

State of Illinois



**SUMMARY OF:
RATING AGENCY PRESENTATION
MAY 2026**



** Preliminary, subject to change.*

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1. State of Illinois and Build Illinois Program Credit Highlights

Credit Strengths and Delivering on Fiscal Responsibility

Inherent Illinois Credit Strengths

- Sovereign State with significant revenue flexibility
- Large and diversified economy
 - Illinois' economy is the 5th largest in the United States and 20th largest worldwide¹
- Strong per capita personal income – ranking 3rd among the 10 most populous states
- Highly educated workforce

Key Strengths of Build Illinois Program

- Statutory provisions give priority to debt service over other State expenditures
- Strong security and repayment sources
- The Build Illinois Bond Act constitutes an irrevocable continuing appropriation for all debt service payments on BI Bonds
- Conservative debt portfolio – 100% fixed rate
- Fast payout rates – among only a handful of states statutorily requiring level principal
 - 72% of debt service paid off in 10 years and 1 month
 - 100% of debt service paid off in 19 years and 1 month
- Excellent historical BI debt service coverage – 30.0x in FY 2026
- Limiting Additional Bonds Tests requiring
 - 20x coverage of Maximum Annual Debt Service (“MADS”) for all Senior Bonds
 - 10.2x coverage of MADS for all Senior and Junior Bonds for the Junior Obligation Bonds
- MADS coverage post-issuance of the Series of June 2026 Bonds is projected to be 30.0x

Illinois Fiscal Progress 2019 to Today		
	2019	Today
BI Credit Ratings (M/S/F/K)	--/BBB/A-/AA+	--/A/A+/AA+
GO Credit Ratings (M/S/F/K)	Baa3/BBB-/BBB/-	A2/A-/A-/-
Rainy Day Fund	\$0.004 billion	\$2.245 billion
Pension Funded Ratio (AV)	40.3%	47.4%
Bills Outstanding	\$8 billion	Now Accounts Payable
Gross Domestic Product	\$881 billion	\$1.23 trillion

1. Based on information from the Bureau of Economic Analysis as of 2025Q4 and the IMF World Economic Outlook (April 2026) - GDP, current prices.

Strongest Fiscal Position in a Generation

Historic Fiscal Progress Resulting from a Multi-Pronged Focus on Fiscal Prudence

- **Seven consecutive timely balanced budgets**
- Five years of budget outperformance with surpluses dedicated to debt paydown and building of cash reserves
- Strategic debt reduction of over \$11 billion since FY 2022
- Historic investments in Budget Stabilization Fund (BSF), with permanent, dedicated revenue sources
- Bill backlog eliminated

Strong Fiscal Management Building Resiliency

- **Record BSF balance** expected to grow to nearly \$2.7 billion by the end of FY 2027
 - \$2.34 billion contributed from 2021 to 2025, the 8th largest increase in the nation¹
 - National ranking improved from 49th in 2021 to 18th in 2025¹
- Identified pursuant to Executive Order 2025-05 nearly \$500 million of additional reserves
- Established a \$100 million “BRIDGE Fund” reserve in FY 2026 Enacted Budget to cover emergencies and revenue shortfalls

Tackling Pension Commitments Continues To Be Key Priority

- Positive shift in pension beneficiaries’ population as active Tier 2 membership outnumbers active Tier 1
- **Supplemental pension contributions of \$700 million since FY 2022**
- Pension funded ratio increased by 7.1 percentage points from FY 2019 to FY 2025
- OPEB liability decreased by \$30.4 billion (56%) from FY 2019 to FY 2025²
- Pension acceleration program has reduced liabilities by an estimated \$2.9 billion, extension proposed through FY 2028
- FY 2027 budget proposal reaffirmed commitment to 100% statutory funded ratio and adjusting the pensionable earnings cap, building upon \$75 million set aside in FY 2026 enacted budget

State Tax Revenue Growth and Sound Fiscal Policy Is Driving A Stronger Balance Sheet

- FY 2021 – FY 2025 total budgetary basis surpluses exceeding \$9 billion
- FYE 2025 General Funds cash balance **accounts for 11.4%** of total General Funds revenue collections

Economy Benefiting from Strong Economic Development Team Programming

- Historic investments in infrastructure with \$45 billion in Rebuild IL Program and increased funding to education
- Continued investment in Site Readiness Illinois (SRI) funding
- Private and public investments in new, forward-looking technologies and evolving industries such as quantum computing

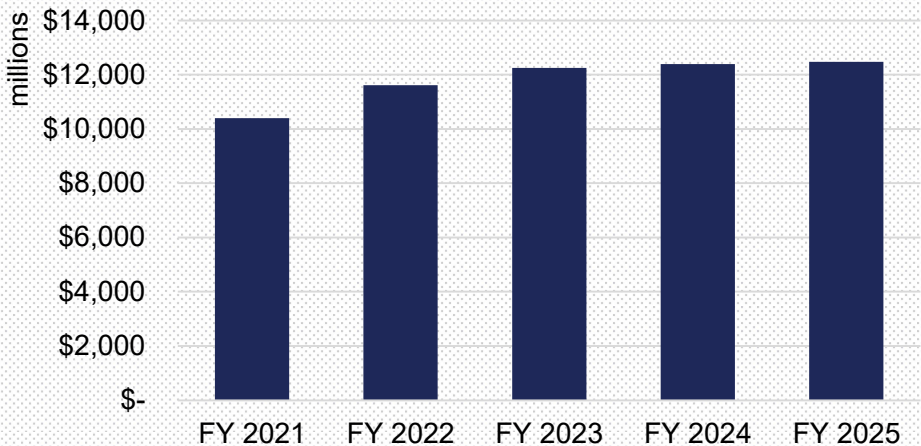
1. *State Reserves Recede From Record High as Fiscal Pressures Mount | The Pew Charitable Trusts.*

2. *Total OPEB Liability as reported in the Interim Illinois Annual Comprehensive Financial Report FY 2025 (unaudited).*

