: ______________________________
ACCOUNT MANAGER
By:_________________________________
Address _____________________________
City________________ State ___________
Telephone ___________________________
E-mail Address ________________________

The above check was returned and received for the above named Account Manager.

By: ____________________________
____

BIDDERS OPTION INSURANCE

We have purchased insurance from:
(Check One)

_____ AMBAC
_____ FGIC
_____ FSA
_____ MBIA
_____ XL Capital

Maturities: (Check One)
_____ _______ Years
_____ All

This bid was accepted and Bonds sold on June 26,2007, and receipt is hereby acknowledged of the Deposit in accordance with the terms of the Official Notice of Bond Sale.

____
Director, Governor's Office of Management and Budget

____________________ Not a Part of Bid____________________

For information only, and not as a part of this bid, we calculate that on a true interest cost basis (calculated to the date of delivery), the net effective interest rate is _____% per annum.

EXHIBIT I

FORM OF CERTIFICATION OF PURCHASER[1]

(To be provided by the State for execution and delivery by the Successful Bidder at closing.)

I, the undersigned, do hereby certify that I am an officer of ________________________ ________________________ (the *"Purchaser"*), and as such officer I do further certify as follows:

1. The Purchaser and the State of Illinois (the *"State"*) have entered into an agreement on June __, 2007 (the *"Sale Date"*), concerning the purchase by the Purchaser from the State of the State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds), Series of July 2007, dated the date of issuance thereof (the *"Bonds"*). Said agreement has not been modified since its execution on the Sale Date.

2. The Purchaser hereby confirms that the first offering price at which at least 10 percent of the principal amount of each maturity of the Bonds shown below has been sold to the public (excluding bond houses, placement agents, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) are equal to the prices shown below:

MATURITY DATE	PRINCIPAL AMOUNT	RATE OF INTEREST	OFFERING PRICE	OFFERING YIELD
2008	$2,500,000	%	$	%
2009	$2,500,000			
2010	$2,500,000			
2011	$2,500,000			
2012	$2,500,000			
2013	$2,500,000			
2014	$2,500,000			
2015	$2,500,000			
2016	$2,500,000			
2017	$2,500,000			
2018	$2,500,000			
2019	$2,500,000			
2020	$2,500,000			
2021	$2,500,000			
2022	$2,500,000			
2023	$2,500,000			
2024	$2,500,000			
2025	$2,500,000			
2026	$2,500,000			

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1 To be revised as necessary to reflect the designation of term bonds by the Successful Bidder as provided in the Preliminary Official Statement under the heading "OPTIONAL DESIGNATION OF TERM BONDS."

Maturity Date	Principal Amount	Rate of Interest	Offering Price	Offering Yield
2027	$2,500,000			

3. All of the Bonds have been the subject of an initial bona fide offering to the public (excluding bond houses, placement agents, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at the prices set forth in paragraph 2, above. Based upon our assessment of the then prevailing market conditions, the prices shown in paragraph 2, above, for each maturity do not exceed the fair market value of each Bond of such maturity as of the Sale Date.

4. The Purchaser did not and will not pay a contingent fee, whether directly or indirectly, to a third party for having promoted the award of the Bonds.

[To be added if Purchaser obtains bond insurance at its own expense for any or all of the maturities of the Bonds (it being understood by all potential bidders that the State is not acquiring bond insurance or any other credit enhancement for the Bonds):

5. The present value of the fee paid for the [Bond Insurance] over the term of the Bonds (using as a discount rate the expected yield on the Bonds treating the fee paid as interest on the Bonds) is less than the present value of the interest reasonably expected to be saved on the Bonds over the term of the Bonds as a result of the [Bond Insurance]. The fee paid for the [Bond Insurance] does not exceed a reasonable, arm's-length charge for the transfer of credit risk.]

In Witness Whereof, I hereunto affix my official signature, this __ day of June 2007.

[Purchaser]

By ___________________________________

Title ______________________________

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PRELIMINARY OFFICIAL STATEMENT

STATE OF ILLINOIS

BUILD ILLINOIS

$50,000,000

STATE OF ILLINOIS, BUILD ILLINOIS BONDS (SALES TAX REVENUE BONDS), SERIES OF JULY 2007

Date of Sale: June 26, 2007

Bids Will Be Received Until
11:00 A. M. Central Daylight Savings Time

Rod R. Blagojevich, ***Governor***

Preliminary Official Statement Printed: June 25, 2007

No dealer, broker, salesperson, or other person has been authorized by the State of Illinois (the "**State**") or the purchaser or Scott Balice Strategies LLC., the Financial Advisor, 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 July 2007 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.

IN CONNECTION WITH THE OFFERING OF THE SERIES JULY 2007 BONDS, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES JULY 2007 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 bonds referred to herein and may not be reproduced or used, in whole or in part for any other purposes.

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APPENDICES

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 JULY 2007 BONDS TO ANY PERSON IS MADE ONLY BY MEANS OF THE ENTIRE OFFICIAL STATEMENT.

THE OFFERING

The Issue	Offering of the State of Illinois through its Build Illinois program by competitive sale.
The Issuer	The State of Illinois.
Sale Date	Bids will be received until 11:00 A.M. Central Daylight Savings Time on June 26, 2007.
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	$50,000,000 State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds), Series of July 2007. Dated the date of their original issue with delivery anticipated on July 10, 2007. The Offering is comprised of bonds maturing June 15 in each of the years 2008 through 2027, inclusive.
Interest	Payable semi-annually on June 15 and December 15, commencing December 15, 2007.
Form of Bonds	The Series July 2007 Bonds will be issued as fully registered, book-entry bonds in the denomination of $5,000 or any integral multiple thereof. The Series July 2007 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 July 2007 Bonds are being issued to finance certain of the State's capital projects, as described herein.
Optional Redemption	The Series July 2007 Bonds maturing on or after June 15, 2018 are subject to redemption prior to maturity at the option of the State on or after June 15, 2017, in whole or in part, by lot within each maturity, on any date at the redemption price of par plus accrued interest to the date of redemption.
Mandatory Redemption	The Series July 2007 Bonds may be subject to mandatory sinking fund redemption prior to maturity as provided herein. See "THE OFFERING—Optional Designation of Term Bonds."
Security for the Series July 2007 Bonds	The Bonds (as herein defined and which include the Series July 2007 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, a separate fund in the State Treasury, and certain other moneys and securities held by the Trustee under the provisions of the Indenture. The State's Sales Tax revenues constitute the primary source of the

moneys which are ultimately transferred to the Retirement and Interest Fund for payment of debt service on the Bonds. The Act provides that the State's Sales Tax revenues (other than 1.75% thereof pledged to other bonds described herein) 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 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 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. See “SECURITY FOR THE 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 Sales Tax revenues received by the State for the then most recently completed Fiscal Year. As of the date of issuance of any Series of Senior Bonds, Sales Tax revenues for the then most recently completed Fiscal Year must provide not less than 19.65 times the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series. See “SECURITY FOR THE BONDS - Issuance of Additional Bonds”.

