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

Subject to compliance by the State with certain covenants, in the opinion of Pugh, Jones, Johnson & Quandt P. C., Chicago, Illinois, Bond Counsel, under present law interest on the Series June 2006 Bonds will not be includible in the gross income of the owners thereof for Federal income tax purposes, except to the extent that such interest will be taken into account in computing the corporate alternative minimum tax and the branch profits tax. Interest on the Series June 2006 Bonds will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. See the heading "TAX EXEMPTION" herein for a more detailed discussion of some of the federal tax consequences of owning the Series June 2006 Bonds. The interest on the Series June 2006 Bonds is not exempt from present Illinois income taxes.

$150,000,000
STATE OF ILLINOIS
BUILD ILLINOIS BONDS
(Sales Tax Revenue Bonds)
Series of June 2006

Dated: Date of Issue **Due: June 15 as shown on inside cover page**

The Series June 2006 Bonds are issuable only as fully registered, book-entry bonds in denominations of $5,000 or any integral multiple thereof and, when issued, will be registered under a global book-entry system in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. The Bonds will bear interest at the rates shown on the inside cover of this Official Statement. Interest on the Series June 2006 Bonds will be payable December 15 and June 15 of each year, commencing December 15, 2006. Details of payment of the Series June 2006 Bonds are described herein.

The Series June 2006 Bonds are subject to redemption prior to maturity as set forth herein under "DESCRIPTION OF THE SERIES JUNE 2006 BONDS – Optional Redemption."

The Series June 2006 Bonds are being issued to finance certain of the State's capital projects, as described herein.

The Series June 2006 Bonds are direct, limited obligations of the State payable solely from the tax revenues and other moneys pledged therefor, as described herein. The Series June 2006 Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The holders of the Series June 2006 Bonds may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the Series June 2006 Bonds except for the tax revenues and other moneys pledged to such Bonds.

The scheduled payment of principal of and interest on the Bonds maturing on or after June 15 of the years 2012 through 2031, inclusive (the "Insured Bonds") when due will be guaranteed under an insurance policy (the "Policy") to be issued concurrently with the delivery of the Insured Bonds by MBIA Insurance Corporation. See "BOND INSURANCE."

The Series June 2006 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Pugh, Jones, Johnson & Quandt P.C., Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel Tyson Strong Hill, LLC, Chicago, Illinois. It is expected that the Series June 2006 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 20, 2006.

Popular Securities

Cabrera Capital Markets, Inc. **Siebert Brandford Shank & Co., LLC**

Grigsby & Associates, Inc. **Podesta & Co.** **SBK-Brooks Investment Corp.**

June 20, 2006

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND PRICES

Due June 15	Principal Amount	Interest Rate	Yield	Price	CUSIP
2007	$6,000,000	5.000%	3.60%	101.343	4522267K3
2008	6,000,000	5.000%	3.67%	102.524	4522267L1
2009	6,000,000	4.000%	3.71%	100.812	4522267M9
2010	6,000,000	4.250%	3.73%	101.909	4522267N7
2011	6,000,000	5.000%	3.79%	105.450	4522267P2
2012	6,000,000	5.000%	3.84%	106.150	4522267Q0
2013	6,000,000	5.000%	3.93%	106.480	4522267R8
2014	6,000,000	5.000%	4.01%	106.707	4522267S6
2015	6,000,000	5.000%	4.09%	106.785	4522267T4
2016	6,000,000	5.000%	4.15%	106.890	4522267U1
2017	6,000,000	5.000%	4.20%	106.469	4522267V9
2018	6,000,000	5.000%	4.25%	106.050	4522267W7
2019	6,000,000	5.000%	4.29%	105.717	4522267X5
2020	6,000,000	5.000%	4.33%	105.384	4522267Y3
2021	6,000,000	5.000%	4.36%	105.136	4522267Z0
2022	6,000,000	4.500%	4.55%	99.435	4522268A4
2023	6,000,000	5.000%	4.42%	104.641	4522268B2
2024	6,000,000	5.000%	4.44%	104.476	4522268C0
2025	6,000,000	4.625%	4.63%	99.936	4522268D8
2026	6,000,000	5.000%	4.48%	104.149	4522268E6
2027	6,000,000	5.000%	4.50%	103.985	4522268F3
2028	6,000,000	5.000%	4.52%	103.822	4522268G1
2029	6,000,000	5.000%	4.54%	103.659	4522268H9
2030	6,000,000	5.000%	4.56%	103.497	4522268J5
2031	6,000,000	5.000%	4.58%	103.335	4522268K2

STATE OF ILLINOIS

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

No dealer, broker, salesperson, or other person has been authorized by the State of Illinois (the "**State**") or the Underwriters 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 June 2006 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 JUNE 2006 BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES JUNE 2006 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 statues, 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.

Other than with respect to information concerning MBIA Insurance Corporation ("MBIA") contained under the caption "Bond Insurance" and Exhibit G specimen "Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by MBIA Insurance Corporation and MBIA Insurance Corporation makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Series June 2006 Bonds; or (iii) the tax exempt status of the interest on the Series June Bonds.

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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 JUNE 2006 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 negotiated sale.
The Issuer	The State of Illinois.
Build Illinois	The Build Illinois program, initiated in 1985, expands the State's overall efforts in economic development through the funding of projects for infrastructure, educational and vocational facilities, protection of the State's environment and natural resources, and the provision of incentives for business location and expansion in Illinois.
Securities	\$150,000,000 State of Illinois, Build Illinois Bonds (Sales Tax Revenue Bonds), Series of June 2006. The Series June 2006 Bonds are dated the date of their original issue with delivery anticipated on June 20, 2006. The Offering is comprised of serial bonds maturing June 15 in each of the years 2007 through 2031, inclusive.
Interest	Payable semi-annually on June 15 and December 15, commencing December 15, 2006.
Form of Bonds	The Series June 2006 Bonds will be issued as fully registered, book-entry bonds in the denomination of \$5,000 or any integral multiple thereof. The Series June 2006 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 June 2006 Bonds are being issued to finance certain of the State's capital projects, as described herein.
Optional Redemption	The Series June 2006 Bonds maturing on or after June 15, 2017 are subject to redemption prior to maturity at the option of the State on or after June 15, 2016 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. See "DESCRIPTION OF THE SERIES JUNE 2006 BONDS – Optional Redemption."
Security for the Series June 2006 Bonds	The Bonds (as herein defined and which include the Series June 2006 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."