2. Strong Sales Tax Revenues

Strong Sales Tax Performance

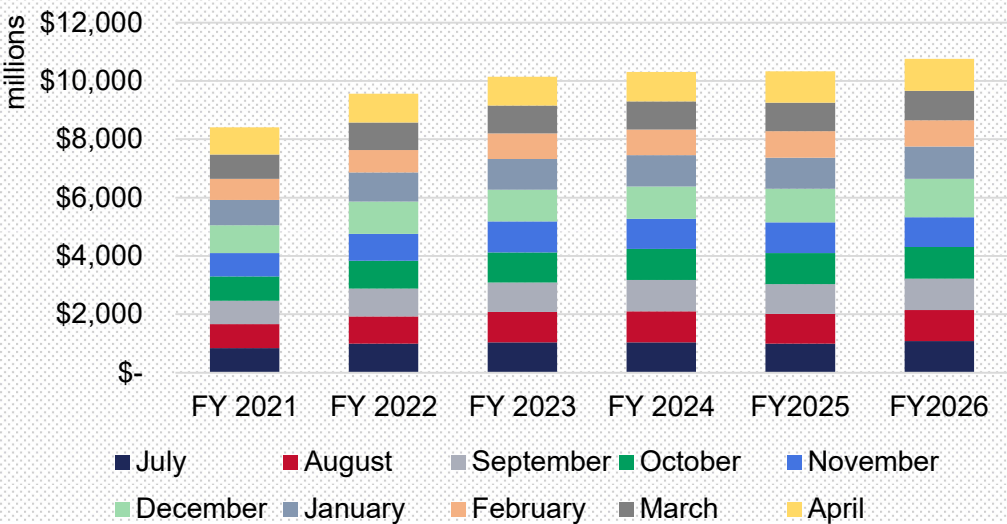
State Share of Sales Tax Revenue
FY 2021 - FY 2025



- Year-over-year increases in the State Share of Sales Taxes for the past 5 fiscal years bolstered by wage growth and a strong labor market
- State Share of Sales Tax has increased by \$2.07 billion, or 20%, between FY 2021 and FY 2025

- Through April, State Share of Sales Tax have grown by 4.14% in FY 2026 over FY 2025

Monthly Share of State Sales Tax Revenue
Through April for FYs 2021-FY 2026



Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget.

3. FY 2025 Rebuild Illinois Update

The Build Illinois Program Combines with GO Bonding and Paygo to Invest in Infrastructure Throughout the Life of the Rebuild Illinois Plan

- Since the passage of Rebuild Illinois in 2019, more than \$37 billion had been expended on capital projects as of December 31, 2025
- To build upon the success of Rebuild Illinois, the Governor's proposed FY 2027 budget includes \$3.2 billion in new bond authorization to continue enhancing Rebuild Illinois

Total Capital Expenditures Since the Passage of Rebuild Illinois by Category (FY20 through December 31, 2025)	
(\$ millions)	
Broadband Deployment	\$205
Economic and Community Development	\$2,013
Education	\$1,288
Environment / Conservation	\$4,082
Healthcare and Human Services	\$215
State Facilities	\$2,964
Transportation	\$26,575
Grand Total	\$37,342

- The new capital proposal includes the following new bond authorization requests:
 - \$100 million for the new Missing Middle Housing Infrastructure (M2I) Grant Program at DCEO;
 - \$150 million for missing middle and affordable housing programs at IHDA;
 - \$365 million for Prime Sites, site readiness, and public infrastructure grants at DCEO;
 - \$50 million to expand the Surplus to Success program at CMS;
 - \$100 million to rebuild the residential complex at the Illinois Math and Science Academy;
 - \$1 billion for state facilities deferred maintenance at CDB;
 - \$400 million for university and community college deferred maintenance at CDB;
 - \$50 million for a new area career centers initiative at DCEO;
 - \$101 million for additional priority projects at DCEO;
 - \$197 million for deferred maintenance and new construction at DMA;
 - \$110 million for continued ERP implementation and technology modernization initiatives at DoIT;
 - \$100 million for expansion of the water loan programs at IEPA; and
 - \$500 million for downstate road and bridge construction at IDOT

The Build Illinois Credit Helps Fund the Rebuild Illinois Plan

- As part of the Rebuild Illinois plan, in 2019 the Build Illinois Bond Fund authorization was increased by over \$3.21 billion:
 - \$1.1 billion for public infrastructure projects;
 - \$1.3 billion for economic development projects;
 - \$767 million for educational, scientific and technical programs and projects and;
 - \$47.7 million for protection, preservation, restoration and conservation of environmental and natural resources
- In 2023, the Build Illinois Bond Fund authorization was increased by \$535 million:
 - \$133.3 million for public infrastructure projects;
 - \$351.7 million for economic development projects, and;
 - \$50 million for educational, scientific and technical programs and projects
- In 2024, Build Illinois Bond Fund authorization was further increased by almost \$1.34 billion:
 - \$235 million for public infrastructure projects;
 - \$1.08 billion for economic development projects, adding projects fostering the advancement of quantum information science and technology, and;
 - \$24 million for educational, scientific and technical programs and projects
- In 2025, Build Illinois Bond Fund authorization was further increased by more than \$740 million:
 - \$132 million for public infrastructure projects;
 - \$546.5 million for economic development projects, projects fostering the advancement of quantum information science and technology, and;
 - \$61.7 million for educational, scientific and technical programs and projects

4. Overview of the Build Illinois Credit

Security Pledged to the Bonds

BONDS ARE SECURED BY A FIRST AND PRIORITY PLEDGE AND LIEN

- Pursuant to Section 12 of the Build Illinois Bond Act, the Bonds are secured by an irrevocable, first priority pledge of and lien on monies on deposit in the Build Illinois Bond Retirement and Interest (“BIBRI”) Fund, a separate fund in the State Treasury
- The State Share of Sales Tax Revenues constitutes a primary source of payment for debt service on the Bonds
 - The Sales Tax Acts currently impose Sales Taxes at a unified State and local rate of 6.25%, consisting of a 5.00% State rate portion (representing 80% of collections) and a 1.25% local rate portion (representing 20% of collections)
 - The 80% portion, or the 5.00% tax, is the State Share of Sales Tax Revenues¹ and is included in revenues subject to a first and prior claim and charge for payment of the Bonds