Debt Service Reserve

The Indenture requires the State to certify before the issuance of any Senior Bonds that the Debt Service Reserve Requirement (equal to 50% of maximum Aggregate Debt Service) will be met within 24 months from the date of issuance of such Senior Bonds.

Ratings

Moody’s Investor Service: Aa3
Standard & Poor’s: AAA
Fitch: AA

Miscellaneous

Additional information regarding the Series July 2007 Bonds and this Official Statement is available by contacting the Governor’s Office of Management and Budget, 108 State Capitol, Springfield, Illinois 62706; telephone: (217) 782-5886.

$50,000,000

STATE OF ILLINOIS,
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),
SERIES OF JULY 2007

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), Series of July 2007 (**"Series July 2007 Bonds"**), in the aggregate principal amount of $50,000,000. The State is issuing the Series July 2007 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 Forty-third Supplemental Indenture, dated as of July 1, 2007, by and between the State and the Trustee with respect to the Series July 2007 Bonds. The Master Indenture and the Forty-third Supplemental Indenture are herein collectively called the **"Indenture"**. The Series July 2007 Bonds are authorized by the Act and the Indenture to be issued by the State for the Build Illinois program.

The Series July 2007 Bonds and all additional bonds previously and hereafter issued pursuant to the Act and the Indenture which are secured equally and ratably with the Series July 2007 Bonds are herein called **"Senior Bonds"**. All Senior Bonds and all additional bonds and other obligations previously and hereafter issued pursuant to the Act and the Indenture are herein called **"Bonds"**. The Series July 2007 Bonds will be the forty-third series of Senior Bonds issued under the Act. Prior to the issuance of the Bonds, $2,189M will be outstanding on June 30, 2007. All Bonds previously issued are Senior Bonds. (See Appendix D.)

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 July 2007 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.

THE STATE

The State of Illinois, with a population of approximately 12.6 million persons, is a state of diversified economic strength. Measured by per capita personal income, the State ranks fourth among the ten most populous states and thirteenth overall. (See Table A-7 included in Appendix A.) The State ranks seventh among all states in total cash receipts from agriculture (see Table A-3 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.

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 $3,806 million in bonds.

The Bonds are direct, limited obligations of the State. The table below shows the statutory Build Illinois Bond authorization for all Bonds (other than refunding Bonds) as of May 31, 2007.

Build Illinois Bonds
(As of May 31, 2007)

Purpose of Bonds	Amount Authorized	Authorization Used	Authorization Available	July 2007 Issuance
Infrastructure and Transportation	$2,417,000,000	$2,272,518,539	$144,481,461	$29,500,000
Education	1,052,358,100	748,188,180	304,169,920	10,500,000
Environmental Protection	150,150,900	130,087,847	20,063,053	10,000,000
Economic Development	186,000,000	183,300,700	2,699,300	0
Total	$3,805,509,000	$3,334,095,266	$471,413,734	$50,000,000

In addition to the $3,806 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 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. Pursuant to this provision, on August 1, 1989, the State completed a defeasance of $30.7 million of the $40 million aggregate principal amount of Series T-1 Bonds using unspent Series T-1 proceeds and other available funds held by the Trustee. Only $9.3 million of the Series T-1 proceeds are reflected as Authorization Used in the above table.

THE OFFERING

Description of the Series July 2007 Bonds--General

The Series July 2007 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, 2007, at the rates per annum specified by the successful bidder. Interest on the Series July 2007 Bonds will be calculated on the basis of a three hundred sixty-day year consisting of twelve thirty-day months.

Purchases of the Series July 2007 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 July 2007 Bonds. Principal of, premium, if any, and interest on the Series July 2007 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 July 2007 Bonds. (See APPENDIX E—Global Book-Entry System).

Maturity Schedule

The maturity schedule for the Series July 2007 Bonds, subject to the exercise of the option to designate term bonds set forth below under the heading "Optional Designation of Term Bonds," is as follows:

Principal Amount	Maturity June 15	Principal Amount	Maturity June 15
$2,500,000	2008	$2,500,000	2018
$2,500,000	2009	$2,500,000	2019
$2,500,000	2010	$2,500,000	2020
$2,500,000	2011	$2,500,000	2021
$2,500,000	2012	$2,500,000	2022
$2,500,000	2013	$2,500,000	2023
$2,500,000	2014	$2,500,000	2024
$2,500,000	2015	$2,500,000	2025
$2,500,000	2016	$2,500,000	2026
$2,500,000	2017	$2,500,000	2027

Optional Redemption

The Series July 2007 Bonds maturing on or after June 15, 2018 are redeemable at the option of the State on or after June 15, 2017, either as a whole or in part in integral multiples of $5,000 from such maturities as may be selected by the State (with less than all the Series July 2007 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.

Optional Designation of Term Bonds

Bidders have the option to designate and aggregate up to five maturities, per term, of the Series July 2007 Bonds as one or two maturities of term bonds (the **"Term Bonds"**). Each designated maturity of Term Bonds shall be subject to mandatory sinking fund redemption at par in one or more consecutive years immediately preceding the year of maturity. Such mandatory sinking fund redemptions and payments at maturity shall be in the respective principal amounts shown for such years in the above table. Any of such serial maturities so designated as Term Bonds will mature serially in the amounts and at the times set forth in the above table.

If the Series July 2007 Bonds are awarded to a bidder submitting a bid designating one or two maturities of Term Bonds, then each designated maturity of Term Bonds shall be subject to mandatory sinking fund redemption prior to maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption thereof, from mandatory sinking fund payments that are required to be made in each designated year prior to maturity in amounts sufficient to redeem the principal amount of such bonds shown for such years in the above table.

The State may provide for the purchase of Term Bonds that are subject to mandatory redemption from its lawfully available funds on or prior to the 60th day preceding any date of mandatory redemption in an amount sufficient to retire the required amount of such Term Bonds on such mandatory redemption date. Any Term Bonds so purchased will be cancelled and credited against the mandatory sinking fund payments due on such mandatory redemption date.

Notice of Redemption

At least 30 days before the redemption date of any Series July 2007 Bond, the Trustee shall cause notice of such redemption to be mailed postage prepaid to all Bondholders owning or holding Series July 2007 Bonds or portions of Series July 2007 Bonds to be redeemed at their addresses as they appear on the registration books; provided, however, that failure to mail such notice to any Bondholder shall not affect the validity of the proceedings for redemption of the Series July 2007 Bonds being redeemed.

