

RATINGS:

Moody's: ___

S&P: ___

(See "RATINGS" herein)

ONE NEW ISSUE – BOOK-ENTRY ONLY

In the opinion of Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2013C Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code (as hereinafter defined), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2013C Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2013C Bonds is exempt from income taxation in the State of Mississippi. See "TAX MATTERS" herein and "APPENDIX E - FORM OF BOND COUNSEL OPINION".

\$ _____ *

**MISSISSIPPI DEVELOPMENT BANK
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2013C
(MADISON COUNTY, MISSISSIPPI HIGHWAY REFUNDING PROJECT)**

Dated: Date of Delivery

Due: As Shown on the Inside Front Cover

This Official Statement has been prepared to provide information relating to the issuance by the Mississippi Development Bank (the "Bank") of its \$ _____* Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Refunding Project) to be dated the date of delivery thereof (the "Series 2013C Bonds"). Hancock Bank, Gulfport Mississippi, will serve as the trustee (the "Trustee") for the Series 2013C Bonds pursuant to an Indenture of Trust, dated the date of delivery of the Series 2013C Bonds (the "Indenture"), between the Bank and the Trustee.

The Series 2013C Bonds will be dated the date of delivery thereof, and will bear interest from that date to the dates of their respective maturities in the amounts and at the rates set forth on the inside cover of this Official Statement. The Series 2013C Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2013C Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2013C Bonds will not receive physical delivery of certificates representing their interests in the Series 2013C Bonds. Interest on the Series 2013C Bonds is payable semiannually on January 1 and July 1 of each year, commencing _____ 1, 20___. So long as DTC or its nominee is the registered owner of the Series 2013C Bonds, interest, together with the principal of and redemption premium, if any, on the Series 2013C Bonds will be paid directly to DTC by the Trustee, all as defined and more fully described under the caption "DESCRIPTION OF THE SERIES 2013C BONDS - Book-Entry-Only System."

The Series 2013C Bonds are issued by the Bank for the principal purpose of providing a loan to Madison County, Mississippi (the "Borrower") to finance the Refunding Project (as hereinafter defined), and paying costs of issuance of the Series 2013C Bonds (collectively, the "Project"), all as more fully described in this Official Statement under the caption "DESCRIPTION OF THE REFUNDING PROJECT."

[The Series 2013C Bonds are subject to optional redemption, extraordinary mandatory redemption and mandatory sinking fund redemption prior to maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2013C BONDS – Redemption of the Series 2013C Bonds."]

The Series 2013C Bonds are payable solely out of the revenues and funds of the Bank pledged therefor under the Indenture, as more fully described herein, which revenues include Project Revenues (as hereinafter defined) received by the Borrower from the Mississippi Transportation Commission (the "Commission") on behalf of the Mississippi Department of Transportation ("MDOT") pursuant to a Cooperative Agreement between the Borrower and the Commission, as amended and restated (the "Cooperative Agreement"), which Project Revenues are assigned by the Borrower to the Trustee pursuant to an Assignment Agreement (as hereinafter defined). Pursuant to a Memorandum of Understanding (as hereinafter defined) between the Commission and the Federal Highway Administration ("FHWA"), the Commission expects to be reimbursed for a portion of the amounts the Commission has agreed to pay the Borrower under and pursuant to the Cooperative Agreement. Project Revenues are subject to annual appropriation by the Mississippi Legislature and the Congress of the United States of America. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS – The Memorandum of Understanding", "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION - Federal Aid Highway Program" and "APPENDIX G – THE COOPERATIVE AGREEMENT."

NO DEBT SERVICE RESERVE FUND IS BEING ESTABLISHED FOR THE SERIES 2013C BONDS.

THE SERIES 2013C BONDS ARE ISSUED ON A PARITY WITH THE UNREFUNDED SERIES 2006 BONDS (AS HEREINAFTER DEFINED) AND ANY ADDITIONAL BONDS (AS HEREINAFTER DEFINED), IF ANY, AS TO PROJECT REVENUES AND THE INTERCEPT MONEYS (AS HEREINAFTER DEFINED).

The Series 2013C Bonds do not constitute a debt, liability or loan of the credit of the State of Mississippi (the "State") or any political subdivision thereof under the Constitution and laws of the State, or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including the Borrower. The sources of payment of, and security for, the Series 2013C Bonds are more fully described herein. The Bank has no taxing power.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PROSPECTIVE INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2013C Bonds are offered subject to the final approval of the legality thereof by Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Bank by its counsel, Balch & Bingham LLP, Jackson, Mississippi, for the Borrower by its counsel, Mike Espy PLLC, Jackson, Mississippi, for MDOT and the Commission by the Special Assistant Attorney General of Mississippi assigned to MDOT, and for the Original Purchaser (as hereinafter defined) by Baker Donelson Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi, and Adams and Reese LLP, Ridgeland, Mississippi. Government Consultants, Inc., Jackson, Mississippi, will serve as the Financial Advisor to the Bank in connection with the sale and issuance of the Series 2013C Bonds. The Series 2013C Bonds are expected to be available in definitive form for delivery on or about May __, 2013.

MORGAN STANLEY

BofA MERRILL LYNCH

RAYMOND JAMES

DUNCAN-WILLIAMS INC

Date: March __, 2013.

* Preliminary, subject to change.

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

\$ _____ *

**MISSISSIPPI DEVELOPMENT BANK
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2013C
(MADISON COUNTY, MISSISSIPPI HIGHWAY REFUNDING BONDS PROJECT)**

SERIAL BONDS

Maturity* (January 1)	Principal* Amount	Interest Rate	Yield	Price	CUSIP¹
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* Preliminary, subject to change.

¹ The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Series 2013C Bonds only. The Bank and the Original Purchaser do not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Series 2013C Bonds as a result of various subsequent actions, including but not limited to a refunding in whole or in part of the Series 2013C Bonds.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFERING OF ANY SECURITY OTHER THAN THE ORIGINAL OFFERING OF THE SERIES 2013C BONDS IDENTIFIED ON THE COVER HEREOF. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THAT CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2013C BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSION OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY OF THE SERIES 2013C BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

INFORMATION HEREIN HAS BEEN OBTAINED FROM THE BANK, THE BORROWER, DTC, THE STATE, THE COMMISSION, MDOT AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE ORIGINAL PURCHASER.

UPON ISSUANCE, THE SERIES 2013C BONDS WILL NOT BE REGISTERED BY THE BANK UNDER 15 U.S.C. SECTION 77A *ET SEQ.* (THE "SECURITIES ACT OF 1933"), AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BANK (TO THE EXTENT DESCRIBED HEREIN), WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2013C BONDS FOR SALE.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE BANK AND THE ORIGINAL PURCHASER OR HOLDERS OF THE SERIES 2013C BONDS. ALL ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN ARE BELIEVED TO BE REASONABLE, BUT NO REPRESENTATION IS MADE THAT SUCH ESTIMATES OR ASSUMPTIONS ARE CORRECT OR WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE ORIGINAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013C BONDS AT A LEVEL ABOVE THAT MIGHT WHICH OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON EXPECTATIONS AND ASSUMPTIONS WHICH EXISTED AT THE TIME SUCH FORECASTS, PROJECTIONS AND ESTIMATES WERE PREPARED. IN LIGHT OF THE IMPORTANT FACTORS THAT MAY MATERIALLY AFFECT ECONOMIC CONDITIONS OF THE STATE, THE UNITED STATES OF AMERICA, FHWA, THE COMMISSION, MDOT AND THE BORROWER, THE INCLUSION IN THIS OFFICIAL STATEMENT OF SUCH FORECASTS, PROJECTIONS AND ESTIMATES SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE BANK, THE BORROWER, THE COMMISSION, MDOT OR THE ORIGINAL PURCHASER THAT SUCH FORECASTS, PROJECTIONS AND ESTIMATES WILL OCCUR. SUCH FORECASTS, PROJECTIONS AND ESTIMATES ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS.

IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS "EXPECTS," "FORECASTS," "PROJECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM

THOSE PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE BANK, THE BORROWER, THE COMMISSION AND MDOT. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE BANK DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE BANK'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

THE ORIGINAL PURCHASER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE ORIGINAL PURCHASER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITY TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE ORIGINAL PURCHASER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
The Bank.....	1
Sources of Payment and Security for the Series 2013C Bonds.....	1
Purpose of the Series 2013C Bonds.....	2
Authority for Issuance.....	3
Description of the Series 2013C Bonds.....	3
Tax Exemption.....	4
Professionals Involved in the Offering.....	4
Offering and Delivery of the Series 2013C Bonds.....	4
Risks to the Owners of the Series 2013C Bonds.....	4
Other Information.....	5
Format of the Official Statement.....	6
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS.....	6
General.....	6
The Loan Agreement and the Series 2013C Note.....	7
Provisions for Payment of the Series 2013C Note Payments.....	7
Additional Bonds.....	8
Other Obligations Payable from Revenues.....	9
Highway Project.....	9
The Cooperative Agreement.....	9
The FHWA Memorandum of Understanding.....	10
The Intercept Agreement.....	11
DESCRIPTION OF THE REFUNDING PROJECT.....	12
RISKS TO THE OWNERS OF THE SERIES 2013C BONDS.....	12
General.....	12
Series 2013C Note Payments.....	13
Tax Covenants.....	13
Ratings.....	14
Remedies; Litigation; Bankruptcy.....	14
Limitation on Enforceability of Security Interest.....	15
Prior Debt Service Reserve Funds.....	15

DESCRIPTION OF THE SERIES 2013C BONDS.....	15
General Description	15
Book-Entry-Only System.....	16
Redemption of the Series 2013C Bonds.....	18
SERIES 2013A BONDS AND SERIES 2013B BONDS	19
APPLICATION OF THE PROCEEDS OF THE SERIES 2013C BONDS.....	19
COVENANT LIMITING ISSUANCE OF BONDS UNDER THE MTC ACT	20
BONDS ISSUED UNDER THE MTC ACT.....	20
THE MISSISSIPPI DEVELOPMENT BANK	22
General	22
Organization and Membership of the Bank.....	23
Prior Bonds of Bank	23
Operation of the Bank	24
REVENUES, FUNDS AND ACCOUNTS UNDER THE INDENTURE.....	24
Creation of Funds and Accounts.....	24
Deposit of Net Proceeds of the Series 2013C Bonds, Revenues and Other Receipts	24
OPERATION OF FUNDS AND ACCOUNTS UNDER THE INDENTURE	24
General Fund	24
Rebate Fund	25
Amounts Remaining in Funds.....	26
Investment of Funds.....	26
DISCHARGE OF INDENTURE.....	26
DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS UNDER THE INDENTURE	28
Defaults; Events of Default	28
Remedies: Rights of Bondholders	29
Rights of Bondholders to Direct Proceedings	29
Appointment of Receivers	30
Application of Moneys.....	30
Remedies Vested in the Trustee.....	31
Rights and Remedies of Bondholders	31
Termination of Proceedings	31
Waivers of Events of Default.....	32
SUPPLEMENTAL INDENTURES.....	32
Supplemental Indentures not Requiring Consent of Bondholders.....	32
Supplemental Indentures Requiring Consent of Bondholders.....	32
THE LOAN AGREEMENT AND THE SERIES 2013C NOTE	33
General	33
Application of Loan Proceeds	34
Payment for Costs of the Refunding Project.....	34
Insufficient Loan Proceeds.....	34
The Loan	34
Basic Payments Under the Loan Agreement.....	34
Pledge of Project Revenues	35
Additional Charges.....	35
Borrower's Obligations	36
Assignment of Bank's Rights	37
Assignment of the Cooperative Agreement	37
Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments.....	37
The Refunding Account and the General Account of the General Fund	38

Covenants in Bond Documents	38
Borrower's Performance of Obligations Under Loan Agreement.....	38
Indebtedness and Liens	38
Covenant for the Benefit of the Trustee and the Bondholders	39
Tax Covenants	39
Prepayment of the Series 2013C Note and Termination of the Loan Agreement	40
Events of Default under the Loan Agreement.....	41
Remedies under the Loan Agreement.....	41
Nonexclusive Remedies.....	42
MISSISSIPPI DEPARTMENT OF TRANSPORTATION	42
THE SERIES 2013C BONDS AS LEGAL INVESTMENTS	43
LITIGATION	44
TAX MATTERS	44
Treatment of Original Issue Premium	45
LEGAL MATTERS	46
VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS	46
CONTINUING DISCLOSURE	46
RATINGS	47
FINANCIAL ADVISOR	47
UNDERWRITING	48
VALIDATION.....	48
MISCELLANEOUS.....	48
APPENDIX A - INFORMATION RELATING TO THE BORROWER	
APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION	
APPENDIX C - INFORMATION RELATING TO THE STATE	
APPENDIX D - FINANCIAL INFORMATION RELATING TO THE STATE (EXCERPTS FROM COMPREHENSIVE ANNUAL REPORT)	
APPENDIX E - FORM OF BOND COUNSEL OPINION	
APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT	
APPENDIX G - THE COOPERATIVE AGREEMENT	
APPENDIX H - DEFINITIONS	

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OFFICIAL STATEMENT

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MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2013C (MADISON COUNTY, MISSISSIPPI HIGHWAY REFUNDING PROJECT)

INTRODUCTION

The purpose of this Official Statement, including its Appendices, is to set forth certain information concerning the issuance and sale by the Mississippi Development Bank (the "Bank") of its Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Refunding Project) dated their date of delivery (the "Series 2013C Bonds"), issued in the aggregate principal amount of \$_____.*

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in this entire Official Statement, including the cover page and all Appendices hereto, and the documents summarized or described herein. A full review should be made of this entire Official Statement. The offering of the Series 2013C Bonds to potential investors is made only by means of this entire Official Statement.

Capitalized terms not defined herein shall have the definitions set forth in "APPENDIX H - DEFINITIONS."

The Bank

The Bank was established in 1986 as a separate body corporate and politic of the State of Mississippi (the "State") for the public purposes set forth under the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Bank Act"). The Bank is not an agency of the State, is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bank is governed by a Board of Directors composed of nine (9) members.