CONTINUING AND IRREVOCABLE ANNUAL APPROPRIATION

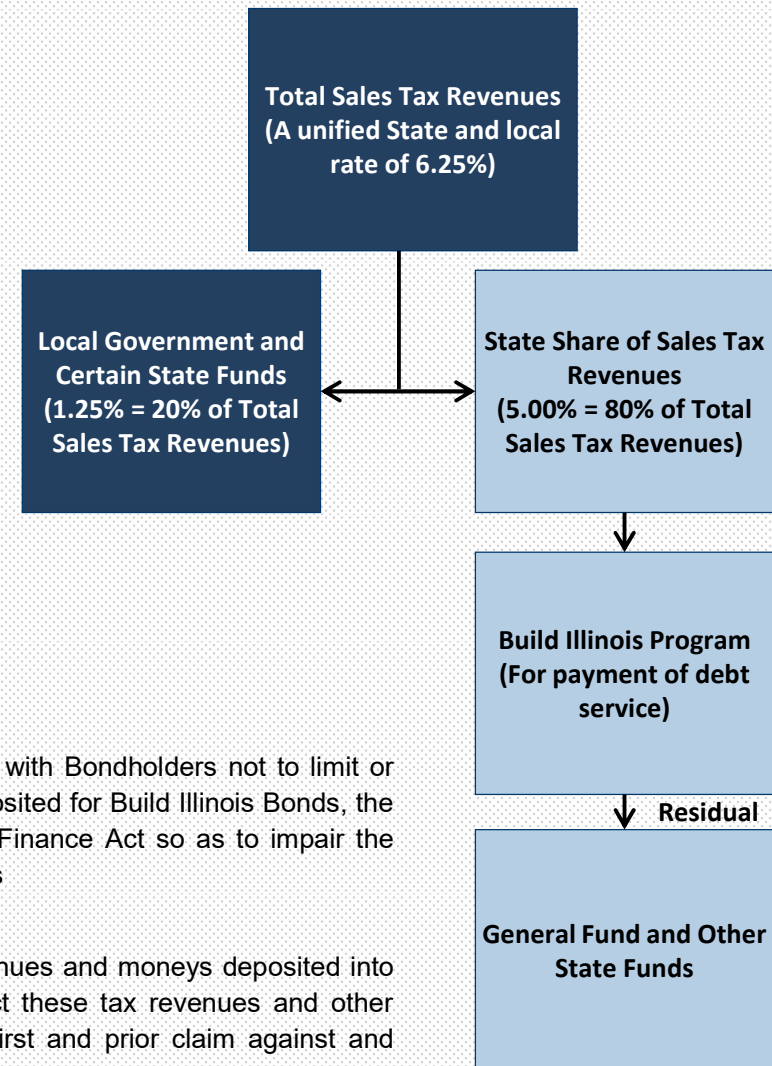
- Pursuant to the Act, the State is required to make an annual appropriation of an amount equal to the Required Bond Transfer (see next slide for details). The Act constitutes an irrevocable and continuing appropriation should the General Assembly fail to make an annual appropriation

STRONG NON-IMPAIRMENT COVENANTS

- Under Section 14 of the Act and the Indenture, the State irrevocably covenants with Bondholders not to limit or alter the basis on which taxes and revenues are required to be collected and deposited for Build Illinois Bonds, the purposes of BIBRI or the provisions of certain sections of the Act or the State Finance Act so as to impair the obligations of the contract incurred by the State in favor of the holders of the Bonds

TRANSFERS CONSTITUTE A FIRST AND PRIOR CLAIM

- Transfers to the BIBRI Fund are funded from the State Share of Sales Tax Revenues and moneys deposited into the Capital Projects Fund. Pursuant to Section 12 of the Build Illinois Bond Act these tax revenues and other moneys are pledged to make such transfers with “such pledge constituting a first and prior claim against and charge on such tax revenues and other moneys.”



1. Excluding the 6.25% incremental portion of the Sales Taxes from the sale of candy, grooming and hygiene products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009, rate of 1.00%, which incremental portion is deposited into the Capital Projects Fund for the payment of Bonds including the June 2026 Bonds issued pursuant to the Capital Projects Fund Legislation. Also excluded are receipts from sales of sorbents, which are deposited into the Clean Air Act Permit Fund, and \$6 million which is deposited annually into the State Crime Laboratory Fund.