Bond Insurance

The scheduled payment of principal of and interest on the Insured Bonds, when due, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by MBIA Insurance Corporation. See "BOND INSURANCE."

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 most recently completed Fiscal Year. As of the date of issuance of any Series of Senior Bonds, Sales Tax revenues for the 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 Investors Service, Inc. (**"Moody's"**) has assigned a rating of Aaa to the Insured Bonds, Standard & Poor's Ratings Services (**"S&P"**) has assigned a rating of AAA to the Insured Bonds and Fitch Ratings (**"Fitch"**) has assigned a rating of AAA to the Insured Bonds contingent on the issuance of the Policy. See "RATINGS" and "BOND INSURANCE." The Series June 2006 Bonds have been assigned underlying ratings of Aa3 by Moody's, AAA by S&P and AA by Fitch.

Miscellaneous

Additional information regarding the Series June 2006 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) 782-3500.

$150,000,000

STATE OF ILLINOIS,
BUILD ILLINOIS BONDS
(SALES TAX REVENUE BONDS),
SERIES OF JUNE 2006

INTRODUCTION

This Official Statement, including 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 June 2006 (**"Series June 2006 Bonds"**), in the aggregate principal amount of $150,000,000. The State is issuing the Series June 2006 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 LaSalle Bank National Association, Chicago, Illinois, as trustee (**"Trustee"**), dated as of September 15, 1985, as amended and supplemented to date (**"Master Indenture"**), and the Forty-second Supplemental Indenture, dated as of **June 1, 2006**, by and between the State and the Trustee with respect to the Series June 2006 Bonds. The Master Indenture and the Forty-second Supplemental Indenture are herein collectively called the **"Indenture"**. The Series June 2006 Bonds are authorized by the Act and the Indenture to be issued by the State to implement the Build Illinois program.

The Series June 2006 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 June 2006 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 June 2006 Bonds will be the forty-second series of Senior Bonds issued under the Act, of which $2,169,562,614 were outstanding as of June 15, 2006. 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 June 2006 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 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 12.76 million persons, is a state of diversified economic strength. Measured by per capita personal income, the State ranks third among the ten most populous states and thirteenth overall. (See Table A-7 included in Appendix A.) The State ranks sixth 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
- incentives for the location and expansion of businesses in Illinois resulting in increased employment.

The State originally authorized $948 million in bonds and $380 million from current tax revenues and has adjusted several times to the current authorization level of $3,806 million in bonds. Public Act 92-598, effective June 28, 2002, increased the authorization level by $265 million.

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 June 15, 2005.

Build Illinois Bonds
(As of June 15, 2006)

Purpose of Bonds	Amount Authorized	Authorization Used	Authorization Available	June 2006 Issuance	Authorization Remaining
Infrastructure and Transportation	$2,417,000,000	$2,167,518,539	$249,481,461	$105,000,000	$144,481,461
Education Purposes	1,052,358,100	703,188,180	349,169,920	$45,000,000	304,169,920
Environmental Protection	150,150,900	130,087,847	20,063,053		20,063,053
Economic Development	186,000,000	183,300,700	2,699,300		2,699,300
Total	$3,805,509,000	$3,184,095,266	$621,413,734	$150,000,000	$471,413,734

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 (as provided under the foregoing table).

DESCRIPTION OF THE SERIES JUNE 2006 BONDS

General

The Series June 2006 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, 2006, at the rates per annum set forth on the inside cover page. Interest on the Series June 2006 Bonds will be calculated on the basis of a three hundred sixty-day year consisting of twelve thirty-day months.

Purchases of the Series June 2006 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 June 2006 Bonds. Principal of, premium, if any, and interest on the Series June 2006 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 June 2006 Bonds. (See APPENDIX E—Global Book-Entry System).

Optional Redemption

The Series June 2006 Bonds maturing on or after June 15, 2017 are redeemable at the option of the State on or after June 15, 2016, 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 June 2006 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.

Mandatory Redemption

[Subject to issuance of certain maturity amounts as Term Bonds with mandatory sinking fund redemption language].

Notice of Redemption

At least 30 days before the redemption date of any Series June 2006 Bond, the Trustee shall cause notice of such redemption to be mailed postage prepaid to all Bondholders owning or holding Series June 2006 Bonds or portions of Series June 2006 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 June 2006 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 (hereinafter defined as the **"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. 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 $7,002.2 million for the Fiscal Year ended June 30, 2005. 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 the following: (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 and other state revenues~~,~~ are pledged to the payment of debt service on $202.5 million of outstanding as of June 15, 2006 of 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 (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, such receipts 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 include the following: (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 the Use Tax imposed on out-of-state purchases may be remitted directly to the State by purchasers.

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 or 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. $209.9 million and $188.0 million was deposited in the Reform Fund for fiscal years 2004 and 2005 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 is projected to be $284.8 million. Prior to the issuance of the Series June

2006 Bonds, the Certified Annual Debt Service Requirement is $238.4 million. Accordingly, it is expected that the Annual Specified Amount for Fiscal Year 2006 will be $284.8 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"**) or (ii) the Certified Annual Debt Service Requirement. In Fiscal Year 2006, 3.8 percent of the State's Sales Tax is projected to be $284.8 million. Prior to the issuance of the Series June 2006 Bonds, the Certified Annual Debt Service Requirement is $238.4 million. Accordingly, it is expected that the Required Bond Transfer for Fiscal Year 2006 will be $284.8 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 $298.16 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 expected to be fully funded at fiscal year ending June 30, 2006. 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 June 2006 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 of the Governor's Office of Management and Budget of the State (the "Director") shall certify that the Debt Service Reserve Fund Requirement, calculated immediately after the issuance of such additional Senior Bonds, will be met within 24 months after the date of such issuance.