Pursuant to the Bank Act, the purpose of the Bank is to assist "local governmental units," as defined in the Bank Act as (a) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State, (b) the State or any agency thereof, (c) the institutions of higher learning of the State, (d) any education building corporation established for institutions of higher learning, or (e) any other governmental unit created under State law, through programs of providing loans to such local governmental units under loan agreements between such local governmental units and the Bank. Madison County, Mississippi (the "Borrower"), the entity described in "APPENDIX A - INFORMATION RELATING TO THE BORROWER," and the Mississippi Department of Transportation ("MDOT"), and the Mississippi Transportation Commission (the "Commission"), the entities described in "APPENDIX B – INFORMATION RELATING TO MDOT AND THE COMMISSION, each are local governmental units under the Bank Act.

Sources of Payment and Security for the Series 2013C Bonds

The Series 2013C Bonds will be issued under and secured by an Indenture of Trust, dated the date of issuance of the Series 2013C Bonds (the "Indenture"), between the Bank and Hancock Bank, Gulfport, Mississippi, as trustee (the "Trustee"). The principal of, redemption premium, if any, and interest on any and all of the Series 2013C Bonds, together with one or more series (each, a "Series") of bonds (the "Additional Bonds," and together with the Series 2013C Bonds, the "Bonds") that may be authorized and issued by the Bank in accordance with the Indenture and the Cooperative Agreement (as hereinafter described) are issued on a parity with the Unrefunded Series 2006 Bonds (as hereinafter described) and any Additional Bonds as to Project Revenues and Intercept Moneys (as described below).

* Preliminary, subject to change.

In consideration of the loan of the proceeds of the Series 2013C Bonds, the Borrower will issue to the Bank its Promissory Note, Series 2013C (Madison County, Mississippi Highway Refunding Bonds Project) dated the date of delivery of the Series 2013C Bonds (the "Series 2013C Note") under and pursuant to the Loan Agreement, dated the date of delivery of the Series 2013C Bonds (the "Loan Agreement"), between the Bank and the Borrower and pursuant to the authority granted by the Bank Act and by Section 65-1-8(2)(z), Sections 17-13-1 and Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (together, the "Authorizing Acts" and collectively with the Bank Act, the "Acts").

The Loan Agreement and the Series 2013C Note are pledged pursuant to the Indenture for the benefit of the owners of the Series 2013C Bonds without priority. The faith, credit and taxing power of the State or of any political subdivision thereof, including the Borrower, are not pledged to the payment of the principal of, redemption premium, if any, and interest on any of the Series 2013C Bonds. The Series 2013C Bonds are not a debt, liability, loan of the credit of the State or of any political subdivision thereof, including the Borrower. The Bank has no taxing power and has only those powers and sources of revenue set forth in the Bank Act.

MDOT, by and through the Commission, and the Federal Highway Administration ("FHWA") have entered into a Memorandum of Understanding (the "Memorandum of Understanding") concerning the Project (as hereinafter described). FHWA has agreed in the Memorandum of Understanding to the application of federal funds, if appropriated by the Congress of the United States of America, to reimburse the Commission for a portion of amounts the Commission has agreed to pay the Borrower under and pursuant to the Cooperative Agreement (as hereinafter defined).

THE SERIES 2013C BONDS ARE ISSUED AND SECURED SEPARATELY FROM ANY OTHER OBLIGATIONS ISSUED BY THE BANK EXCEPT FOR THE BANK'S \$145,000,000 (ORIGINAL PRINCIPAL AMOUNT) SPECIAL OBLIGATION BONDS, SERIES 2006 (MADISON COUNTY, MISSISSIPPI HIGHWAY CONSTRUCTION PROJECT), DATED OCTOBER 11, 2006 (THE "SERIES 2006 BONDS") CURRENTLY OUTSTANDING IN THE PRINCIPAL AMOUNT OF \$_____, OF WHICH \$_____ WILL BE ADVANCE REFUNDED AND DEFEASED WITH A PORTION OF THE PROCEEDS OF THE SERIES 2013C BONDS. THE UNREFUNDED SERIES 2006 BONDS, THE SERIES 2013C BONDS AND ADDITIONAL BONDS, IF ANY, ARE PAYABLE ON A PARITY FROM THE PROJECT REVENUES PROVIDED TO THE BORROWER PURSUANT TO THE COOPERATIVE AGREEMENT AND FROM INTERCEPT MONEYS.

The Series 2013C Bonds are secured by the pledge of the Trust Estate established under the Indenture (the "Trust Estate"), defined to be (a) the Interlocal Cooperative Agreement, dated January 11, 2005, as amended and supplemented (the "Cooperative Agreement"), including the amounts payable thereunder by the Commission to the Borrower (the "Project Revenues"), which Project Revenues include federal aid highway funds available to MDOT from FHWA, if appropriated by the Congress of the United States of America, and amounts appropriated by the Mississippi Legislature to MDOT, (b) all cash and securities in the funds and accounts established by the Indenture (except the Rebate Fund, as described herein) (the "Funds" and "Accounts") and the investment earnings thereon and all proceeds thereof, (c) the Loan Agreement and the Series 2013C Note and payments due thereunder and the earnings thereon and the proceeds thereof; and (d) all funds, accounts and moneys pledged in the Indenture to the Trustee as security by the Bank, including Intercept Moneys. The sources of payment for the Series 2013C Bonds are further described under the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS," "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION," and "APPENDIX G - THE COOPERATIVE AGREEMENT."

NO DEBT SERVICE RESERVE FUND IS BEING ESTABLISHED FOR THE SERIES 2013C BONDS.

Purpose of the Series 2013C Bonds

The Series 2013C Bonds are being issued to provide funds to finance a loan (the "Loan") to the Borrower under the Loan Agreement evidenced by the Series 2013C Note to provide funds for the

Project, which includes (a) funding the advance refunding and defeasance of the Series 2006 Bonds maturing in the years 2019 through 2027* and the simultaneous repayment of an equal amount of the Series 2006 Note (the "Refunding Project"); and (b) paying the Costs of Issuance of the Series 2013C Bonds (collectively, the "Project"). The sources of payment on the Loan Agreement and the Series 2013C Note are described under the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS," and "APPENDIX G - THE COOPERATIVE AGREEMENT."

Costs of Issuance are defined as any and all reasonable costs and expenses properly documented relating to the issuance, sale and delivery of the Series 2013C Bonds, and the execution and delivery of the Bond Documents, including, but not limited to, all reasonable fees and expenses properly documented of legal counsel, financial consultants, feasibility consultants and accountants, the initial reasonable fees and expenses of the Trustee, any fee to be paid to the Bank, the preparation and printing of the Bond Documents, any preliminary official statement and final official statement, the Series 2013C Bonds and all other related closing documents and certificates, and all other expenses relating to the issuance, sale and delivery of the Series 2013C Bonds to be paid from the proceeds of the Series 2013C Bonds, including but not limited to any other costs which are treated as "issuance costs" within the meaning of Section 147(g) of the Internal Revenue Code of 1986, as amended (the "Code"), including the costs, fees and expenses of the Original Purchaser in connection with the initial sale and issuance of the Series 2013C Bonds.