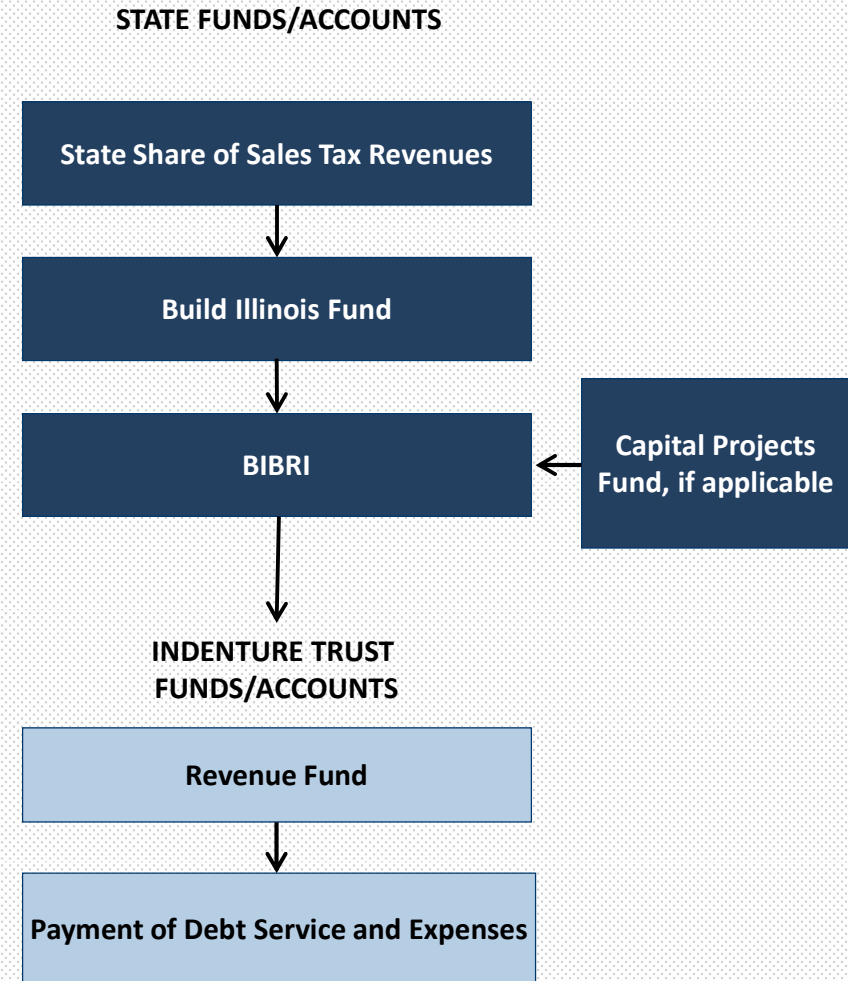
Build Illinois Flow of Funds

REQUIRED BOND TRANSFER AMOUNT

- Each month, funds are transferred from the Build Illinois Fund to BIBRI in an amount equal to the **greater of** 1/12 of 150% of the Certified Annual Debt Service Requirement or the Tax Act Amount (which is equal to 3.8% of the State Share of Sales Tax Revenues), provided that such transfers from the Build Illinois Fund for any fiscal year shall not exceed the greater of the Certified Annual Debt Service Requirement or the Tax Act Amount
 - Transferring 1/12 of 150% effectively requires transferring at least 1/8 of 100% of the Transfer Amount each month such that **the required amount is deposited during the first eight months of each Fiscal Year**
 - Since 2008, the Tax Act Amount has been the greater of the two transfer amounts
- For payment of Bonds issued pursuant to PA 96-36, 96-1554, 98-94, and 103-591, transfers to BIBRI come from the Capital Projects Fund before money is transferred from the Build Illinois Bond Account

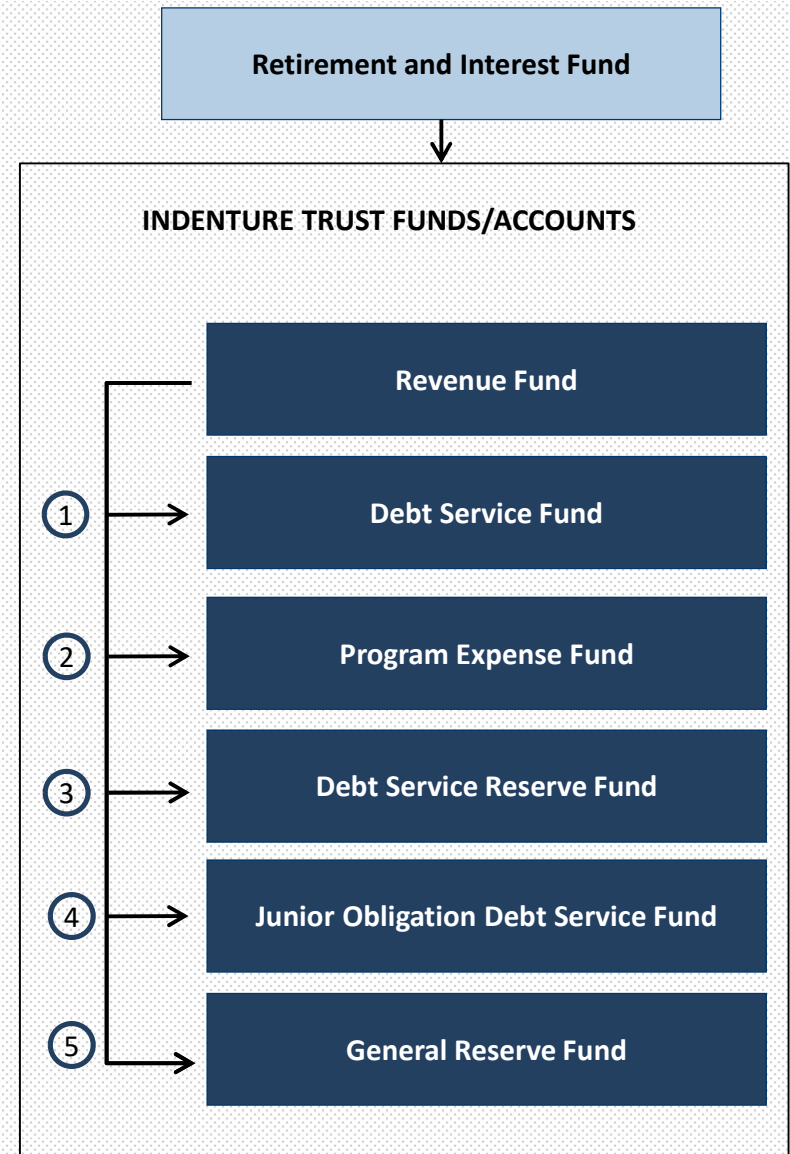
REQUIRED BOND TRANSFER MECHANISM

- The Treasurer and the Comptroller are required on the last day of the month to make the monthly transfer of the Required Bond Transfer Amount in the BIBRI Fund to the Trustee for deposit in the Revenue Fund
- On the first day of each month, amounts held in the Revenue Fund are then applied by the Trustee as per the Indenture flow of funds