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

(1) Either (a) the maximum Net Debt Service Requirement on all Outstanding Senior Bonds and proposed additional Senior Bonds for the current or any future Fiscal Year does not exceed 5 percent of the State'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 shall certify that the Debt Service Reserve Requirement, calculated immediately after the issuance of such additional Senior Bonds, 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 that 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, 1995 through 2006 (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
1995	$4,629.1	$33.1	$274.0	$4,936.1
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[2]	7,025.0	52.1	418.1	7,495.2

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

[2] State share Sales Tax Revenues for fiscal years 1995 through 2005 and through May 31, 2006 are from the records of the Illinois Comptroller. June 2006 are estimates of the Governor's Office of Management and Budget. 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, 2002 through 2005, and for the first eleven months of Fiscal Year 2006.

Monthly Sales Tax Revenues
($ millions)

Month	2002	2003	2004	2005	2006	
July	$544.6	$559.6	$564.0	$594.2	$661.2	
August	557.0	554.2	544.1	568.4	625.5	
September	523.2	534.9	557.2	606.7	639.4	
October	535.2	534.2	556.0	577.6	611.7	
November	555.7	523.1	567.0	567.0	596.3	
December	586.0	585.9	600.9	625.7	633.2	
January	600.1	575.7	602.9	627.8	669.7	
February	452.7	435.0	461.1	478.2	582.5	
March	481.5	482.0	542.7	588.1	586.8	
April	499.9	524.0	555.3	592.6	606.5	
May	541.5	551.7	536.3	579.0	648.8	
June	543.8	553.1	588.1	596.8	633.7	Est.
Year Total	$6,421.2	$6,413.4	$6,675.5	$7,002.2	$7,495.2	

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 June 2006 Bonds.

Fiscal	Outstanding Build Illinois Bonds			Build Illinois Series June 2006			Total Annual
Year	Principal	Interest	Total	Principal	Interest	Total	Service
2006	$113,436,275	$124,966,251	$238,402,526	-	-	-	238,402,526
2007	124,697,627	126,274,977	250,972,604	6,000,000	7,240,521	13,240,521	264,213,125
2008	129,612,846	118,509,734	248,122,580	6,000,000	7,042,500	13,042,500	261,165,080
2009	128,571,350	119,137,613	247,708,963	6,000,000	6,742,500	12,742,500	260,451,463
2010	132,875,756	113,095,979	245,971,735	6,000,000	6,502,500	12,502,500	258,474,235
2011	134,254,169	105,761,246	240,015,415	6,000,000	6,247,500	12,247,500	252,262,915
2012	133,563,399	99,157,461	232,720,860	6,000,000	5,947,500	11,947,500	244,668,360
2013	136,912,124	89,985,457	226,897,581	6,000,000	5,647,500	11,647,500	238,545,081
2014	144,439,306	74,521,847	218,961,153	6,000,000	5,347,500	11,347,500	230,308,653
2015	142,446,038	66,964,852	209,410,890	6,000,000	5,047,500	11,047,500	220,458,390
2016	143,500,000	51,028,640	194,528,640	6,000,000	4,747,500	10,747,500	205,276,140
2017	128,480,000	43,396,983	171,876,983	6,000,000	4,447,500	10,447,500	182,324,483
2018	113,720,000	36,593,596	150,313,596	6,000,000	4,147,500	10,147,500	160,461,096
2019	100,730,000	30,476,394	131,206,394	6,000,000	3,847,500	9,847,500	141,053,894
2020	84,685,000	25,045,494	109,730,494	6,000,000	3,547,500	9,547,500	119,277,994
2021	69,995,000	20,463,500	90,458,500	6,000,000	3,247,500	9,247,500	99,706,000
2022	64,285,000	16,830,700	81,115,700	6,000,000	2,947,500	8,947,500	90,063,200
2023	51,960,000	13,509,800	65,469,800	6,000,000	2,677,500	8,677,500	74,147,300
2024	44,700,000	10,767,150	55,467,150	6,000,000	2,377,500	8,377,500	63,844,650
2025	43,505,000	8,389,150	51,894,150	6,000,000	2,077,500	8,077,500	59,971,650
2026	41,580,000	6,072,638	47,652,638	6,000,000	1,800,000	7,800,000	55,452,638
2027	32,765,000	3,876,813	36,641,813	6,000,000	1,500,000	7,500,000	44,141,813
2028	29,160,000	2,102,588	31,262,588	6,000,000	1,200,000	7,200,000	38,462,588
2029	8,125,000	637,500	8,762,500	6,000,000	900,000	6,900,000	15,662,500
2030	5,000,000	250,000	5,250,000	6,000,000	600,000	6,600,000	11,850,000
2031	-	-	-	6,000,000	300,000	6,300,000	6,300,000
Total	$2,282,998,889	$1,307,816,360	$3,590,815,249	$150,000,000	$96,130,521	$246,130,521	$3,836,945,770

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 are estimated to be $7,495 million for Fiscal Year 2006. 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 estimated for Fiscal Year 2006 are $7,364 million, which amount is approximately 31 times the maximum Net Debt Service Requirement for all Build Illinois Bonds, prior to the issuance of this Series.