Bond Documents are defined as the Indenture, the Loan Agreement, the Series 2013C Note, the Series 2013C Bonds, the Assignment Agreement, the Intercept Agreement, the Cooperative Agreement, the Escrow Agreement, the Bond Purchase Agreement and all other agreements, instruments, documents, notices of assignment, schedules, assignments, pledges, powers of attorney, leases, trust account agreements, certificates, consents, contracts, notices, and all other written matter and all amendments, modifications, supplements, extensions and restatements thereof and thereto, and all agreements, notes, documents or instruments delivered in substitution therefor, or in lieu thereof, whether heretofore, now, or hereafter executed by or on behalf of the Borrower, or any other person that are delivered to the Trustee, the Bank or any participant with respect to the transactions contemplated in the Indenture.

Authority for Issuance

The Series 2013C Bonds are issued pursuant to the provisions of the Acts and the Indenture.

Description of the Series 2013C Bonds

Redemption. [The Series 2013C Bonds are subject to optional redemption, extraordinary mandatory redemption and mandatory sinking fund redemption prior to maturity as more fully described under the caption "DESCRIPTION OF THE SERIES 2013C BONDS – Redemption of the Series 2013C Bonds."]

Denominations. The Series 2013C Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

Payments. Interest on the Series 2013C Bonds is payable on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing _____ 1, 20__, and, so long as The Depository Trust Company ("DTC") or its nominee is the registered owner of the Series 2013C Bonds, such interest, together with the principal of and redemption premium, if any, on the Series 2013C Bonds will be paid directly to DTC by the Trustee. The final disbursement of such payments to the Beneficial Owners of the Series 2013C Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as more fully defined and described herein under the caption "DESCRIPTION OF THE SERIES 2013C BONDS - Book-Entry-Only System."

* Preliminary, subject to change.

Registration, Transfers, and Exchanges. The Series 2013C Bonds will be issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Purchases of beneficial interests in the Series 2013C Bonds will be made in book-entry only form. Purchasers of beneficial interests in the Series 2013C Bonds will not receive physical delivery of certificates representing their respective interests in the Series 2013C Bonds.

For a more complete description of the Series 2013C Bonds and the basic documentation pursuant to which the Series 2013C Bonds are being issued, see the captions "DESCRIPTION OF THE SERIES 2013C BONDS," "REVENUES, FUNDS AND ACCOUNTS UNDER THE INDENTURE," and "OPERATION OF FUNDS AND ACCOUNTS UNDER THE INDENTURE" in this Official Statement.

Tax Exemption

In the opinion of Bond Counsel (as hereinafter defined), under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2013C Bonds is excludable from gross income for federal income tax purposes, with such exclusion conditioned upon continuing compliance with certain federal income tax related covenants of the Bank, the Borrower and the Commission. Interest on the Series 2013C Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2013C Bonds is included in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations.

Under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2013C Bonds is exempt from income taxation in the State.

For a more complete description of the opinion of Bond Counsel and certain other income tax consequences incident to the ownership of the Series 2013C Bonds, see the caption "TAX MATTERS" in this Official Statement. See "APPENDIX E - FORM OF BOND COUNSEL OPINION" for the proposed form of Bond Counsel opinion.

Professionals Involved in the Offering

Hancock Bank, Gulfport, Mississippi, will serve as Trustee under the Indenture for the Series 2013C Bonds. Government Consultants, Inc., Jackson, Mississippi, is employed as financial advisor (the "Financial Advisor") to the Bank with respect to the Series 2013C Bonds. Certain proceedings in connection with the issuance of the Series 2013C Bonds are subject to the approval of Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi ("Bond Counsel"). Certain legal matters will be passed upon for the Bank by its counsel, Balch & Bingham LLP, Jackson, Mississippi. Certain legal matters will be passed upon for the Borrower by its counsel, Mike Espy PLLC, Jackson, Mississippi, for the Original Purchaser by its counsel, Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi, and Adams and Reese LLP, Ridgeland, Mississippi, and for MDOT and the Commission by their counsel, the Special Assistant Attorney General of Mississippi assigned to MDOT. See the captions "LEGAL MATTERS" and "FINANCIAL ADVISOR" in this Official Statement.

Offering and Delivery of the Series 2013C Bonds

The Series 2013C Bonds are being offered for sale by the Original Purchaser, Morgan Stanley & Co. LLC, New York, New York, acting on behalf of itself and as representative of Merrill Lynch, Pierce, Fenner & Smith Incorporated, New York, New York, Raymond James & Associates, Inc., Memphis, Tennessee, and Duncan-Williams Inc., Memphis, Tennessee (collectively, the "Original Purchaser"), and are subject to the final approval of the legality thereof by Bond Counsel. The Series 2013C Bonds are expected to be available in definitive form for delivery on or about May __, 2013.

Risks to the Owners of the Series 2013C Bonds

There are certain risks involved in the ownership of the Series 2013C Bonds that should be considered by prospective purchasers thereof. The ability of the Bank to pay principal of, redemption premium, if any, and interest on the Series 2013C Bonds depends primarily upon the receipt by the Bank

of note payments (the "Series 2013C Note Payments") from the Borrower which is obligated under the Loan Agreement and the Series 2013C Note to make such payments to the Bank, together with investment earnings on certain amounts in the Funds and Accounts defined in and established under the Indenture.

The Borrower's only source of revenues to make the Series 2013C Note Payments is the payment of Project Revenues the Borrower is to receive from the Commission by and through MDOT under the Cooperative Agreement.

THERE CAN BE NO REPRESENTATION OR ASSURANCE THAT THE BORROWER WILL REALIZE SUFFICIENT PROJECT REVENUES THROUGH THE COOPERATIVE AGREEMENT WITH THE COMMISSION, ON BEHALF OF MDOT, TO MAKE THE REQUIRED PAYMENTS ON THE SERIES 2013C NOTE. IN ADDITION, THERE CAN BE NO REPRESENTATION OR ASSURANCE THAT MDOT WILL REALIZE SUFFICIENT REVENUES FROM THE STATE AND FHWA TO MAKE THE REQUIRED PAYMENTS (ON BEHALF OF THE COMMISSION) TO THE BORROWER UNDER THE COOPERATIVE AGREEMENT.

For a discussion of the annual budget of MDOT, which is subject to annual appropriation by the State Legislature, see the caption "Annual Budget" under "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION" in this Official Statement. To review the form of the Cooperative Agreement, see "APPENDIX G - THE COOPERATIVE AGREEMENT." For discussion of the Intercept Agreement which provides for the intercept of Project Revenues payable by MDOT to the Borrower to satisfy delinquent payments under the Loan Agreement, see the caption "The Intercept Agreement" under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS" and "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE – Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments."

Failure of the Bank, the Borrower, MDOT and the Commission to comply with certain tax covenants may adversely affect the exempt status of the interest on all of the Series 2013C Bonds. See the caption "RISKS TO THE OWNERS OF THE SERIES 2013C BONDS" for a discussion of these and additional risks to owners of the Series 2013C Bonds.

Other Information

This Official Statement speaks only as of its date, and certain information contained herein is subject to change.

Copies of other documents and information are available, upon request, and upon payment to the Bank of a charge for copying, mailing, and handling, from William T. Barry, Executive Director, Mississippi Development Bank, 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2013C BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE BANK, THE BORROWER, DTC, THE COMMISSION, MDOT AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BANK SINCE THE DATE HEREOF.