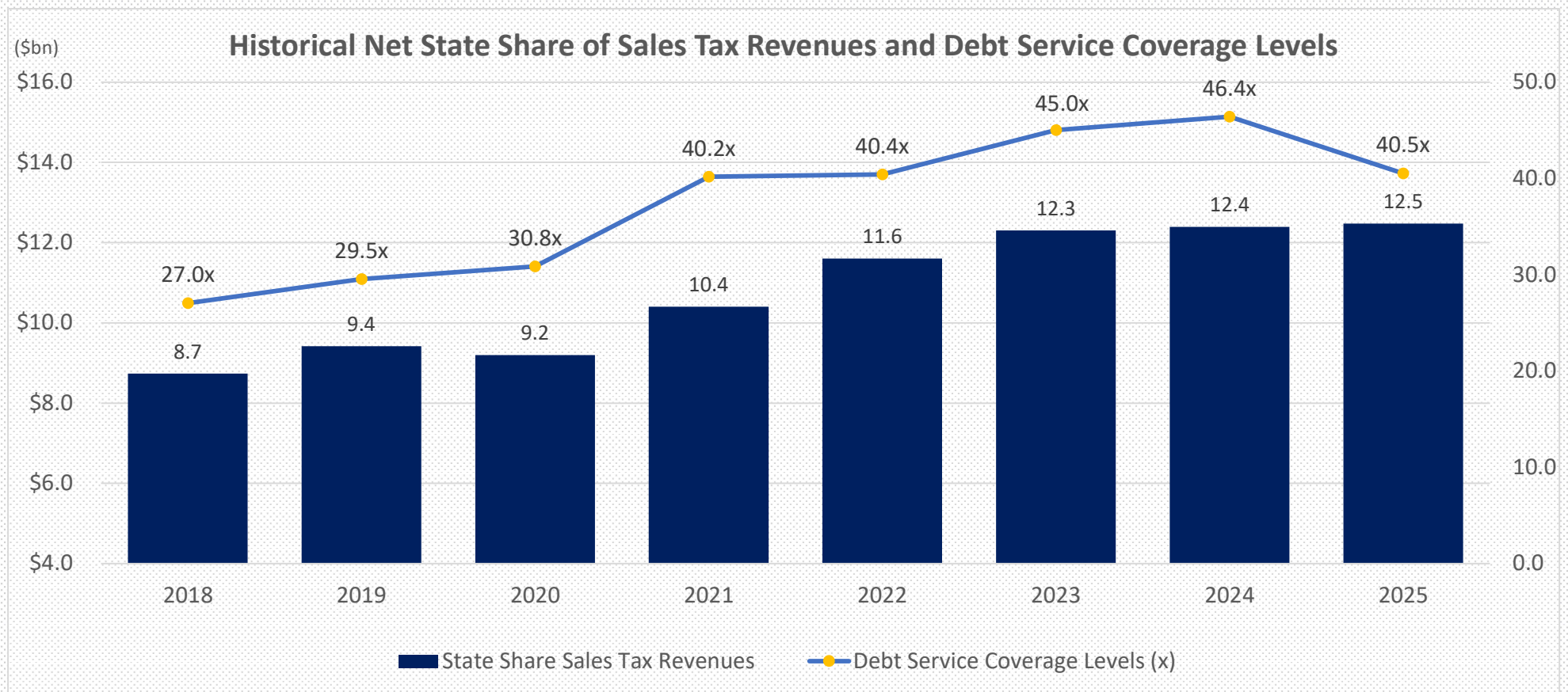
Build Illinois Indenture Flow of Funds

- The Indenture requires that the Trustee apply funds in the Revenue Fund in the following order:
 1. Monthly requirement for debt service on the Senior Bonds
 2. Required amount, if any, for Program Expenses
 - \$50,400 in Program Expenses were spent in FY 2025
 - \$51,300 in Program Expenses expected in FY 2026
 3. Amount needed, if any, to replenish the Debt Service Reserve Fund for the benefit of Senior Bonds
 - The Debt Service Reserve Fund is fully funded and has never been drawn upon in the history of the Build Illinois program
 4. Monthly requirement for debt service on the Junior Obligations
 5. Remaining balance is applied to the General Reserve Fund; funds in the General Reserve Fund can, upon written request and subject to certain restrictions, be released to the State for its general purposes between June 15-30 of each year
- The Junior Obligations are secured by amounts on deposit in the Junior Obligation Debt Service Fund and the General Reserve Fund



Strong Sales Tax and Debt Service Coverage Performance

- Debt Service coverage has risen from 27.0x to over 40.0x over the past 8 years



Debt Service Coverage has increased by 9.7x since FY 2020

Note: Debt service coverage ratio is based on historical cash flows, not the additional bonds formula.

Limitation on Usage of BI Bond Proceeds

Permitted Uses

- The Build Illinois program, established by an Act (the “Act”) of the Illinois General Assembly in 1985, expands the State’s overall efforts in economic development by funding projects within the following categories;
 - Construction, reconstruction, modernization and extension of the State’s infrastructure
 - Fostering economic development, increased employment, and well-being of the citizens of Illinois
 - Development and improvement of educational, scientific, technical, and vocational programs and facilities
 - Expansion of health and human services
 - Protection, preservation, restoration and conservation of the State’s environmental natural resources

Build Illinois Bond Authorization

Purpose of Bonds	Amount Authorized ¹	Amount Issued	Authorized Unissued
Public Infrastructure and Transportation	\$4,873,094,533	\$3,419,391,557	\$1,453,702,977
Economic Development	4,101,136,967	1,801,302,181	2,404,515,521
Education	2,846,776,600	2,662,147,561	576,033,131
Environmental Protection	277,873,000	223,996,893	53,876,107
Total	\$12,098,881,100	\$8,106,838,191	\$3,992,042,909