SECURITY FOR THE BONDS

The 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 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 State's Sales Tax revenues constitute the primary source of payment of debt service on the Bonds. As described below under "Revenues," 20 percent of the Sales Tax receipts collected under the Sales Tax Acts are distributed to local governments and certain State funds and the remaining 80 percent of such receipts as collected (other than 1.75 percent of such 80 percent) 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. Except where the context requires otherwise, references in this Official Statement to "Sales Tax revenues" and the "State's Sales Tax revenues" include only the State's 80 percent portion of total collected Sales Tax receipts. The State's Sales Tax revenues aggregated $7,535.2 million for the Fiscal Year ended June 30, 2006. The Senior Bonds are entitled to priority over other Bonds with respect to payment as set forth in the Indenture. See "**Indenture Flow of Funds**" under this caption.

The Revenues subject to a first and prior claim and charge for the payment of the Bonds include (i) 3.8 percent of the State's Sales Tax revenues and (ii) all additional State Sales Tax revenues (other than 1.75 percent thereof) to the extent that such 3.8 percent of the State's Sales Tax revenues, together with the Other Revenues described below, are insufficient in any month to provide the amounts required by the Act to be transferred to the Retirement and Interest Fund.

An amount equal to 1.75 percent of the State's Sales Tax revenues, as well as other state revenues, are pledged to the payment of debt service on 182.6 million of outstanding 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 and Series 1995, Series 1997 and Series 2002 (together with any bonds hereafter issued to refund such bonds, herein called "**McCormick Place bonds**"). To the extent such pledged tax receipts exceed the amounts required for such debt service on the McCormick Place bonds; they will be available for payment of debt service on the Bonds.

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 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). Only the State's 80 percent portion of the aggregate Sales Taxes collected by the State is included in the Revenues subject to a first and prior claim and charge for the payment of the Bonds. The remaining 20 percent of the aggregate Sales Tax receipts is distributed to local governments and deposited in other State funds.

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. $188.0 million and $227.8 million was deposited in the Reform Fund for fiscal years 2005 and 2006 respectively. 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, together with the tax receipts pledged to the payment of the McCormick Place bonds in excess of the debt service requirements thereon, 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, Revenues shall be credited to the Build Illinois Bond Account each month in an amount equal to 1/12th of the greater of (i) the Annual Specified Amount or (ii) 150 percent of the Required Bond Transfer, provided that the aggregate deposits for any Fiscal Year shall not exceed the Annual Specified Amount.

Pursuant to the Act and the Indenture, the Annual Specified Amount is the greater of (i) an amount equal to 3.8 percent of the State's Sales Tax revenues or (ii) the Certified Annual Debt Service Requirement. In Fiscal Year 2006, 3.8 percent of the State's Sales Tax was $286.3 million. Prior to the issuance of the Series July 2007 Bonds, the Fiscal Year 2008 Certified Annual Debt Service Requirement will not be less than $271.2 million. Accordingly, it is expected that the Annual Specified Amount for Fiscal Year 2006 will be $286.3 million.

Moneys credited to the Build Illinois Bond Account are required to be transferred monthly to the Retirement and Interest Fund as described below. Moneys remaining credited to the Build Illinois Bond Account at the end of any month, after all required transfers have been made to the Retirement and Interest Fund, are required to be transferred to other funds of the State in accordance with the Act.

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 paid and to be paid from the Build Illinois Bond Account to the Retirement and Interest Fund (**"Required Bond Transfer"**) shall be the greater of (i) an amount equal to 3.8 percent of the State's Sales Tax revenues (**"Tax Act Amount"**) and (ii) the Certified Annual Debt Service Requirement. In Fiscal Year 2006, 3.8 percent of the State's Sales Tax was $286.3 million. Prior to the issuance of the Series July 2007 Bonds, the Fiscal Year 2008 Certified Annual Debt Service Requirement will not be less then $271.2 million. Accordingly, it is expected that the Required Bond Transfer for Fiscal Year 2006 will be $286.3 million.

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 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.

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 ending June 30, 2007, the State has appropriated funds totaling $298.2 million to provide for the repayment of Bonds and required deposits into Funds and Accounts established under the Indenture.

Pursuant to the Act and Indenture, the State Treasurer and Comptroller shall make monthly payments to the Trustee of the amounts on deposit in the Retirement and Interest Fund. Under the Indenture, the Trustee shall deposit the amount so received 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.

Debt Service Reserve Fund

Pursuant to the Indenture, the Trustee has established a Debt Service Reserve Fund and is required to deposit moneys until there is an amount on deposit equal to 50 percent of the maximum Aggregate Debt Service on Senior Bonds for the current or any future Fiscal Year (**"Debt Service Reserve Fund Requirement"**). The Act and the Indenture permit the Debt Service Reserve Fund to be funded from either (i) Senior Bond proceeds or (ii) Revenues paid to the Trustee from the Retirement and Interest Fund. The Debt Service Reserve Fund is presently fully funded. The Indenture requires the State to certify before the issuance of any Series of Senior Bonds that the Debt Service Reserve Fund Requirement, calculated immediately after the issuance of such Series, will be met within 24 months from the date of issuance of such Bonds.

Issuance of Additional Bonds

The Indenture permits the issuance of additional Senior Bonds, bearing interest at a fixed or variable rate, which rank equally and ratably with the Series July 2007 Bonds and other 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's Sales Tax revenues for the most recently completed Fiscal Year; and

(2) 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's 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 of the Governor's Office of Management and Budget of the State (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), Sales Tax revenues (after giving effect to the 1.75 percent of such revenues pledged to the payment of McCormick Place bonds) for the then most recently completed Fiscal Year must provide not less than 19.65 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series.

The Indenture also permits the issuance of Junior Obligations or bonds and other obligations which are subordinated to any Outstanding Senior 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 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, 1996 through 2007 (see "Revenues"), and the approximate distributions of those Sales Taxes into General Funds, other State funds and the Build Illinois Fund.

State Share of Sales Tax Revenues[1]
($ millions)

Fiscal Year[2]	Portion to General Funds[3]	Portion to Other State Funds[4]	Portion to Build Illinois Fund[5]	State Share Sales Tax Revenues
1996	4,774.9	34.1	282.6	5,091.6
1997	4,966.5	35.5	293.9	5,295.9
1998	5,248.0	37.5	310.6	5,596.0
1999	5,578.9	39.9	330.2	5,949.0
2000	5,995.4	42.8	354.8	6,393.1
2001	5,926.7	42.3	350.7	6,319.7
2002	6,021.8	43.0	356.4	6,421.2
2003	6,032.9	25.0	355.5	6,413.4
2004	6,267.3	35.7	372.6	6,675.5
2005	6,566.7	46.9	388.6	7,002.2
2006	7,062.7	52.2	420.4	7,535.2
YTD-2007	6,489.9	48.2	384.2	6,922.2

[1] State share of Sales Tax Revenues is imposed at a rate of 5%.