The additional Senior Bonds test 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 not less than 19.65 times coverage of the maximum Net Debt Service Requirement for all outstanding Senior Bonds after giving affect to 1.75% of Sales Tax revenues pledged to McCormick Place Bonds. For purposes of this Series the most recently completed Fiscal Year 2005 Sales Tax revenue of $6,880 million (net of 1.75% dedicated to McCormick Place Bonds) is estimated to be 26 times the prospective maximum annual Net Debt Service Requirement. (See "SECURITY FOR THE BONDS - Issuance of Additional Bonds"

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series June 2006 Bonds, MBIA Insurance Corporation ("MBIA") will issue its Municipal Bond Insurance Policy (the "Policy") for the Series June 2006 Bonds maturing on or after June 15 of the years 2012 through 2031, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Exhibit G to this Official Statement.

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.

The proceeds of the sale of the Series June 2006 Bonds will be applied approximately as set forth below:

Sources:	
Principal Amount of Bonds	$150,000,000
Net Re-Offering Premium	6,284,460
Total Sources	$156,284,460
Uses:	
Authorized Projects	$156,284,460
Underwriter's Discount	410,106
Issuance Expenses	230,000
Bond Insurance	269,000
Total Uses	$156,284,460

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 June 2006 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 $298.16 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, redeem, 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 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 June 2006 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 June 2006 Bonds, or in any way challenging the validity of the Act or the validity or enforceability of the Series June 2006 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 June 2006 Bonds.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series June 2006 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Series June 2006 Bond proceeds and the facilities financed therewith, and certain other matters. The State has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series June 2006 Bonds to be excludible from gross income. Failure to comply with certain of such covenants could cause interest on the Series June 2006 Bonds to become includible in gross income retroactive to the date of issuance of the Series June 2006 Bonds.

Subject to the condition that the State comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel the Series June 2006 Bonds are not "private activity bonds" under Section 141 of the Code, and interest on the Series June 2006 Bonds will not be includible in the gross income of the owners thereof for Federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest on the Series June 2006 Bonds will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon a certificate of the State with respect to certain material facts solely within the State's knowledge relating to the property financed with the proceeds of the Series June 2006 Bonds and the application of the proceeds of the Series June 2006 Bonds.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations. The AMT is levied in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S corporations, regulated investment companies, real estate investment trusts, REMICs or FASITs) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment items and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax-exempt interest, including interest on the Series June 2006 Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax may be levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Series June 2006 Bonds.

Ownership of the Series June 2006 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to carry tax-exempt obligations. Prospective purchasers of the Series June 2006 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

Interest on the Series June 2006 Bonds is not exempt from present State of Illinois income taxes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinions of Bond Counsel express the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Discount

The initial public offering price of the Series June 2006 Bonds maturing on June 15, 2022 and June 15, 2025, is less than the principal amount thereof (the "Discount Bonds"). The difference between the principal amount payable at maturity of the Discount Bonds and the initial public offering price of such Discount Bonds, assuming that a substantial amount of such maturity is first sold at such price (the "Offering Price"), will be treated as "original issue discount." With respect to a taxpayer who purchases a Discount Bond in the initial public offering at the Offering Price and who holds such Discount Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discount Bond for Federal income tax purposes to the same extent as current interest and will not be treated as taxable capital gain upon payment of such Discount Bond upon maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of a constant yield computed at the end of each six month period (or shorter period from the date of original issue). The amount of original issue discount accruing during such period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). An owner of a Discount Bond who disposes of it prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Offering Price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the tax consequences of the ownership of such Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Market Discount

If a Series June 2006 Bond is purchased at any time for a price that is less than the Series June 2006 Bond's Offering Price plus accrued original issue discount, if any, the purchaser may be treated as having purchased the Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series June 2006 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the Series June 2006 Bonds.

Bond Premium

An amount equal to the excess of the purchase price of a Series June 2006 Bond over the principal amount payable at maturity of such Series June 2006 Bond constitutes amortizable bond premium that may not be deducted for Federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of such Series June 2006 Bond, the tax basis of each Series June 2006 Bond is decreased by the amount of the bond premium that has been amortized. Bond premium is amortized by offsetting the interest on the Series June 2006 Bond allocable to an accrual period with the bond premium allocable to the accrual period. The bond premium allocable to an accrual period is the excess of the interest on the Series June 2006 Bond allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the Series June 2006 Bond). If the bond premium allocable to an accrual period exceeds the interest on the Series June 2006 Bond allocable to the accrual period, the excess is a nondeductible loss for Federal income tax purposes that reduces the owner's basis in such Series June 2006 Bond.

Purchasers of any Series June 2006 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the Federal, state and local consequences of owning such Series June 2006 Bonds.

CONTINUING DISCLOSURE

The State will enter into a Continuing Disclosure Undertaking (**"Undertaking"**) for the benefit of the beneficial owners of the Series June 2006 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 June 2006 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 June 2006 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series June 2006 Bonds and their market price.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series June 2006 Bonds are subject to the approving opinion of Pugh, Jones, Johnson & Quandt P.C., Chicago, Illinois, Bond Counsel. The opinion of Bond Counsel will accompany the delivery of the Series June 2006 Bonds and be in substantially the form included in this Official Statement as Appendix B.

UNDERWRITING

Popular Securities as representative of the group of underwriters shown on the cover page hereof (the **"Underwriters"**), has agreed, subject to certain conditions, to purchase all and not less than all of the Series June 2006 Bonds at a price of $155,874,319. The State has been advised by the Underwriters that the Series June 2006 Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. Any obligations of the Underwriters are the sole obligations of the Underwriters and do not create any obligations on the part of any affiliate of the Underwriters, including any affiliated banks.

RATINGS

Insured Ratings

Moody's Investors Service, Inc. (**"Moody's"**) has assigned a rating of Aaa to the Insured Bonds, Standard & Poor's Ratings Services (**"S&P"**) has assigned a rating of AAA to the Insured Bonds and Fitch Ratings (**"Fitch"**) has assigned a rating of AAA to the Insured Bonds contingent on the issuance of the Insurance Policy. See "BOND INSURANCE" and "Appendix G – Specimen Municipal Bond Insurance Policy."