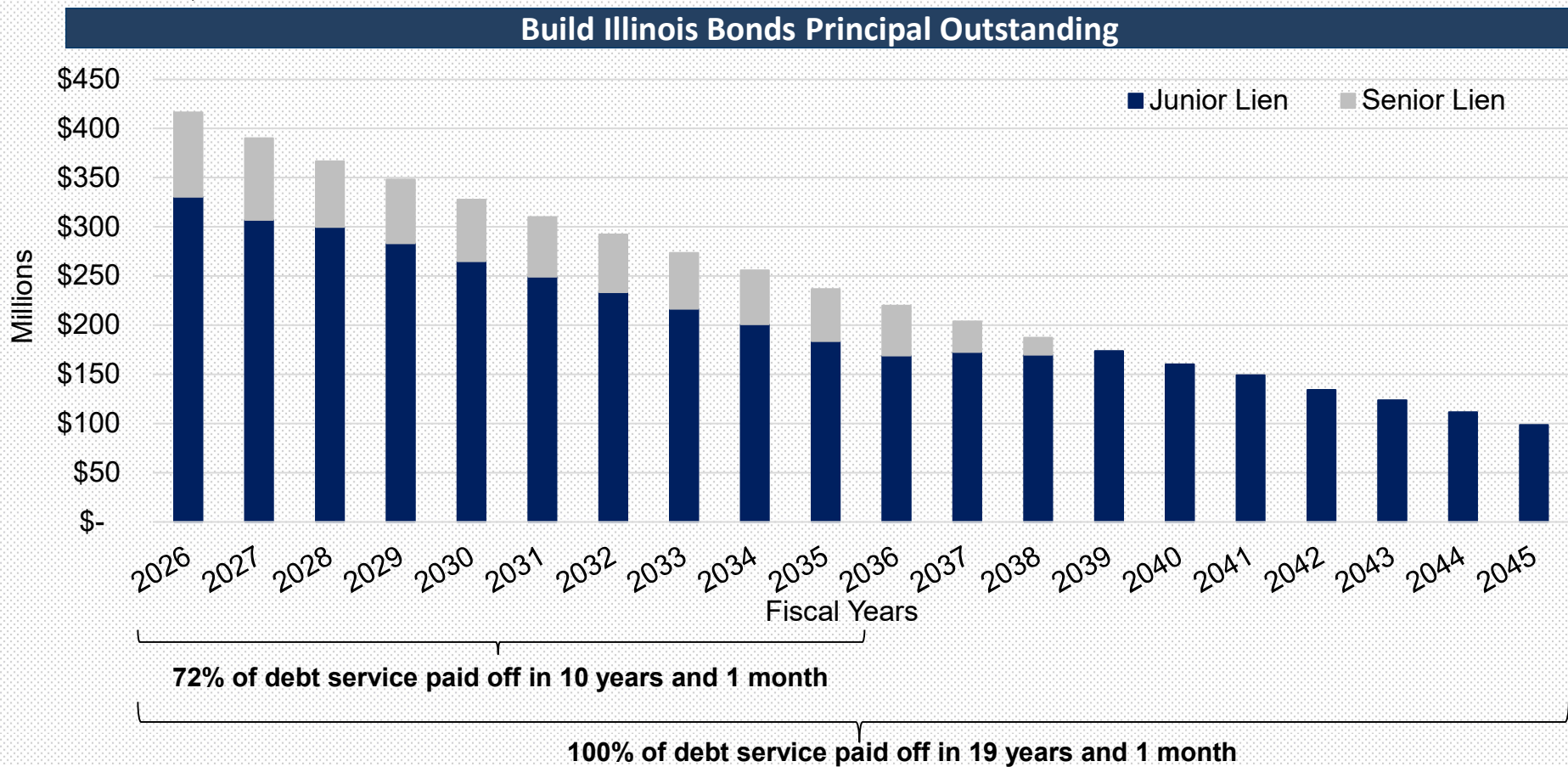
1. As authorized under the Build Illinois Bond Act, 30 ILCS 425/1 et seq., for the avoidance of doubt this table includes bonds issued pursuant to CPF authorization and BIBA authorization.

Source: Governor’s Office of Management and Budget

Note: Totals may not sum due to rounding

Conservative Debt Portfolio

- Pursuant to the Act, the Build Illinois program is currently authorized to issue up to \$12.10 billion of Bonds, exclusive of Refunding Bonds
- The State has issued \$8.11 billion of Bonds since the Build Illinois program was initiated. \$3.39 billion in principal is currently outstanding, consisting of:
 - \$0.59 billion Senior Lien Bonds
 - \$2.80 billion Junior Lien Bonds



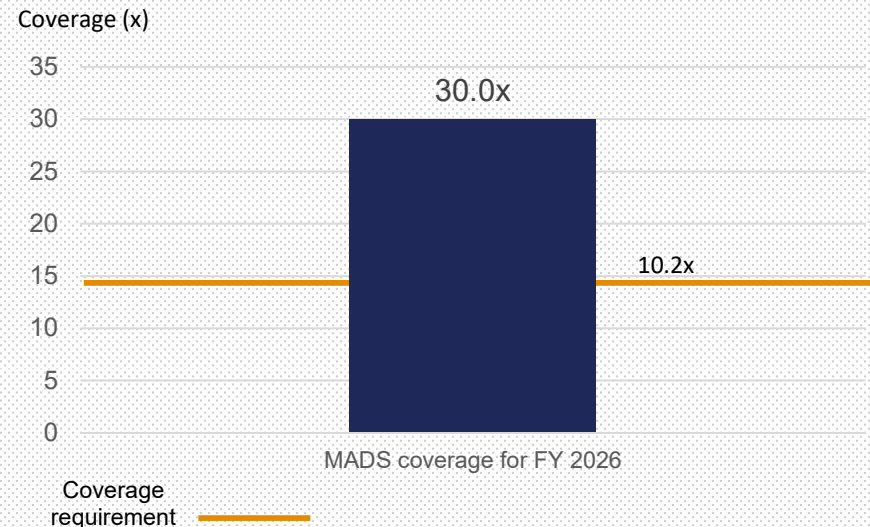
Build Illinois Additional Bonds Test and Debt Service Coverage Levels

- To issue additional Senior Bonds, the State must demonstrate that:
 - The maximum Net Debt Service Requirement for **all Senior Bonds**, post issuance of the new debt, will not exceed 5% of the State Share of Sales Tax Revenues (i.e., 20x coverage), and that the Debt Service Reserve Fund will be fully funded within 24 months
- To issue additional Junior Obligation Bonds, the State must demonstrate that:
 - The maximum Net Debt Service Requirement for **all Senior Bonds and the Junior Annual Debt Service**, post issuance of the new debt, will not exceed 9.8% of the State Share of Sales Tax Revenues (i.e., 10.2x coverage)