[2] State share Sales Tax Revenues for fiscal years 1996 through 2006 and through May 31, 2007 are from the records of the Illinois Comptroller. These figures do not include Automobile Renting Tax.

[3] Approximately 93.78% is distributed to the General Funds consisting of the General Revenue Fund and the Common School Fund Special Account.

[4] Approximately 0.67% is distributed to Other State Funds consisting of the Illinois Tax Increment Fund, the McCormick Place Expansion Project, and the Local Government Distributive Fund.

[5] Approximately 5.55% is distributed to the Build Illinois Fund, transfers from such fund are made to the Build Illinois Bond Redemption and Interest Fund.

The following table shows the historical Sales Tax revenues each month for the Fiscal Years ended June 30, 2003 through 2006, and for the first 11 months of Fiscal Year 2007.

Monthly Sales Tax Revenues
($ millions)

Month	**2003**	**2004**	**2005**	**2006**	**YTD 5/31/07**
July	$560	564	594	661	631
August	554	544	568	626	694
September	535	557	607	639	652
October	534	556	578	612	656
November	523	567	567	596	617
December	586	601	626	633	676
January	576	603	628	670	693
February	435	461	478	583	551
March	482	543	588	587	544
April	524	555	593	606	584
May	552	536	579	649	623
June	553	588	597	674	N/A
Year Total	$6,413	$6,676	$7,002	$7,535	$6,922

Note: Totals might not sum due to rounding

OUTSTANDING BONDS - DEBT SERVICE SCHEDULE

The following table shows for each Fiscal Year the annual debt service payments prior to and following the issuance of the Series July 2007 Bonds.

Fiscal	**Outstanding Build Illinois Bonds**			**Build Illinois Series July 2007**			Total Annual
Year	Principal	Interest	Total	Principal	Interest	Total	Service
2008	$135,612,846	$125,552,234	$ 261,165,080	$2,500,000	-	-	
2009	134,571,350	125,880,113	260,451,463	2,500,000			
2010	138,875,756	119,598,479	258,474,235	2,500,000			
2011	140,254,169	112,008,746	252,262,915	2,500,000			
2012	139,563,399	105,104,961	244,668,360	2,500,000			
2013	142,912,124	95,632,957	238,545,081	2,500,000			
2014	150,439,306	79,869,347	230,308,653	2,500,000			
2015	148,446,038	72,012,352	220,458,390	2,500,000			
2016	149,500,000	55,776,140	205,276,140	2,500,000			
2017	134,480,000	47,844,483	182,324,483	2,500,000			
2018	119,720,000	40,741,096	160,461,096	2,500,000			
2019	106,730,000	34,323,894	141,053,894	2,500,000			
2020	90,685,000	28,592,994	119,277,994	2,500,000			
2021	75,995,000	23,711,000	99,706,000	2,500,000			
2022	70,285,000	19,778,200	90,063,200	2,500,000			
2023	57,960,000	16,187,300	74,147,300	2,500,000			
2024	50,700,000	13,144,650	63,844,650	2,500,000			
2025	49,505,000	10,466,650	59,971,650	2,500,000			
2026	47,580,000	7,872,638	55,452,638	2,500,000			
2027	38,765,000	5,376,813	44,141,813	2,500,000			
2028	35,160,000	3,302,588	38,462,588				
2029	14,125,000	1,537,500	15,662,500				
2030	11,000,000	850,000	11,850,000				
2031	6,000,000	300,000	6,300,000				
2032	-	-	-				
Total	$2,188,864,988	$1,145,465,133	$3,334,330,120	$50,000,000			

DEBT SERVICE COVERAGE

The State's Sales Tax revenues constitute the primary source of deposits to the Retirement and Interest Fund. The Act provides that Sales Tax revenues (other than 1.75 percent thereof which are pledged to the payment of McCormick Place bonds) 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 Sales Tax revenues for Fiscal Year 2006 were $7,535 million. After deducting the 1.75 percent of Sales Tax revenues which have been pledged to the payment of currently outstanding McCormick Place bonds, the remaining Sales Tax revenues for Fiscal Year 2006 were $7,403.1 million, which amount was approximately 31.05 times the maximum Net Debt Service Requirement.

Based on revenue projections, after reducing the 1.75 percent of Sales Tax revenues which have been pledged to the payment of currently outstanding McCormick Place bonds, the remaining Sales Tax revenues for Fiscal Year 2007 would provide approximately 27 times the maximum Net Debt Service Requirement prior to the issuance of the Series July 2007 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 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, Sales Tax revenues (after giving effect to the 1.75 percent of such revenues pledged to the payment of McCormick Place bonds) for the then most recently completed Fiscal Year must provide not less than 19.65 times coverage of the maximum Net Debt Service Requirement for all Outstanding Senior Bonds and for such Series. (See "SECURITY FOR THE BONDS - Issuance of Additional Bonds".)**

APPLICATION OF BOND PROCEEDS

The Act provides that proceeds, net of any accrued interest, from the sale of Bonds (other than refunding Bonds) shall be deposited in the Build Illinois Bond Fund, a separate fund in the State Treasury. The balance of such Bond proceeds remaining in the Build Illinois Bond Fund after making any required deposits into reserve funds may be expended only pursuant to appropriation by the General Assembly. Investment income on the Build Illinois Bond Fund is deposited in the State's General Revenue Fund.

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 hereto.

Source of Payment; Pledge of Revenues

The provisions of the Indenture constitute a contract among the State, the Trustee and the Bondholders. The 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 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 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 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 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 Bonds

The Indenture permits the issuance of additional Series of Bonds which may be (i) Senior Bonds on a parity with the Series July 2007 Bonds and other Outstanding Senior Bonds or (ii) Junior Obligations, 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 Portion 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.

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 the Build Illinois Fund, 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 appropriated for its Fiscal Year ending June 30, 2007, the sum of $298.2 million to provide for the repayment of Bonds and required deposits into Funds and Accounts under the Indenture. 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.

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.

(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 June 15, 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.