Format of the Official Statement

There follows in this Official Statement a description of the security and sources of payment for the Series 2013C Bonds, the funding of the Refunding Project with a portion of the proceeds of the Series 2013C Bonds, the Bank, and summaries of certain provisions of the Series 2013C Bonds, the Indenture, the Loan Agreement, the Cooperative Agreement, the Intercept Agreement and certain provisions of the Acts. All discussions of the Acts, the Indenture, the Loan Agreement, the Cooperative Agreement, the Intercept Agreement are qualified in their entirety by reference to the Acts and such Bond Documents, copies of which are available from the Bank, and all discussions of the Series 2013C Bonds are qualified in their entirety by reference to the definitive form and the information with respect to the Series 2013C Bonds contained in the Indenture. A copy of the Cooperative Agreement is set forth in "APPENDIX G – THE COOPERATIVE AGREEMENT."

Certain information relating to the Borrower is set forth in "APPENDIX A - INFORMATION RELATING TO THE BORROWER," certain information relating to MDOT is included in "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION," certain information relating to the State is included in "APPENDIX C – INFORMATION RELATING TO THE STATE," certain financial information of the State is included in "APPENDIX D – FINANCIAL INFORMATION RELATING TO THE STATE," the proposed form of opinion of Bond Counsel with respect to the Series 2013C Bonds is set forth in "APPENDIX E - FORM OF BOND COUNSEL OPINION," the form of the continuing disclosure agreement among the Bank, the Commission, the Trustee and the Borrower is set forth in "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" and the form of the Cooperative Agreement is set forth in APPENDIX G – THE COOPERATIVE AGREEMENT." Each of the Appendices to this Official Statement is an integral part of this Official Statement and should be read in its entirety by any and all owners or prospective owners of the Series 2013C Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS

General

The Series 2013C Bonds are payable only out of, and are secured by the pledge of, the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, redemption premium, if any, and interest on all of the Series 2013C Bonds. The Series 2013C Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including the Borrower, under the Constitution of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including the Borrower. The Bank has no taxing power. The sources of payment of, and security for, the Series 2013C Bonds are more fully described below.

Under the Indenture, the Series 2013C Bonds are secured by (a) the assignment from the Bank to the Trustee of the Series 2013C Note and all Series 2013C Note Payments, as described herein, (b) Intercept Moneys, and (c) the assignment (in accordance with the Assignment Agreement) of all Project Revenues the Borrower is to receive from the Commission under the Cooperative Agreement. Pursuant to the Memorandum of Understanding, the Commission expects to be reimbursed for a portion of the amounts the Commission has agreed to pay the Borrower under and pursuant to the Cooperative Agreement provided such funds are appropriated by the Congress of the United States of America and further appropriated by the Mississippi Legislature.

In addition, the Indenture pledges to the payment of the Series 2013C Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture, except for the Rebate Fund and the Accounts therein, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund from such Funds and Accounts under the Indenture), which includes the Project Revenues payable under and pursuant to the Cooperative Agreement and all other funds, accounts and moneys hereinafter to be pledged by the Bank to the Trustee as security under the Indenture, to the extent of any such pledge, including the Intercept Moneys.

Project Revenues are defined as all revenues received by the Borrower from the Commission pursuant to the Cooperative Agreement, which Project Revenues are parity revenues in respect of the Series 2013C Bonds, the Unrefunded Series 2006 Bonds and any Additional Bonds.

NO DEBT SERVICE RESERVE FUND IS BEING ESTABLISHED FOR THE SERIES 2013C BONDS.

THE SERIES 2013C BONDS, THE UNREFUNDED SERIES 2006 BONDS AND ANY SERIES OF ADDITIONAL BONDS, IF ISSUED, SHALL BE PAYABLE ON A PARITY FROM THE PROJECT REVENUES AND THE INTERCEPT MONEYS.

The Loan Agreement and the Series 2013C Note

The Bank intends to loan the proceeds of the Series 2013C Bonds to the Borrower under the Loan Agreement to be secured by the Series 2013C Note. In the Loan Agreement, the Borrower authorizes the deposit of a portion of the proceeds of the Series 2013C Bonds into the Refunding Account of the General Fund to pay the costs of the Refunding Project. The Bank will assign to the Trustee under the Indenture the loan repayments payable under the Loan Agreement and will assign the Series 2013C Note and the Series 2013C Note Payments to the Trustee, all as described under the caption "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE".

Provisions for Payment of the Series 2013C Note Payments

The Series 2013C Note will be a limited obligation of the Borrower payable solely from the moneys, rights and interests pledged under the Loan Agreement as set forth in the immediately succeeding paragraph. **The Series 2013C Note will never constitute a general obligation of the Borrower or, within the meaning of any constitutional or statutory limitation, debts, liabilities, or obligations of the State or any political subdivision of the State, including the Borrower, and neither the full faith and credit nor taxing power of the State or any political subdivision thereof, including the Borrower, is pledged to the payment of the principal of, redemption premium, if any, and interest on the Series 2013C Note. The Borrower has not pledged the levy of any taxes for the repayment of the Series 2013C Note.** The Series 2013C Note issued under the Loan Agreement shall be issued for the sole purpose of providing funds to finance the Project.

Pursuant to the terms of the Loan Agreement, the Borrower has pledged only the Project Revenues for the payment of principal of, redemption premium, if any, and interest on the Series 2013C Note and other amounts due under the Loan Agreement. Project Revenues are all revenues received by the Borrower from the Commission on behalf of MDOT pursuant to the Cooperative Agreement. In addition, the Acts and the Loan Agreement provide for the intercept of any moneys (the "Intercept Moneys") which the Borrower (or the Trustee as assignee of the Borrower) is entitled to receive from time to time from MDOT or the Commission pursuant to the Cooperative Agreement, which moneys the Commission and MDOT has included in MDOT's annual budget for debt service and have been appropriated by the State Legislature in accordance with law, and which are in possession of the Office of the State Treasurer (the "Treasurer's Office"), the Commission, MDOT or any other State agency, department or commission created by State law, if the Borrower is deficient in its payments due under the Loan Agreement and the Series 2013C Note. See "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE - Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments". The Commission has covenanted in the Cooperative Agreement to take such action as may be necessary to include the Project Revenues and any other amounts necessary and due under the Loan Agreement in its annual budget. For discussion of the annual budget of MDOT, which is subject to annual appropriation by the State Legislature, see the caption "Annual Budget" under "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION". For discussion of the Intercept Agreement which provides for the intercept of certain funds received by the Borrower from MDOT and the Commission to satisfy delinquent payments under the Loan Agreement, see the caption "The Intercept Agreement" under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS" and "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE – Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments".

The obligation of the Borrower to make Series 2013C Note Payments and pay amounts due under the Loan Agreement constitutes a binding limited obligation of the Borrower in accordance with the terms of the Series 2013C Note and the Loan Agreement, respectively. The obligation of the Commission to make the payments of Project Revenues pursuant to the Cooperative Agreement, which payments equal the Series 2013C Note Payments, constitutes a binding limited obligation of the Commission in accordance with the terms of the Cooperative Agreement. Such payments of the Commission as included in MDOT's annual budget are subject to annual appropriation by the Mississippi Legislature. In addition, the moneys available from FHWA to MDOT to make payments of a portion of the Project Revenues are subject to annual appropriation by the Congress of the United States of America.