Debt Service Coverage Ratio

- Current MADS Coverage for all outstanding Senior Bonds: **145.1x vs. 20.0x requirement**
- Current MADS Coverage for all outstanding Bonds (both Senior Bonds and Junior Obligations): **30.0x vs. 10.2x requirement**

Current MADS Coverage for all outstanding Bonds ¹



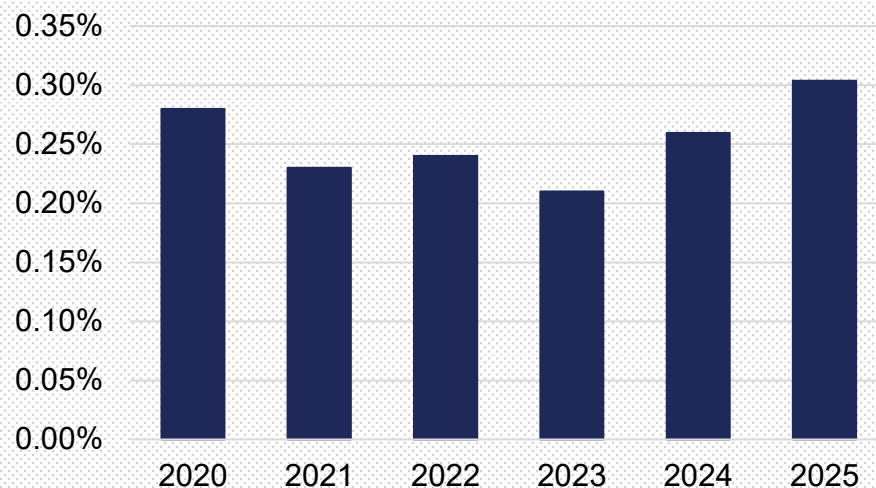
1. Estimated coverage based upon FY 2025 State Share of Sales Tax Revenues of \$12.471 billion.
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget.

Illinois' Debt Burden Measures

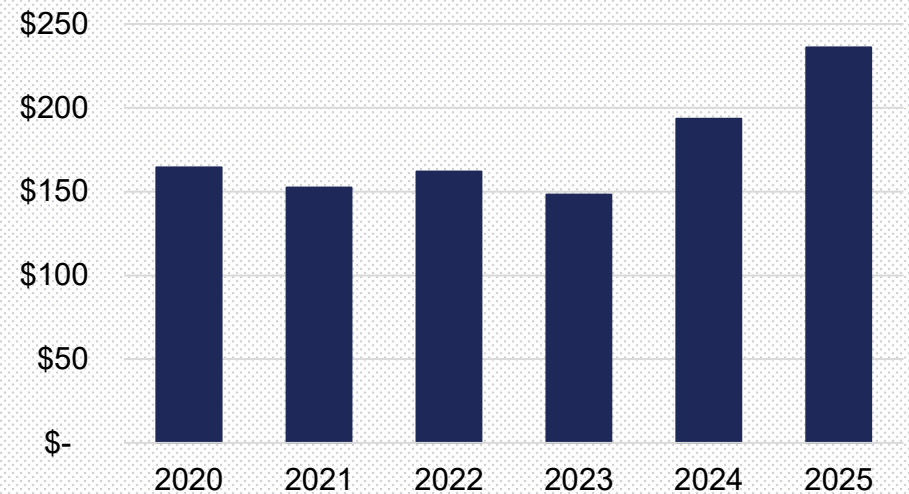
Annual Debt Service for BI as a Percentage of Appropriations ¹						
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Appropriations (in millions)	\$47,324	\$49,904	\$53,625	\$57,736	\$61,955	\$66,059
BI Debt Service as a Percentage of Appropriations	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%

¹Appropriations include the Road Fund and the General Funds. The General Funds include the General Revenue Fund, the Education Assistance Fund, the Common School Fund, the General Revenue-Common School Special Account Fund, the Fund for the Advancement of Education, the Commitment to Human Services Fund and the Budget Stabilization Fund. Appropriations in this table have been restated to include all the funds currently included in the definition of General Funds.

BI Principal Outstanding as Percentage of Total State Personal Income



BI Principal Outstanding per Capita



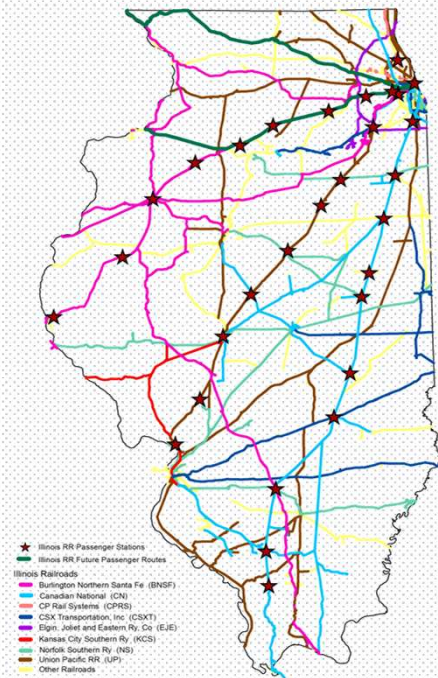
Source: [Bureau of Economic Analysis](#) (accessed 5/12/2026) and Governor's Office of Management and Budget.