State Senior Lien Sales Tax Revenue Underlying Ratings

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of Aa3 to the Series June 2006 Bonds, Standard & Poor's Rating Services ("S&P") has assigned a rating of AAA to the Series June 2006 Bonds and Fitch Ratings ("Fitch") has assigned a rating of AA to the Series June 2006 Bonds.

Each of these ratings reflects the views of such organizations, and an explanation of the significance of such ratings may be obtained only from the respective rating agency. The ratings on the Series June 2006 Bonds were applied for by the State and certain information and materials, some of which are not contained herein, were supplied to Moody's, S&P and Fitch. The ratings are not a "market" rating, nor a recommendation to buy, sell or hold the Series June 2006 Bonds and the ratings and the Series June 2006 Bonds should be evaluated independently.

The ratings are subject to change or withdrawal at any time and any such change or withdrawal may affect the market price or marketability of the Bonds. The State will provide appropriate periodic credit information necessary for maintaining ratings on the Series June 2006 Bonds to the rating agencies. Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE" the State undertakes no responsibility 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.

LEGAL INVESTMENT

Under the Act, the Series June 2006 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 June 2006 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 June 2006 Bonds. The Financial Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series June 2006 Bonds.

AUTHORIZATION

In accordance with the Act and Indenture, the Series June 2006 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
John B. Filan -- Director of the Governor's Office of Management and Budget

CERTIFICATE OF THE DIRECTOR

The Director of the Governor's Office of Management and Budget will provide to the Underwriters at the time of delivery of the Series June 2006 Bonds a certificate confirming that, to the best of his knowledge and belief, the Official Statement was, as of its date, and is, as of the date of such delivery, true and correct in all material respects and did not and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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

/s/ JOHN B. FILAN
Director of the 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 third among the ten most populous states and thirteenth among all states. Illinois ranks third among all states in total cash receipts from crops, second in feed and grain exports 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 – MAY 2006
(Thousands)

Industry Employment Sector	Illinois	% of Total	U.S.	% of Total
Natural Resources and Mining	10	0.2%	669	0.5%
Construction	274	4.6%	7,510	5.6%
Information and Financial Activities	524	8.9%	11,372	8.4%
Manufacturing	681	11.5%	14,246	10.5%
Trade, Transportation and Utilities	1,188	20.1%	26,063	19.3%
Professional and Business Services	837	14.2%	17,233	12.8%
Education and Health Services	752	12.8%	17,756	13.1%
Leisure and Hospitality	523	8.9%	13,006	9.6%
Other Services	264	4.5%	5,397	4.0%
Government	844	14.3%	21,904	16.2%
Total	5,897	100.0%	135,159	100.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics, March 2006.
Note: 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 - 1999 THROUGH MAY 2006
(Thousands)

Employment Sector	2002	2003	2004	2005	2006
Total Non-Agricultural Employment	6,107	5,813	5,837	5,894	5,896
Natural Resources and Mining	10	9	9	9	10
Construction	277	270	265	285	274
Manufacturing	860	720	699	692	681
Non-Durable Goods	322	287	276	272	267
Durable Goods	538	433	423	420	414
Trade, Transportation and Utilities	1,296	1,184	1,201	1,191	1,188
Wholesale Trade	323	306	300	298	304
Retail Trade	691	622	641	632	625
Transportation and Utilities	282	256	260	261	259
Information and Financial Activities	557	525	519	521	524
Professional and Business Services	843	784	799	831	837
Education and Health Services	686	723	731	741	752
Leisure and Hospitality	488	497	509	522	523
Other Services	246	250	257	257	264
Government	844	857	838	844	844

Source: U.S. Department of Labor, Bureau of Labor Statistics, March 2006.

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 year 2004.

Table A-3
ILLINOIS CASH RECEIPTS FROM CROPS AND LIVESTOCK
($ in Millions)

	2000	2001	2002	2003	2004	2004 Rank
Crops	$5,312	$5,704	$5,924	$6,940	$7,769	2
Livestock	1,710	1,843	1,562	1,800	1,938	22
Total	$7,022	$7,547	$7,486	$8,740	$9,707	6

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

Table A-4
AGRICULTURAL EXPORTS
Federal Fiscal Year 2004
($ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	62,297.3	3,654.4	5.9%	3
Feed Grain and Products	8,104.4	1,340.2	16.5%	2
Soybeans and Products	9,034.7	1,397.8	15.5%	1

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

Contract Construction

Contracts for future construction in Illinois averaged $16.7 billion annually during the period 1994 through 2005 and totaled $23.1 billion in 2005. During the period 1994 through 2005, building permits issued for residential construction averaged 54,000 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**
1994	$12,008	49,290	$5,012
1995	11,726	47,467	4,844
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	20,976	59,753	9,551
2005	23,059	66,596	10,923

[1]Dodge Division, McGraw Hill Information System Co.
[2]U.S. Department of Commerce, 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 September 30, 2005, there were 714 commercial and savings banks in Illinois with total assets of $369 billion. Additionally, as of September 30, 2005, there were 55 OTS-regulated and FDIC-insured thrift institutions in Illinois with total assets of $32.1 billion.

ABN Amro (which also owns LaSalle National Bank Midwest) with $70 billion in assets, and Bank of Montreal (which also owns Harris Trust and Savings Bank) with $33 billion in assets are two foreign banking corporations that maintain their North American headquarters in Illinois. Additionally, The Northern Trust Company, a domestically owned banking corporation with $38 billion in assets, also maintains its North American headquarters in Illinois. Together, these banks have more than $280 billion in assets.

Source: Federal Deposit Insurance Corporation and Office of Thrift Supervision, February 2006.

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)

	1980	1990	2000	2001	2002	2003	2004	2005
Illinois	$127	$238	$400	$410.3	$416.0	$437.1	$411.3	$461.0
United States	2,314	4,886	8,442	8,703.0	8,900.0	9,380.5	9,705.5	10,251.6

Source: U.S. Department of Commerce, Bureau of Economic Analysis, December 2005.