NO LITIGATION

The Attorney General of the State of Illinois will certify prior to the delivery of the Series July 2007 Bonds that there is no controversy or litigation pending, or to her knowledge threatened, in any way questioning the title of the officials of the State, namely, the Governor, the Secretary of State, the Treasurer, the Comptroller and the Director, to their respective offices, or any of the proceedings of the State incident to the authorization and issuance of the Series July 2007 Bonds, or in any way challenging the validity of the Act or the validity or enforceability of the Series July 2007 Bonds, or the manner of payment thereof, the appropriation for the payment thereof, or the authority to collect or apply the Revenues or other moneys pledged to the payment of the Series July 2007 Bonds.

TAX MATTERS

Summary of Bond Counsel Opinion. Bond Counsel is of the opinion that under existing law, interest on the Series July 2007 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Series July 2007 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is further of the opinion that the Series July 2007 Bonds are not "private activity bonds" within the meaning of Section 141(a) of the Code. Accordingly, interest on the Series July 2007 Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. However, interest on the bonds is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Series July 2007 Bonds is not exempt from Illinois income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Series July 2007 Bonds in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series July 2007 Bonds. These requirements relate to the use and investment of the proceeds of the Series July 2007 Bonds, the payment of certain amounts to the United States, the security and source of payment of the Series July 2007 Bonds and the use of the property financed with the proceeds of the Series July 2007 Bonds.

Series July 2007 Bonds Purchased at a Premium or at a Discount. The difference (if any) between the initial price at which a substantial amount of each maturity of the Series July 2007 Bonds is sold to the public (the "Offering Price") and the principal amount payable at maturity of such Series July 2007 Bonds is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Series July 2007 Bond, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Series July 2007 Bond, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Series July 2007 Bond on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Series July 2007 Bond for federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Series July 2007 Bonds at a price other than the Offering Price, after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Series July 2007 Bonds. In addition, owners of Series July 2007 Bonds should consult their tax advisors with respect to the state and local tax consequences of owning the Series July 2007 Bonds; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Exclusion from Gross Income: Requirements. The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Series July 2007 Bonds. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Series July 2007 Bond proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the Series July 2007 Bonds and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "minor portion") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Series July 2007 Bonds.

Rebate of Arbitrage Profit. Unless the State qualifies for an exemption, earnings from the investment of the "gross proceeds" of the Series July 2007 Bonds in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Series July 2007 Bonds are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Series July 2007 Bonds, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Series July 2007 Bonds.

Covenants to Comply. The State has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Series July 2007 Bonds.

Risks of Non-Compliance. In the event that the State fails to comply with the requirements of the Code, interest on the Series July 2007 Bonds may become includable in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue. In such event, the Indenture requires neither acceleration of payment of principal of, or interest on, the Series July 2007 Bonds nor payment of any additional interest or penalties to the owners of the Series July 2007 Bonds.

Federal Income Tax Consequences. Pursuant to Section 103 of the Code, interest on the Series July 2007 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Series July 2007 Bonds that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE SERIES JULY 2007 BONDS.

Cost of Carry. Owners of the Series July 2007 Bonds will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax purposes as incurred or continued to purchase or carry the Series July 2007 Bonds. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Series July 2007 Bonds is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Series July 2007 Bonds is taken into account not only in computing the corporate alternative minimum tax but also the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

Individual Owners. Receipt of interest on the Series July 2007 Bonds may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Series July 2007 Bonds may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Series July 2007 Bonds may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Series July 2007 Bonds.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Series July 2007 Bonds held by such a company is properly allocable to the shareholder.
The opinion of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Series July 2007 Bonds are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Series July 2007 Bonds are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Series July 2007 Bonds.

CONTINUING DISCLOSURE

The State will enter into a Continuing Disclosure Undertaking (**"Undertaking"**) for the benefit of the beneficial owners of the Series July 2007 Bonds to send certain information annually and to provide notice of certain events to certain information repositories 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. A failure by the State to comply with the Undertaking will not constitute a default under the Indenture and beneficial owners of the Series July 2007 Bonds are limited to the remedies described in the Undertaking. See "APPENDIX F – CONTINUING DISCLOSURE UNDERTAKING - Consequences of Failure of the State to Provide Information." A failure by the State to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series July 2007 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series July 2007 Bonds and their market price.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series July 2007 Bonds are subject to the approving opinion of Katten Muchin Rosenman LLP , Chicago, Illinois, Bond Counsel. The opinion of Bond Counsel will accompany the delivery of the Series July 2007 Bonds and be in substantially the form included in this Official Statement as Appendix B.

RATINGS

The Bonds have been rated "Aa3" with a Stable Outlook by Moody's Investor Services, "AAA" with a Stable Outlook by Standard & Poor's Rating Service, a Division of the McGraw-Hill Companies, and "AA" with a Negative Outlook by Fitch Ratings Inc. Each such rating reflects only the views of such rating agency. Any explanation of the significance of such ratings may be obtained only from the respective rating agencies. As part of the State's application for the ratings, certain information and materials, some of which are not contained herein, have been supplied to the Rating Agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Bonds and the ratings and the Bonds should be evaluated independently.

The State will provide appropriate periodic credit information necessary for maintaining ratings on the Bonds to the rating agencies. Except as may be required by the Undertaking as defined below under the subheading "CONTINUING DISCLOSURE," the State undertakes no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. There is no assurance that any such rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely. Any downward revision or withdrawal of any such rating may have an adverse effect on the prices at which the Bonds may be resold.

LEGAL INVESTMENT

Under the Act, the Series July 2007 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 July 2007 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

Scott Balice Strategies LLC is acting as financial advisor (the "Financial Advisor") to the State in connection with the offering of the Series July 2007 Bonds. The Financial Advisor has assisted in the preparation of this Preliminary Official Statement and in other matters relating to the planning, structuring and issuance of the Series July 2007 Bonds.

AUTHORIZATION

In accordance with the Act and Indenture, the Series July 2007 Bonds will be issued pursuant to a Bond Sale Order of the Director of the Governor's Office of Management and Budget (**"Director"**), to be approved by the Governor of the State.

The present office holders are:

Rod R. Blagojevich -- Governor
Ginger Ostro -- Director of the Governor's Office of Management and Budget

CERTIFICATE OF THE DIRECTOR

The Director will provide to the purchaser at the time of delivery of the Series July 2007 Bonds a certificate confirming that, to the best of her 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.

MISCELLANEOUS

The State has authorized the distribution of this Official Statement.

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

STATE OF ILLINOIS

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Director, Governor's Office of Management and Budget

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 fourth among the ten most populous states and thirteenth among all states. Illinois ranks second among all states in total cash receipts from crops, second in feed and grain exports, second in soybean and product exports, fourth 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 compares the workforce composition of Illinois to that of the United States as a whole. Table A-2 shows the distribution of Illinois non-agricultural employment by industry sector.