The amounts owed under the Loan Agreement and the Series 2013C Note are payable from Project Revenues on a parity of lien with amounts owed under the Borrower's promissory note issued in connection with the Series 2006 Bonds (the "Series 2006 Note"), under and pursuant to that certain Loan Agreement, dated as of October 11, 2006 (the "Series 2006 Loan Agreement"), between the Bank and the Borrower, and amounts which may be owed under any Additional Bonds Loan Agreement (as hereinafter defined), if any, and a promissory note (an "Additional Note") which may be issued by the Borrower in connection therewith. Neither the Bank, the Borrower, MDOT nor the Commission can provide any certainty that any Additional Bonds Loan Agreement will be entered into or that any Additional Note will be issued.

EXCEPT AS STATED IN THE INDENTURE, NOTHING IN THE LOAN AGREEMENT, THE SERIES 2013C NOTE OR THE COOPERATIVE AGREEMENT CREATES A LIEN OF ANY KIND OR CHARACTER WHATSOEVER UPON ANY FUNDS, INCOME OR REVENUE NOW EXISTING OR HEREAFTER HELD, COLLECTED, RECEIVED, ANTICIPATED BY, OR AVAILABLE TO THE BORROWER, THE COMMISSION OR MDOT OR PREVENTS OR RESTRICTS THE BORROWER, THE COMMISSION OR MDOT AT ANY TIME FROM PLEDGING, OBLIGATING OR CREATING SPECIFIC LIENS UPON FUNDS, INCOME OR REVENUES TO OR FOR THE PAYMENT OF ANY BONDS, NOTES OR CERTIFICATES OF THE BORROWER, THE COMMISSION OR MDOT OR FOR ANY OTHER PURPOSE WHATSOEVER. SEE "COVENANTS LIMITING ISSUANCE OF ADDITIONAL BONDS" AND "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION".

The obligations of the Borrower under the Series 2013C Note and the Loan Agreement are not general obligations and do not constitute a pledge of the full faith and credit of the Borrower, the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation. The Borrower has not pledged or levied and will not pledge or levy any form of taxation for the payment of the Series 2013C Note or amounts due under the Loan Agreement.

Additional Bonds

Additional Bonds may be issued under and secured by a Supplemental Indenture or a separate indenture for the purpose of providing funds for (1) the refunding of all or any portion of the Series 2013C Bonds ("Refunding Bonds"), or (2) the completion of the Highway Project ("Completion Bonds"), upon compliance with the provisions in the Indenture and as set forth below:

- (a) No "event of default" under the Indenture has occurred and is then continuing and MDOT, the Borrower and the Bank shall have approved the issuance of such Refunding Bonds or Completion Bonds, as applicable;
- (b) The requirements of the Indenture relating to the issuance of Bonds have been met;
- (c) There shall have been filed with the Trustee an opinion of Bond Counsel to the effect that the exclusion from gross income for federal income tax purposes of the interest on the Series 2013C Bonds then Outstanding under the Indenture, and any Additional Bonds so issued, if applicable;
- (d) The issuance of Additional Bonds is permitted under the Acts;

(e) Following the issuance of any Additional Bonds or Refunding Bonds, the principal amount of the Bonds (as defined in the Indenture) outstanding shall not exceed the principal amount of Bonds or MDB Loans (as defined in the Cooperative Agreement) authorized for the Highway Project pursuant to the Cooperative Agreement;

(f) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Series 2013C Bonds to be refunded on the redemption date specified in such instructions;

(g) Irrevocable instructions to the Trustee, satisfactory to it, to give written notice provided for in the Indenture to the owners of the Series 2013C Bonds being refunded; and

(h) All applicable provisions of Article IX of the Indenture are complied with.

Other Obligations Payable from Revenues

The Bank agrees in the Indenture not to grant any liens or encumbrances on or security interests in the Trust Estate (other than those created by the Indenture, the Series 2006 Indenture and any Indenture executed in connection with the issuance of Additional Bonds), and, except for the Series 2013C Bonds, the Unrefunded Series 2006 Bonds, any Additional Bonds and any other debt entered into pursuant to the Cooperative Agreement, agrees not to issue any bonds or other evidences of indebtedness payable from the Trust Estate.

Highway Project

With a portion of the proceeds of the Series 2006 Bonds, MDOT has constructed and is constructing a split-diamond interchange, frontage roads and connector roads which together provide additional capacity to United States Interstate Highway 55 from Old Agency Road to State Road 463, along with the connector road of Madison Avenue in the City of Madison, Mississippi from Highland Colony Parkway to United States Highway 51 and State Highway 463 from Grandview Boulevard/Galleria Parkway to United States Highway 51, and a multi-lane McClellan Drive in the City of Ridgeland, Mississippi from Highland Colony Parkway to United States Highway 51, or any other highway, road and/or bridge improvements in the Borrower, including the design and the acquisition of rights of way.

The Cooperative Agreement

The Borrower and the Commission entered into the Cooperative Agreement in order to accelerate the construction of the Highway Project pursuant to Section 65-1-8(2)(z), Mississippi Code of 1972, as amended (the "MTC Act"). Under the Cooperative Agreement, the Borrower is responsible for providing funds necessary to construct the Highway Project, while the Commission was responsible for the completion of the Highway Project and the repayment of the funds borrowed by the Borrower under the Loan Agreement, the Series 2006 Loan Agreement and any loan agreement entered into in connection with the issuance of a Series of Additional Bonds (an "Additional Bonds Loan Agreement"). Under the Cooperative Agreement, the Commission may use any legally available revenues, which are included in its annual budget and are subject to annual appropriation by the Mississippi Legislature, to pay the debt service on the Series 2013C Bonds, the Unrefunded Series 2006 Bonds and any Series of Additional Bonds, which revenues include any federal aid highway funds received by the Commission. The Commission is directed in the Cooperative Agreement to pay debt service on the Series 2013C Bonds, the Unrefunded Series 2006 Bonds and any Series of Additional Bonds directly to the Trustee, as assignee of the Borrower under the Assignment Agreement. The Cooperative Agreement authorizes the incurrence of up to \$_____ in principal amount of indebtedness (the "Cooperative Agreement Debt Limit") by the Borrower to finance the construction of certain highway projects described in the Cooperative Agreement, including but not limited to the Highway Project. Any such indebtedness evidenced by a Series of Additional Bonds will be issued on a parity of lien as to Project Revenues with the Unrefunded Series 2006 Bonds, any Additional Bonds and the Series 2013C Bonds.

If additional funds are needed for completion of the Highway Project beyond the amount of the Cooperative Agreement Debt Limit, the Cooperative Agreement Debt Limit could be increased by mutual, written agreement of the Borrower and the Commission. Such an increase could affect the security for

the Unrefunded Series 2006 Bonds, the Series 2013C Bonds and any Additional Bonds. For a more detailed discussion, see "APPENDIX B – INFORMATION RELATING TO MDOT AND THE COMMISSION" and "APPENDIX G – THE COOPERATIVE AGREEMENT."