Table A-7
PER CAPITA PERSONAL INCOME
($ in Billions)

	1990	2000	2001	2002	2003	2004	2005	Rank
Illinois	$20,824	$32,187	$32,782	$33,053	$33,205	$34,721	$36,120	13
United States	19,477	29,847	30,527	30,906	31,459	33,050	34,586	--
Ten Most Populs States:								
New Jersey	$17,421	$28,313	$28,943	$29,039	$40,002	$41,626	$43,771	1
New York	21,638	32,466	32,892	32,989	32,296	38,264	40,507	2
Illinois	**20,824**	**32,187**	**32,782**	**33,053**	**33,205**	**34,721**	**36,120**	**3**
California	24,572	38,372	39,077	39,461	33,403	35,219	35,612	4
Pennsylvania	18,922	29,533	29,499	29,816	31,706	33,312	34,897	5
Florida	19,867	29,697	30,318	31,116	29,972	31,469	33,219	6
Michigan	18,743	28,208	28,627	29,195	31,196	32,079	33,116	7
Ohio	19,564	28,511	29,247	29,758	29,953	31,161	32,478	8
Texas	23,523	34,900	35,626	35,805	29,076	30,732	32,462	9
Georgia	17,603	27,989	28,555	28,821	29.259	29,782	31,121	10
Great Lakes States:								
Illinois	**$20,824**	**$32,187**	**$32,782**	**$33,053**	**$33,205**	**$34,721**	**$36,120**	**1**
Michigan	18,743	28,208	28,627	29,195	31,196	32,079	33,116	3
Wisconsin	18,072	28,573	29,361	30,050	30,723	32,166	33,656	2
Ohio	19,564	28,511	29,247	29,758	29,953	31,161	32,478	4
Indiana	17,491	27,134	27,619	28,032	28,797	30,204	31,276	5
Average	18,939	28,923	29,527	30,018	30,775	32,066	33,329	

Source: U.S. Department of Commerce, Bureau of Economic Analysis, December 2005

Employment

According to the Illinois Department of Employment Security, the aggregate unemployment rate for the State of Illinois as of May 2006 is 5.1%.

Table A-8
NUMBER OF UNEMPLOYED

	2001	2002	2003	2004	2005	2006[1]
United States	8,281,000	8,691,000	8,399,000	8,047,000	7,375,000	7,123,000
Illinois	351,095	417,360	427,347	395,645	354,008	333,799
Bloomington-Normal MSA	2,142	2,522	2,663	3,273	3,513	2,934
Champaign-Urbana MSA	3,242	3,893	4,095	4,205	4,723	3,365
Chicago PMSA	260,733	317,890	317,930	288,838	278,645	251,545
Quad Cities Region[2]	8,873	10,217	10,647	10,505	9,672	10,283
Decatur MSA	3,846	4,570	4,183	3,773	3,271	3,253
Kankakee MSA	2,898	3,718	4,072	4,341	3,361	3,914
Peoria-Pekin MSA	11,000	10,209	10,670	9,870	9,068	9,667
Rockford MSA	11,024	13,398	14,742	12,605	10,675	11,503
Springfield MSA	4,028	4,892	5,570	5,779	5,170	5,728
St. Louis MSA, IL portion	17,713	19,660	21,154	21,888	19,320	22,008

Source: U.S. Department of Labor, Bureau of Labor Statistics, March 2006
[1] Most recently available number of unemployed as of May 2006
[2] Quad Cities Region includes the Illinois portions of Davenport, Moline and Rock Island MSA

Table A-9
UNEMPLOYMENT RATE (%)

	2001	2002	2003	2004	2005	2006[1]
United States	5.7	6.0	5.7	5.4	4.9	4.7
Illinois	6.0	6.7	6.6	6.0	5.5	5.1
Bloomington-Normal MSA	2.3	2.7	2.9	3.6	4.0	4.1
Champaign-Urbana MSA	2.8	3.4	3.6	3.8	4.0	4.0
Chicago PMSA	5.5	6.8	6.8	6.1	5.6	5.3
Quad Cities Region[2]	4.5	5.2	5.5	5.4	4.7	5.0
Decatur MSA	6.1	8.1	7.6	6.9	6.1	6.6
Kankakee MSA	5.6	7.2	7.9	8.3	6.3	7.4
Peoria-Pekin MSA	4.5	5.4	5.7	5.2	4.7	5.0
Rockford MSA	6.5	8.0	8.8	8.4	6.4	6.9
Springfield MSA	3.8	4.6	5.4	5.5	4.6	5.1
St. Louis MSA, IL portion	5.6	6.2	6.7	6.8	5.6	6.4

[1] Most recently available data as of March 2006
[2] Quad Cities region includes the Illinois portions of Davenport, Moline and Rock Island MSA

Population

Illinois is the nation's fifth most populous state. The population of the State of Illinois is estimated to be approximately 12.76 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 2002 and took office January 13, 2003.

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.

State Financial Information

The table that follows presents pertinent financial information about the State. Data are for the State's fiscal years which run from July 1 through June 30. Table A-11 provides historical revenue and spending data for the State's General Funds.