Table A-1

PAYROLL JOBS BY INDUSTRY[1] – APRIL 2007
(Thousands)

Industry Employment	Illinois	% of Total	U.S.	% of Total
Natural Resources and Mining	10	0.2%	712	0.5%
Construction	280	4.7%	7,683	5.6%
Information and Financial Activities	526	8.8%	11,522	8.4%
Manufacturing	681	11.4%	14,104	10.3%
Trade, Transportation and Utilities	1,202	20.1%	26,406	19.2%
Professional and Business Services	864	14.4%	17,840	13.0%
Education and Health Services	775	12.9%	18,167	13.2%
Leisure and Hospitality	534	8.9%	13,433	9.8%
Other Services	260	4.3%	5,509	4.0%
Government	857	14.3%	22,182	16.1%
Total	5,989	100.0%	137,558	100.1%

Source: U.S. Department of Labor, Bureau of Labor Statistics, April 2007.

[1] Beginning in March 2003, the basis for industry classification changed from the 1987 Standard Industrial Classification System to the 2002 North American Industry Classification System.

Table A-2

NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
ILLINOIS - 2003 THROUGH JANUARY 2007
(Thousands)

Industry Employment Sector	2003	2004	2005	2006	2007
Total Non-Agricultural Employment	5,819	5,827	5,931	5,970	5,975
Natural Resources and Mining	9	9	10	10	10
Construction	270	265	275	279	280
Manufacturing	720	699	688	679	679
Non-Durable Goods	287	276	270	266	260
Durable Goods	433	423	418	413	419
Trade, Transportation and Utilities	1,184	1,201	1,223	1,217	1,202
Wholesale Trade	306	300	304	309	310
Retail Trade	622	641	658	644	630
Transportation and Utilities	256	260	261	264	262
Information and Financial Activities	525	519	524	532	526
Professional and Business Services	784	799	837	858	864
Education and Health Services	723	731	758	759	775
Leisure and Hospitality	497	509	512	532	534
Other Services	250	257	260	261	260
Government	857	838	844	843	845

Source: U.S. Department of Labor, Bureau of Labor Statistics, April 2007.

Agriculture

Illinois ranks prominently among states for agricultural activity and exports. Tables A-3 and A-4 summarize key agricultural production statistics including rank among all states for the years 2001 to 2005.

Table A-3

ILLINOIS CASH RECEIPTS FROM CROPS AND LIVESTOCK
($ in Millions)

	2001	2002	2003	2004	2005	2005 Rank
Crops	$5,472	$6,160	$6,716	$6,993	$6,859	2
Livestock	1,835	1,549	1,798	1,938	1,988	24
Total	$7,307	$7,709	$8,514	$8,931	$8,847	6

Source: U.S. Department of Agriculture-Economic Research Service December 2005.

Table A-4

AGRICULTURAL EXPORTS
Federal Fiscal Year 2005
($ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	$62,369	$3,282	5.3%	4
Feed Grain and Products	6,944	971	13.9%	2
Soybeans and Products	8,843	1,272	14.4%	2

Source: U.S. Department of Agriculture-Economic Research Service December 2005.

Contracts for Future Construction

Contracts for future construction in Illinois averaged $17.3 billion annually during the period 1995 through 2005 and totaled $24.3 billion in 2005. During the period 1995 through 2005, building permits issued for residential construction averaged 54,900 annually, with an average annual valuation of $7 billion. Table A-5 presents annual data on contracts for future construction and residential building activity.

Table A-5

CONTRACTS FOR FUTURE CONSTRUCTION AND RESIDENTIAL BUILDING
(Valuations in $ Millions)

	Future Contracts for Residential, Non-residential and Non-building Construction[1]	Residential Building Activity (Privately-Owned Housing Units)[2]	
Year	**Valuation**	**Permits**	**Valuation**
1996	12,667	49,592	5,199
1997	12,703	46,323	5,087
1998	15,000	47,984	5,618
1999	16,450	53,974	6,538
2000	16,945	51,944	6,528
2001	19,393	54,839	7,141
2002	20,653	60,971	8,546
2003	19,033	61,296	9,106
2004	21,823	62,268	9,551
2005	24,300	66,942	10,960
2006	24,306	58,866	9,4702

1 Dodge Division, McGraw Hill Information System Co.
2 U.S. Census Bureau, Housing Units Authorized by Building Permits: Annual, various issues.

Financial Institutions

Illinois serves as the financial center of the Midwest. The State ranks fourth among all states in total assets for commercial banks. As of December 31, 2006, there were 603 commercial and savings banks in Illinois with total assets of $329 billion. Additionally, there were 55 OTS-regulated and FDIC-insured thrift institutions in Illinois with total assets of $35.6 billion.

The 5 largest banks listing Illinois headquarters are LaSalle National Bank, The Northern Trust Company, Harris Bank, National City Bank of the Midwest and Corus Bank. LaSalle National Bank (a subsidiary of ABN AMRO) with $71 billion in assets maintains its headquarters in Chicago. The Northern Trust Company, a domestically owned banking corporation with $47 billion in assets also maintains its corporate headquarters in Chicago. Harris Bank (owned by Bank of Montreal) with $41 billion in assets also maintains its corporate headquarters in Chicago. National City Bank of the Midwest has $26 billion in assets. Corus Bank has $9 billion in assets. Together, these banks have more than $193 billion in assets.

Source: Federal Deposit Insurance Corporation and Office of Thrift Supervision, January 2007.

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-7 presents per capita income comparisons.

Table A-6

PERSONAL INCOME
($ in Billions)

	1990	2001	2002	2003	2004	2005	2006
Illinois	$238	$410.3	$416.0	$437.1	$411.3	$472.0	$498.2
United States	4,886	8,703.0	8,900.0	9,380.5	9,705.5	10,464.7	$11,043.5

Table A-7

PER CAPITA PERSONAL INCOME

($ in Billions)

	1990	2002	2003	2004	2005	2006	Rank
Illinois	$20,824	$33,053	$33,205	$34,721	$36,264	$38,215	13
United States	19,477	30,906	31,459	33,050	34,471	36,276	--
Ten Most Populous States:							
New Jersey	$17,421	$29,039	$40,002	$41,626	$43,831	$46,344	1
New York	21,638	32,289	32,296	38,264	39,967	42,392	2
California	24,572	33,461	33,403	35,219	36,936	38,956	3
Illinois	**20,824**	**33,053**	**33,205**	**34,721**	**36,264**	**38,215**	**4**
Pennsylvania	18,922	29,816	31,706	33,312	34,937	36,680	5
Florida	19,867	31,116	29,972	31,469	34,001	35,798	6
Texas	23,523	35,085	29,076	30,732	32,460	34,257	7
Michigan	18,743	29,195	31,196	32,079	32,804	33,847	8
Ohio	19,564	29,758	29,953	31,161	31,860	33,338	9
Georgia	17,603	28,821	29,259	29,782	30,914	31,891	10
Great Lakes States:							
Illinois	**$20,824**	**$33,053**	**$33,205**	**$34,721**	**$36,264**	**$38,215**	**1**
Wisconsin	18,072	30,050	30,723	32,166	33,278	34,701	2
Michigan	18,743	29,195	31,196	32,079	32,804	33,847	3
Ohio	19,564	29,247	29,953	31,161	31,860	33,338	4
Indiana	17,491	28,032	28,797	30,204	31,173	32,526	5
Average	18,599	28,825	29,982	31,848	33,076	34,525	

Employment

According to the Illinois Department of Employment Security, the State's aggregate unemployment rate as of April 2007 is 4.6%.