Appendix A. Illinois' Strong and Diverse Economy

Illinois' Strong Economic Foundation

Expansive Transportation and Logistics Network

- State is home to the 4th and 31st busiest U.S. airports - O'Hare and Midway¹
- All of the nation's Class I transcontinental railroads operate within the State²



Highly Educated Population

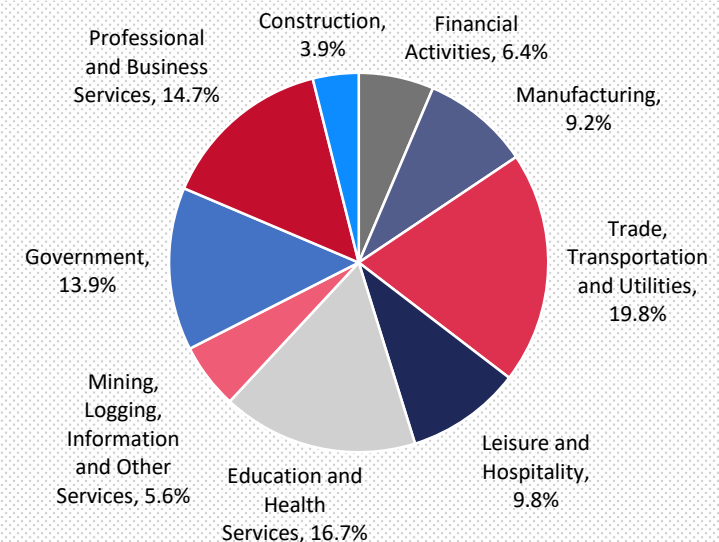
- Illinois is home to top ranked universities, bringing talented and educated individuals to the State
- As of 2024, 39.2% of Illinois residents have college degrees³, compared to the U.S. at 34.1%⁴



Deep and Diverse Economy

- Illinois is well-positioned for long-term stability through economic cycles
- State's deep and diversified economy is a major attraction for workers and recent graduates across the nation
- Illinois is home to 32 Fortune 500 companies⁵

Non- Agricultural payroll jobs by industry for calendar year 2025⁶:



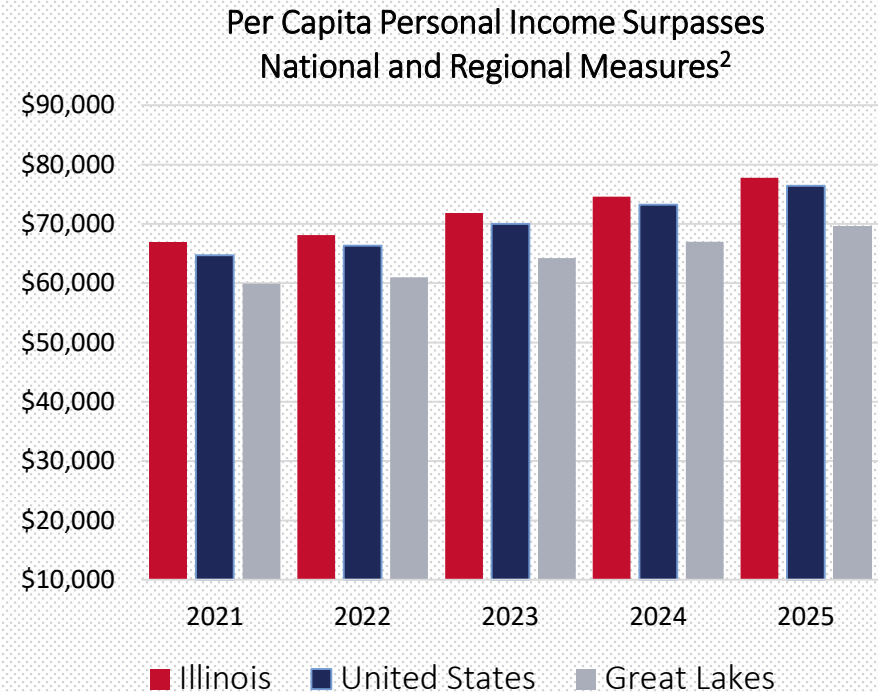
1. FAA, Commercial Service (Rank Order) based on Calendar Year 2024 as of September 15, 2024. 2. IDOT, <https://idot.illinois.gov/travel-and-maps/public-transportation.html>

3. Based on 2024 data from the FRED, 2024, Educational Attainment, Annual: Bachelor's Degree or Higher by State | FRED | St. Louis Fed ([stlouisfed.org](https://fred.stlouisfed.org)), those with a bachelor's degree or higher as a share of population 18 years or older. 4. Based on 2024 data from U.S. Census Bureau <https://data.census.gov/table/ACSST1Y2024.S1501> 5. Fortune 500 rankings for 2025

<https://fortune.com/ranking/fortune500/2023/search/?hqstate=IL> 6. Bureau of Labor Statistics, as of April 2026 <https://www.bls.gov/regions/midwest/illinois.htm#eq>.

Population and Per Capita Income Demonstrates the State's Resiliency

- Illinois' population of 12,812,508 makes it the 6th most populous state¹
- Illinois' per capita income is ranked 1st among the Great Lakes region and 3rd among the 10 most populous states²
- Illinois' seasonally adjusted unemployment rate was 5.1% in March 2026 compared to 18% in April 2020³
 - Illinois' non-seasonally adjusted unemployment rate was at 4.6% in 2025⁴
- Illinois' GDP grew 39.6% since pre-pandemic levels of January 2020 (\$880.9 billion), with State GDP reaching \$1.23 trillion by 4th Quarter 2025², ranking **fifth** among U.S. states and exceeds GDP many sovereign nations including Switzerland and Poland



¹ State of Illinois's population base estimate of 12,710,158 as of May 2026; Source: U.S. Census Bureau. "ACS Demographic and Housing Estimates." American Community Survey, ACS 1-Year Estimates Data Profiles, Table DP05, <https://data.census.gov/table/ACSDP1Y2024.DP05?q=illinois>. Accessed on 11 May 2026.

² Bureau of Economic Analysis retrieved May 11, 2026. The Great Lakes region includes Illinois, Indiana, Michigan, Ohio and Wisconsin.

³ St Louis Federal Reserve, Source: BEA; <https://fred.stlouisfed.org/series/UNRATE> ; <https://fred.stlouisfed.org/series/ILURN>

⁴ Unemployment Rate in Illinois | FRED | St. Louis Fed

⁵ World Economic Outlook (April 2026) - GDP, current prices