Table A-11
REVENUES AND EXPENDITURES[1] - GENERAL FUNDS[2]
FISCAL YEARS 2000-2005
($ in Millions)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Available Balance, Beginning	**$1,517**	**$1,126**	**$256**	**$317**	**$182**
CASH RECEIPTS:					
State Revenues					
Income Tax	9,032	8,274	8,079	8,208	9,151
Sales Tax	5,958	6,051	6,059	6,331	6,595
Public Utility Tax	1,146	1,104	1,006	1,079	1,056
Cigarette Tax	400	400	400	400	450
Inheritance Tax	361	329	237	222	310
Liquor Gallonage Tax	124	122	123	127	147
Insurance Tax & Fees	246	272	313	362	342
Corporate Franchise Tax	146	159	142	163	181
Investment Income	274	136	66	55	73
Intergovernmental Transfers	245	245	355	428	433
Other	441	550	383	607	652
Total, State Revenues	**18,373**	**17,642**	**17,163**	**17,982**	**19,390**
Federal Revenues					
Social Services	4,320	4,258	3,940	5,189	4,257
Transfers In					
From Other State Funds[3,4]	1,413	1,478	1,983	3,652	2,513
Cash Flow Transfer – Hospital Provider Fund[5]	–	–	–	–	3
Total Revenues and Transfers In	**24,106**	**23,378**	**23,086**	**26,823**	**26,163**
Short Term Borrowing – Proceeds	–	–	1,675	–	765
Total Cash Receipts[3]	**24,106**	**23,378**	**24,761**	**26,823**	**26,928**
CASH DISBURSEMENTS:					
Expenditures for Appropriations	**22,280**	**22,089**	**21,959**	**23,449**	**22,187**
Transfers Out					
Debt Service Funds[6]	468	557	624	584	852
Other State Funds[3]	1,748	1,602	1,407	1,935	2,806
Total Expenditures and Transfers Out	**24,497**	**24,248**	**23,990**	**25,968**	**25,845**
Short Term Borrowing – Repayments	–	–	710	990	768
Total Cash Disbursements[3]	**24,497**	**24,248**	**24,700**	**26,958**	**26,613**
Cash Balance, Ending	**$1,126**	**$256**	**$317**	**$182**	**$497**

[1] Based on information from the Office of the Comptroller.
[2] General Funds include the General Revenue Fund, Common School Fund, General Revenue-Common School Account Fund and the Education Assistance Fund.
[3] Excludes intra-year short term borrowing transfers to and from the Budget Stabilization Fund.
[4] Fiscal Year 2004 includes $1,498 million of Pension Bond Proceeds.
[5] Transfers In reflects the net amount between $982 million received and the $979 million transferred out to the Hospital Provider Fund.
[6] Reflects debt service on General Obligation Bonds.

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series June 2006 Bonds in definitive form, Pugh, Jones Johnson & Quandt P.C., Bond Counsel, proposes to render its approving opinion in substantially the following form:

[Date of Closing]

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

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $________ aggregate principal amount of Build Illinois Bonds (Sales Tax Revenue Bonds) Series of June 2006 (the "Bonds") of the State of Illinois (the "State"). The Bonds are direct and limited obligations of the State issued pursuant to the authority of Section 9 of Article IX of the Illinois Constitution of 1970 (the "Constitution") and the Build Illinois Bond Act, 30 Illinois Compiled Statutes 425/1 *et seq.*, as amended (the "Act"), and under and in accordance with a Master Trust Indenture Securing Build Illinois Bonds (Sales Tax Revenue Bonds) dated as of September 15, 1985 (the "Master Indenture"), as amended and supplemented to date, from the State to LaSalle Bank National Association, as successor trustee (the "Trustee"), and a Forty Second Supplemental Indenture dated as of June 1, 2006 (the "Forty Second Supplemental Indenture") from the State to the Trustee. The Master Indenture, as supplemented by the Forty Second 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 [Date of Delivery]. The Bonds mature on June 15 in each of the following years in the respective principal amount set opposite each such year in the following table, and the Bonds maturing in each such year bear interest from their date payable on December 15, 2006 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	Rate of Interest	Year	Principal Amount	Rate of Interest

The Bonds maturing on or after June 15, _____ 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, 2016 and on any date thereafter, at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the date of redemption.

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.

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

1. The State had and has the right and power under the Constitution and the Act to authorize the Bonds, to enter into the Indenture and to perform its obligations under the Indenture.

2. The Indenture is presently in full force and effect and is binding upon the State in accordance with its terms and is part of the contract of the State with the several owners of the Bonds.

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

4. The Act and the Indenture create a valid pledge constituting a first and prior claim against and charge on the Revenues and an irrevocable, first priority pledge of and lien on moneys on deposit in the Retirement and Interest Fund (as defined in the Indenture) and on the other moneys and securities held or set aside under the Indenture for the benefit and security of the Bonds and any other 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. Subject to the condition that the State comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under present law the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code, and interest on the Bonds is not includible in gross income of the owners thereof for Federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. Interest will be taken into account, however, in computing an adjustment used in determining the alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations. Failure by the State to comply with such covenants could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other Federal income tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering this opinion, we have relied upon a certificate of the State with respect to certain material facts solely within the State's knowledge relating to the property financed with the proceeds of the Bonds and the application of the proceeds of the Bonds. Interest on the Bonds is not exempt from present State of 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 generally now or hereafter in effect and (ii) is subject to principles of equity in the event that equitable remedies are sought, either in an action at law or in equity.

Respectfully submitted,

SAB/KBL/pp

APPENDIX C

CERTAIN DEFINITIONS

"Act" means "AN ACT to create the Build Illinois Bond Act and those acts 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.

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

"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 June 2006 Bonds" means a Series of Senior Bonds designated as Series June 2006 Bonds in the Forty-second 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.

"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.

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APPENDIX D

OUTSTANDING BONDS
BUILD ILLINOIS (SALES TAX REVENUE BONDS)
(As of June 15, 2006; excluding the Series June 2006 Bonds)

Bond Issue	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	38,697,167
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	22,710,447
Series P	100,000,000	June 16, 1992	71,215,000
Series Q[3]	416,890,000	September 23, 1992	125,470,000
Series R	100,000,000	March 16, 1993	0
Series S[4]	331,645,000	September 30, 1993	79,400,000
Series U	100,000,000	February 10, 1994	52,000,000
Series V	135,000,000	October 4, 1994	0
Series W	80,000,000	December 19, 1995	50,650,000
Series X	60,000,000	March 26, 1997	40,150,000
Series Y[5]	145,475,000	January 8, 1998	110,865,000
Series Z	60,000,000	February 9, 1999	44,780,000
Series May 2000	125,000,000	June 8, 2000	81,500,000
Series March 2001[6]	125,165,000	March 20, 2001	80,210,000
Series June 2001	125,000,000	June 12, 2001	104,500,000
Series September 2001[7]	110,450,000	October 2, 2001	103,890,000
Series April 2002	150,000,000	April 23, 2002	110,000,000
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	182,225,000
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	197,400,000
Series February 2005	75,000,000	February 17, 2005	71,875,000
Series June 2005	125,000,000	June 29, 2005	120,000,000
Series March 2006	65,000,000	March 30, 2006	65,000,000
Total			$2,169,562,614