Table A-8

NUMBER OF UNEMPLOYED

	2002	2003	2004	2005	2006	2007
United States	8,338,000	8,774,000	8,149,000	7,591,000	7,001,000	6,900,000
Illinois	417,693	427,573	398,047	370,810	297,631	326,426*
Bloomington-Normal MSA	3,245	3,414	3,842	3,688	3,093	3,358*
Champaign-Urbana MSA	4,926	5,098	5,283	5,022	4,530	3,756*
Chicago PMSA	317,101	317,912	294,099	278,513	217,021	233,427*
Quad Cities Region	10,377	10,858	10,392	9,454	8,487	9,180*
Decatur MSA	4,279	4,089	3,637	3,312	2,917	3,083*
Kankakee MSA	3,465	3,760	3,889	3,466	3,095	3,711*
Peoria-Pekin MSA	10,516	11,163	10,232	9,197	7,939	9,024*
Rockford MSA	12,171	13,262	12,249	10,924	9,191	10,550*
Springfield MSA	5,292	5,864	5,797	5,231	4,832	5,220*
St. Louis MSA, IL portion	19,389	21,021	21,135	19,731	18,221	21,559**

*as of April 2007
**as of March 2007

Table A-9
UNEMPLOYMENT RATE (%)

	2002	2003	2004	2005	2006	2007
United States	5.8	6.0	5.5	5.1	4.5	4.5
Illinois	6.5	6.7	6.2	5.7	4.2	4.6*
Bloomington-Normal MSA	3.7	4.0	4.5	4.2	3.4	3.8*
Champaign-Urbana MSA	4.3	4.4	4.5	4.2	3.7	4.1*
Chicago PMSA	6.7	6.8	6.2	5.9	4.5	4.8*
Quad Cities Region	5.8	6.2	5.4	4.7	4.3	5.3*
Decatur MSA	8.1	7.9	6.9	6.2	5.3	5.7*
Kankakee MSA	6.7	7.3	7.5	6.5	5.6	6.7*
Peoria-Pekin MSA	5.7	6.1	5.5	4.8	4.0	4.5*
Rockford MSA	7.4	8.1	7.4	6.5	5.3	6.1*
Springfield MSA	4.7	5.4	5.3	4.6	4.2	4.6*
St. Louis MSA, IL portion	5.9	6.2	5.4	4.7	4.3	5.3**

*as of April 2007
**as of March 2007
Source: U.S. Department of Labor, Bureau of Labor Statistics, April 2007

Population

Illinois is the nation's fifth most populous state. The State's population is approximately 12.63 million according to the U.S Bureau of the Census for calendar year 2005.

Table A-10
POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS

	1980	1990	2000
Illinois	11,427,409	11,430,602	12,419,293
Chicago CMSA (IL Part)	7,348,874	7,507,113	8,272,768
St. Louis MSA (IL Part)	588,464	588,995	599,845
Rockford MSA	325,852	329,626	371,236
Peoria MSA	365,864	339,172	347,387
Springfield MSA	187,770	189,550	201,437
Champaign-Urbana MSA	168,392	173,025	179,669

Source: U.S. Bureau of the Census. (Population data for 1980 and 1990 reflect Metropolitan Statistical Area definitions as of June 30, 1993.)

Organization

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 include the Lieutenant Governor, the Attorney General, the Secretary of State, the Comptroller and the Treasurer.

The Illinois Constitution provides that all elected officials of the Executive Branch of the State Government hold office for four-year terms. Pursuant to the Illinois Constitution, these officials were elected at a general election in November 2006 and took office January 13, 2007. The next State general election will be held in November 2010.

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 meet in annual sessions to enact, amend or repeal laws and to adopt appropriation bills.

The judicial branch is composed of the Supreme Court, the Appellate Courts and the Circuit Courts.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

July 10, 2007

State of Illinois
Bureau of the Budget
State House
Springfield, Illinois

We have examined a record of proceedings relating to the issuance of $50,000,000 aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds) Series of July 2007 (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 (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 Forty Third Supplemental Indenture, dated as of July 1, 2007 (the "Forty Third Supplemental Indenture"), from the State to the Trustee. The Master Indenture, as supplemented by the Forty Third 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 July 10, 2007. The Bonds mature on June 15, in each of the following years in the respective principal amount set forth 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, 2007 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:

Year	Principal Amount	Interest Rate
2009	$2,500,000	. %
2010	2,500,000	
2011	2,500,000	
2012	2,500,000	
2013	2,500,000	
2014	2,500,000	
2015	2,500,000	
2016	2,500,000	
2017	2,500,000	
2018	2,500,000	
2019	2,500,000	
2020	2,500,000	
2021	2,500,000	
2022	2,500,000	
2023	2,500,000	
2024	2,500,000	
2025	2,500,000	
2026	2,500,000	
2027	2,500,000	
2028	2,500,000	

The Bonds maturing on or after June 15, 2018 are subject to redemption prior to maturity at the option of the State, in such principal amounts and from such maturities as the State shall determine, and by lot within a single maturity, on June 15, 2017 and on any date thereafter, at a redemption price equal to the principal amount of each Bond to be redeemed.

The Bonds are "Senior 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 Revenues (as defined in the Indenture) hereinafter mentioned.

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 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 and any Senior 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.

5. Under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986 (the "Code"), interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. The Bonds are not private activity bonds; therefore, interest on the Bonds does not constitute an item of tax preference for purposes of computing individual or corporate alternative minimum income. You are advised, however, that interest on the Bonds is includable in corporate earnings and profits and therefore must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exemption from Federal income taxes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use and tax ownership of the property financed with the proceeds of the Bonds. The State has covenanted in the Indenture to comply with these requirements.