The FHWA Memorandum of Understanding

The Memorandum of Understanding recognizes the desire of the Commission and MDOT, and the approval of FHWA, to use federal aid highway funds available to MDOT for reimbursement of a portion of debt service on the Unrefunded Series 2006 Bonds, the Series 2013C Bonds and any Additional Bonds rather than for reimbursement to MDOT of the construction costs of the Highway Project pursuant to 23 U.S.C. Sections 115, 120 and 122. It establishes a procedure for MDOT to request semiannual reimbursement from FHWA for its payment of such debt service under the Cooperative Agreement. As currently written, 23 U.S.C. 120 provides that the Federal share payable on account of any project on the Interstate System shall be 80 – 90 percent of the total cost thereof.

THE FUNDS TO BE USED BY FHWA TO REIMBURSE MDOT ARE SUBJECT TO ANNUAL APPROPRIATION AND PERIODIC RE-AUTHORIZATION BY THE CONGRESS OF THE UNITED STATES OF AMERICA.

Federal highway construction assistance is paid to all states through the Federal Aid Highway Program (the "FHWA Program") from revenues collected by the United States Treasury from certain federal taxes on fuel, tire sales and other items, which taxes are deposited into the Federal Highway Trust Fund (the "HTF"). Distribution of assistance from the HTF is subject to periodic authorization and annual appropriation by Congress. Since such assistance was established by the Federal-Aid Highway Act of 1956, the FHWA Program has been reauthorized some 15 times in various forms at generally increasing funding levels. Actual payments to states have continued without interruption since 1956. On July 29, 2005, Congress passed the TEA 21 reauthorization bill ("SAFETEA-LU") and the President signed it into law on August 10, 2005. SAFETEA-LU provided more than \$244.1 billion for highway, transit and other transportation projects and covered transportation funding for Federal Fiscal Year ("FFY") 2004-2009. On September 30, 2009, SAFETEA-LU, the existing Federal Highway Program legislation, expired without enactment of a new six-year reauthorization program. In order to avoid a halt in the FHWA Program, Congress enacted several successive short-term extensions. On July 6, 2012, President Obama signed into law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act ("MAP-21"). Funding surface transportation programs at over \$105 billion for fiscal years 2013 and 2014, MAP-21 is the first long-term highway authorization enacted since 2005.

Certain FHWA Program features or requirements are explained or further defined in "APPENDIX B – INFORMATION RELATING TO MDOT AND THE COMMISSION."

The features of the FHWA Program work in a complementary fashion to provide a regular flow of federal reimbursements over the years to state highway programs. The participation of MDOT in such reimbursements is discussed in APPENDIX B attached hereto under "PARTICIPATION IN THE PROGRAM."

IT SHOULD BE NOTED THAT THE TERMS AND CONDITIONS OF PARTICIPATION IN THE FHWA PROGRAM AS DESCRIBED HEREIN AND IN APPENDIX B HERETO ARE SUBJECT TO CHANGE AT THE DISCRETION OF CONGRESS. THERE CAN BE NO ASSURANCE THAT THE LAWS AND REGULATIONS NOW GOVERNING THE FHWA PROGRAM WILL REMAIN UNCHANGED IN THE FUTURE, INCLUDING, WITHOUT LIMITATION, THE SEQUESTRATION TRANSPARENCY ACT OF 2012 (P.L. 112-155) AND THOSE ASPECTS OF THE FHWA PROGRAM THAT AFFECT THE ABILITY OF MDOT TO RECEIVE THE FEDERAL HIGHWAY REIMBURSEMENTS AND OF THE COMMISSION TO MEET ITS OBLIGATIONS UNDER THE COOPERATIVE AGREEMENT AND THE PAYMENT OF DEBT SERVICE ON THE SERIES 2013C BONDS.

The Intercept Agreement

Pursuant to the Intercept Agreement, the Bank and the Borrower authorize and direct the Trustee under the provisions thereof to file the Intercept Agreement and a statement of deficiency setting forth the amount of any Delinquent Payment (defined in the Intercept Agreement as delinquent debt service payments on the Series 2013C Bonds) with the Treasurer's Office, the Commission, MDOT, or any other State agency thereby directing such agency to pay any Intercept Moneys directly to the Trustee to satisfy any Delinquent Payment. Intercept Moneys are any moneys which the Borrower is entitled to receive from time to time from the Commission pursuant to the Cooperative Agreement, which MDOT has included in its annual budget and which have been appropriated by the State Legislature in accordance with law, and which are in possession of the Treasurer's Office, the Commission, MDOT or any other State agency, department or commission created pursuant to State law. The payment of Intercept Moneys to the Trustee to satisfy any Delinquent Payment is subject to the payment of Intercept Moneys to the Trustee to satisfy any delinquent payment with respect to the Series 2006 Bonds (the "Series 2006 Delinquent Payment"). If, at any time, there are Delinquent Payments or Series 2006 Delinquent Payments, occurring simultaneously under the Loan Agreement or the Series 2006 Loan Agreement, respectively, the Indenture directs the Trustee to apply the Intercept Moneys to the Delinquent Payments and the Series 2006 Delinquent Payments on a proportionate basis.

If a Series of Additional Bonds is ever issued and delinquent debt service payments occur with respect to such Additional Bonds ("Additional Bonds Delinquent Payments"), it is contemplated by the Bank, the Borrower and the Commission that any such Additional Bonds Delinquent Payments would proportionately share Intercept Moneys with the Series 2006 Delinquent Payments, if any, and the Delinquent Payments, if any.

The Bank previously entered into similar separate intercept agreements with the Borrower, the City of Laurel, Mississippi, Tunica County, Mississippi, Harrison County, Mississippi, the Marshall County Industrial Development Authority and DeSoto County, Mississippi in connection with the following bond issues: (a) the Mississippi Development Bank Special Obligation Bonds, Series 2005 (Tunica County, Mississippi Highway Construction Project) in the original principal amount of \$45,000,000, dated January 6, 2005 (the "2005 Tunica County Bonds"), (b) the Mississippi Development Bank Special Obligation Bonds, Series 2005 (Harrison County, Mississippi Highway Construction Project) in the original principal amount of \$102,000,000, dated October 19, 2005 (the "2005 Harrison County Bonds"), (c) the Mississippi Development Bank Special Obligation Bonds, Series 2005 (City of Laurel, Mississippi Highway Construction Project) in the original principal amount of \$32,000,000, dated October 19, 2005 (the "City of Laurel Bonds"), (d) the Series 2006 Bonds, (e) the Mississippi Development Bank Special Obligation Bonds, Series 2007 (Marshall County Industrial Development Authority, Mississippi Highway Construction Project) in the original principal amount of \$52,000,000, dated October 18, 2007 (the "2007 Marshall County IDA Bonds"), (f) the Mississippi Development Bank Special Obligation Bonds, Series 2007 (DeSoto County, Mississippi Highway Construction Project) in the original principal amount of \$31,000,000, dated October 18, 2007 (the "2007 DeSoto County Bonds"), (g) the Mississippi Development Bank Special Obligation Bonds, Series 2009A (Harrison County, Mississippi Highway Construction Project) in the original principal amount of \$9,490,000 and the Mississippi Development Bank Special Obligation Build America Bonds, Series 2009B (Harrison County, Mississippi Highway Construction Project – Direct Payment – Federally Taxable) in the original principal amount of \$9,490,000 (together, the "2009 Harrison County Bonds"), (h) the Mississippi Development Bank Special Obligation Bonds, Series 2010A (DeSoto County, Mississippi Highway Construction Project) in the original principal amount of \$24,280,000, dated March 24, 2010, and the Mississippi Development Bank Special Obligation Build America Bonds, Series 2010B (DeSoto County, Mississippi Highway Construction Project – Direct Payment – Federally Taxable) in the original principal amount of \$136,780,000, dated March 24, 2010 (together, the "2010 DeSoto County Bonds"), (i) the Mississippi Development Bank Special Obligation Refunding Bonds, Series 2012 (Tunica County, Mississippi Highway Refunding Project) in the original principal amount of \$28,680,000, dated June 6, 2012 (the "2012 Tunica County Bonds"), and (j) the Mississippi Development Bank Special Obligation Bonds, Series 2012 (Marshall County Industrial Development Authority, Mississippi Highway Construction Project) in the original principal amount of \$163,000,000, dated October 31, 2012 (the "2012 Marshall County IDA Bonds") (collectively, (a) through