[a] The Series T-1 Bonds were defeased on August 1, 1989.
[1] The Series C Bonds (Sales Tax Revenue Refunding Bonds) were issued to advance refund $78,755,000 principal amount of the Series A Bonds.
[2] The Series O Bonds (Sales Tax Revenue Bonds) were issued, in part, to advance refund $126,215,588 principal amount of the Series A, E, F, and H Bonds.
[3] The Series Q Bonds (Sales Tax Revenue Refunding Bonds) were issued to advance refund $365,125,135 principal amount of the Series A, B, D, F, G, I, J, K, M, N, and P Bonds.
[4] The Series S Bonds (Sales Tax Revenue Bonds) were issued, in part, to advance refund $224,885,000 principal amount of the Series C, D, F, I, J, K, M, N, and P Bonds.
[5] The Series Y Bonds (Sales Tax Revenue Bonds) were issued, in part, to advance refund $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 (Sales Tax Revenue Bonds) were issued to currently refund $96,105,000 principal amount of the Series O Bonds and advance refund $30,000,000 principal amount of Series V Bonds.
[7] The Series September 2001 Bonds (Sales Tax Revenue Bonds) were issued to advance refund $107,500,000 principal amount of the Series R, V and May 2000 Bonds.
[8] The Series May 2002 Bonds (Sales Tax Revenue Bonds) were issued to currently refund $50,790,000 principal amount of the Series Q Bonds.
[9] The Second Series May 2002 Bonds (Sales Tax Revenue Bonds) were issued to currently refund $97,165,000 principal amount of the Series Q Bonds.
[10] The Series December 2002 Bonds (Sales Tax Revenue Bonds) were issued to advance refund $54,445,000 principal amount of the Series R and Series S Bonds.
[11] The Series March 2003 Bonds (Sales Tax Revenue Bonds) were issued to currently refund $77,070,000 principal amount of the Series S Bonds.

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APPENDIX E

GLOBAL BOOK-ENTRY SYSTEM

The information under this caption concerning DTC and DTC's book-entry system is based solely on information provided by DTC. Accordingly, no representation is made by the State, the Bond Registrar or the Underwriters as to the completeness or accuracy of such information, or as to the absence of changes in such information subsequent to the date hereof.

The Depository Trust Company, New York, New York ("*DTC*"), will act as securities depository for the Series June 2006 Bonds. The Series June 2006 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 certificate will be issued for each maturity of the Series June 2006 Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Series June 2006 Bonds, as DTC's partnership nominee, reference herein to the Holders or registered owners of the Series June 2006 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series June 2006 Bonds.

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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and by Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, 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 and www.dtc.org.

Purchases of Series June 2006 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series June 2006 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series June 2006 Bonds ("**Beneficial Owner**") is in turn recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series June 2006 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series June 2006 Bonds, except in the event that use of the book-entry system for the Series June 2006 Bonds is discontinued.

To facilitate subsequent transfers, all Series June 2006 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. The deposit of Series June 2006 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series June 2006 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series June 2006 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 of the Series June 2006 Bonds will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series June 2006 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series June 2006 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Series June 2006 Bonds may wish to ascertain that the nominee holding the Series June 2006 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series June 2006 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 such other DTC nominee) will consent or vote with respect to the Series June 2006 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 June 2006 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series June 2006 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 June 2006 Bonds (the "**Bond Registrar**") on each 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 Direct and Indirect Participants and not of DTC (nor its nominee), the State or the Bond Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the 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 the Direct and the Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series June 2006 Bonds at any time by giving reasonable notice to the State and the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Series June 2006 Bond certificates are required to be printed and delivered.

The State may also decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series June 2006 Bond certificates are required to be printed and delivered to DTC.

The State and the Bond Registrar cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants, will distribute to the Beneficial Owners of the Series June 2006 Bonds (a) payments of principal of, premium, if any, or interest on the Series June 2006 Bonds, (b) confirmations of their ownership interests in the Series June 2006 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Series June 2006 Bonds, or that they will do so on a timely basis or that DTC, the Direct Participants or the Indirect Participants, will serve and act in the manner described in this Official Statement. The information in this section 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.

Neither the State nor the Bond Registrar will have any responsibility or obligations to the Direct Participants, Indirect Participants or the Beneficial Owners with respect to (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal amount of or redemption price or interest on the Series June 2006 Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner that is required or permitted to be given to Holders under the terms of the Trust Indenture; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series June 2006 Bonds; or (5) any consent given or other action taken by DTC as Holder.

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 270 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 June 2006 Bonds, are:

- principal and interest payment delinquencies on the Series June 2006 Bonds;
- occurrence of any default under and as defined in the Indenture (other than as described in (1) 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 June 2006 Bonds;
- amendments to the Indenture modifying the rights of the beneficial owners of the Series June 2006 Bonds;
- giving of a notice of optional or unscheduled redemption of any Bonds;
- defeasances of the Series June 2006 Bonds or any portion thereof;

- release, substitution or sale of property securing repayment of the Series June 2006 Bonds; and
- any change in any rating that relates to the Series June 2006 Bonds, the State, an obligated person, credit enhancer or liquidity provider for the Series June 2006 Bonds that could affect the value of the Series June 2006 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 June 2006 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 June 2006 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.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects, in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

____
President

Attest: ______________________________
Assistant Secretary

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