Interest on the Bonds is not exempt from Illinois income taxes.

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 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 yours,
LG/be

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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" 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.

"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.

"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 any year.

"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 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.

"McCormick Place Account" means the McCormick Place Account in the Build Illinois Fund.

"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.

"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 85-1135, 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; 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 July 2007 Bonds" means a Series of Senior Bonds designated as Series July 2007 Bonds in the Forty-first 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's Sales Tax Revenues"* means the State's 80 percent portion of total collected sales tax receipts.

"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.

"Forty-third Supplemental Indenture" means the Forty-third 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.

"Trustee" means LaSalle 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 June 15, 2007; excluding the Series July 2007 Bonds)

Bond Issue	Note	Original Principal Amount	Date of Issuance	Bonds Outstanding
Series A		$100,000,000	October 9, 1985	$0
Series B		80,000,000	August 5, 1986	0
Series T-1	a	40,000,000	August 5, 1986	0
Series C	1	95,475,000	February 10, 1987	0
Series D		70,000,000	September 3, 1987	0
Series E		80,000,000	January 7, 1988	0
Series F		70,000,000	June 9, 1988	0
Series G		52,203,027	November 15, 1988	0
Series H		57,800,588	November 15, 1988	0
Series I		87,000,000	May 16, 1989	0
Series J		70,000,000	September 14, 1989	0
Series K		110,000,000	January 11, 1990	0
Series L		120,001,779	June 19, 1990	32,671,044
Series M		120,000,000	December 4, 1990	0
Series N		135,000,000	May 22, 1991	0
Series O	2	265,840,447	November 20, 1991	20,673,944
Series P		100,000,000	June 16, 1992	71,215,000
Series Q	3	416,890,000	September 23, 1992	102,685,000
Series R		100,000,000	March 16, 1993	0
Series S	4	331,645,000	September 30, 1993	55,495,000
Series U		100,000,000	February 10, 1994	48,000,000
Series V		135,000,000	October 4, 1994	0
Series W		80,000,000	December 19, 1995	46,740,000
Series X		60,000,000	March 26, 1997	37,390,000
Series Y	5	145,475,000	January 8, 1998	105,335,000
Series Z		60,000,000	February 9, 1999	42,190,000
Series May 2000		125,000,000	June 8, 2000	76,500,000
Series March 2001	6	125,165,000	March 20, 2001	80,210,000
Series June 2001		125,000,000	June 12, 2001	100,000,000
Series September 2001	7	110,450,000	October 2, 2001	94,710,000
Series April 2002		150,000,000	April 23, 2002	100,000,000
Series May 2002	8	50,310,000	May 2, 2002	50,310,000
Second Series May 2002	9	94,815,000	May 2, 2002	94,815,000
Series November 2002		182,225,000	November 26, 2002	173,225,000
Series December 2002	10	54,350,000	December 12, 2002	48,125,000
Series March 2003	11	75,775,000	March 18, 2003	75,775,000
Series July 2003		150,000,000	July 24, 2003	148,000,000
Series March 2004		200,000,000	March 4, 2004	195,300,000
Series February 2005		75,000,000	February 17, 2005	68,750,000
Series June 2005		125,000,000	June 29, 2005	115,000,000
Series March 2006		65,000,000	March 30, 2006	61,750,000
Series June 2006		150,000,000	June 20, 2006	144,000,000
Total				$2,188,864,988

[a] The Series T-1 Bonds were defeased on August 1, 1989.
[1] The Series C Bonds advance refunded $78,755,000 principal amount of the Series A Bonds.
[2] The Series O Bonds, in part, advance refunded $126,215,588 principal amount of the Series A, E, F, and H Bonds.
[3] The Series Q Bonds advance refunded $356,086,311 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 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 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 principal amount of the Series O and V Bonds.
[7] The Series September 2001 Bonds advance refunded $107,500,000 principal amount of the Series R, V and May 2000 Bonds
[8] The Series May 2002 Bonds currently refunded $50,790,000 principal amount of the Series Q Bonds.
[9] The Second Series May 2002 Bonds currently refunded $97,165,000 principal amount of the Series Q Bonds.
[10] The Series December 2002 Bonds advance refunded $54,445,000 principal amount of the Series R and Series S Bonds.
[11] The Series March 2003 Bonds currently refunded $77,070,000 principal amount of the Series S Bonds.

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APPENDIX E

GLOBAL BOOK-ENTRY SYSTEM

The Depository Trust Company ("**DTC**"), New York, New York, will act as securities depository for the Series July 2007 Bonds. The Series July 2007 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 July 2007 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series July 2007 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 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 July 2007 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 July 2007 Bonds, except in the event that use of the book-entry system for the Series July 2007 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 July 2007 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 July 2007 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 July 2007 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 July 2007 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 July 2007 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 July 2007 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 each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") then recognized by the SEC for purposes of the Rule and to any public or private repository designated by the State as the state depository ("**SID**") and recognized as such by the SEC for purposes of the Rule. 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 each NRMSIR and to the SID, if any, 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 Municipal Securities Rulemaking Board ("**MSRB**").

"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 each NRMSIR and to the SID, if any, within 210 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. Such statements are prepared by the State Comptroller and examined and certified by the State Auditor General. The State expects to provide the Audited Financial Statements to each NRMSIR and to the SID, if any, at the same time it provides Annual Financial Information. If unavailable at that time, the Audited Financial Statements will be provided when available.

Events Notification; Material Events Disclosure

The State covenants that it will disseminate to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events", certain of which may not be applicable to the Series July 2007 Bonds, are:

- principal and interest payment delinquencies on the Series July 2007 Bonds;
- occurrence of any default under and as defined in the Indenture (other than as described above);
- 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 or events affecting the tax-exempt status of the Series July 2007 Bonds;
- amendments to the Indenture modifying the rights of the beneficial owners of the Series July 2007 Bonds;
- giving of a notice of optional or unscheduled redemption of any Bonds;
- defeasances of the Series July 2007 Bonds or any portion thereof;
- release, substitution or sale of property securing repayment of the Series July 2007 Bonds; and

- any change in any rating that relates to the Series July 2007 Bonds, the State, an obligated person, credit enhancer or liquidity provider for the Series July 2007 Bonds that could affect the value of the Series July 2007 Bonds.

Consequences of Failure of the State to Provide Information

The State shall give notice in a timely manner to each NRMSIR or to the MSRB 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 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 July 2007 Bonds, as determined either by a party unaffiliated with the State (such as bond counsel).

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 July 2007 Bonds under the Indenture. The State shall give notice to each NRMSIR or to the MSRB and to the SID, if any, 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 material 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 material 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 material 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.