(j) above are referred to as the "Prior HELP Bonds." The 2005 Tunica County Bonds, the 2005 Harrison County Bonds, the City of Laurel Bonds, the Unrefunded Series 2006 Bonds, the 2007 Marshall County IDA Bonds, the 2007 DeSoto County Bonds, the 2009 Harrison County Bonds, the 2010 DeSoto County Bonds, the 2012 Tunica County Bonds, the 2012 Marshall County IDA Bonds and the Series 2013C Bonds are referred to herein collectively as the "HELP Bonds."

The Prior HELP Bonds are payable from sources similar to the sources of payment for the Series 2013C Bonds. See "ADDITIONAL BONDS ISSUED UNDER THE MTC ACT" for more information.

SEE "APPENDIX B – INFORMATION RELATING TO MDOT AND THE COMMISSION – ADDITIONAL INTERCEPT AGREEMENTS" FOR A DISCUSSION OF THE INTERCEPT AGREEMENTS THAT MDOT HAS ENTERED INTO WITH THE BANK WHICH ARE PAYABLE FROM SOURCES SIMILAR TO THE SOURCES OF PAYMENT FOR ALL HELP BONDS.

DESCRIPTION OF THE REFUNDING PROJECT

The Series 2013C Bonds are being issued under and pursuant to the Acts for the purpose of providing funds to advance refund and defease a portion of the Series 2006 Bonds maturing in the years 2019 through 2027* (the "Refunded Bonds") and to pay the Costs of Issuance. The Series 2006 Bonds maturing in the years 2014 through 2018 are referred to herein as the "Unrefunded Series 2006 Bonds."

In order to effect the advance refunding and defeasance of the Refunded Bonds, a portion of the proceeds of the Series 2013C Bonds will be deposited into an irrevocable trust fund to be created pursuant to an escrow deposit trust agreement (the "Escrow Agreement") among the Bank, the Borrower and Hancock Bank, Gulfport, Mississippi (in such capacity, the "Escrow Agent"). The Escrow Agent shall invest a portion of the moneys on deposit in the Escrow Agreement in Governmental Obligations. The remainder of the moneys on deposit in the Escrow Agreement shall remain in the Escrow Agreement as uninvested cash until such time as such moneys are invested in Governmental Obligations. The calculation of the adequacy of the uninvested cash held in the Escrow Agreement and the maturing principal and interest payments from the Investment Securities to pay the principal of and interest on the Refunded Bonds will be verified by The Arbitrage Group, Inc. (see "VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS," herein). Neither the principal of nor the interest on the Investment Securities nor the uninvested cash held in each Escrow Agreement will be available for payment of debt service on the Series 2013C Bonds.

RISKS TO THE OWNERS OF THE SERIES 2013C BONDS

General

The Series 2013C Bonds will be payable solely from the payments to be made by the Bank under the Indenture. Pursuant to the Indenture, such payments are limited to payments due from the Borrower under the Loan Agreement and the Series 2013C Note, which payments are limited to payments due from the Commission to the Borrower under the Cooperative Agreement (which payments are also used to pay debt service on the Unrefunded Series 2006 Bonds and any Series of Additional Bonds) and if necessary, the Intercept Moneys, subject to the use of the Intercept Moneys to pay delinquent payments with respect to the Unrefunded Series 2006 Bonds and a Series of Additional Bonds, if any. Purchasers of the Series 2013C Bonds are advised of such risk factors with respect to the Series 2013C Bonds.

In addition, purchasers of the Series 2013C Bonds are advised of certain additional information in connection with MDOT as set forth in "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION" and "APPENDIX D - FINANCIAL INFORMATION RELATING TO THE STATE." Such information is relevant to the ability of MDOT to make payments under the Cooperative Agreement sufficient to provide for the payment of debt service on the Series 2013C Bonds.

* Preliminary, subject to change.

Series 2013C Note Payments

The ability of the Bank to pay principal of, redemption premium, if any, and interest on the Series 2013C Bonds depends primarily upon the receipt by the Bank of the Series 2013C Note Payments from the Borrower. The Borrower is obligated under the Loan Agreement to make such payments to the Bank, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments to the extent allowed by the Indenture and the Loan Agreement. The ability of the Borrower to pay principal of, redemption premium, if any, and interest on the Series 2013C Bonds depends solely upon the receipt by the Borrower of Project Revenues from the Commission. The Commission is obligated under the Cooperative Agreement to make such payments of principal of, redemption premium, if any, interest and additional payments under the Loan Agreement to the Borrower. The Commission is also obligated under the Cooperative Agreement to make payments of principal of, redemption premium, if any, and interest on the Unrefunded Series 2006 Bonds and additional payments under the Series 2006 Loan Agreement. Except for the Intercept Moneys (see "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE - Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments"), there is no Fund or Account under the Indenture or the Loan Agreement which is required to contain amounts to make up for any deficiencies in the event of one or more defaults by the Borrower in making such Series 2013C Note Payments, and there is no source from which the General Fund will be replenished except the Series 2013C Note Payments and investment income on moneys in the Funds and Accounts to the extent allowed by the Indenture and the Loan Agreement. While the Commission covenants to take such action as may be necessary to include all Series 2013C Note Payments and amounts due under the Cooperative Agreement in MDOT's annual budget, there can be no representation or assurance that MDOT will realize sufficient revenues to meet its financial obligations set forth in its annual budget and the Cooperative Agreement.

NO DEBT SERVICE RESERVE FUND IS BEING ESTABLISHED FOR THE SERIES 2013C BONDS.

THE COMMISSION'S ABILITY TO MAKE PAYMENTS UNDER THE COOPERATIVE AGREEMENT ARE IN LARGE PART DEPENDENT ON MDOT'S RECEIPT OF REIMBURSEMENTS OF DEBT SERVICE COSTS FROM THE FHWA UNDER THE MEMORANDUM OF UNDERSTANDING.

THE MONIES TO BE USED BY FHWA TO REIMBURSE MDOT ARE SUBJECT TO ANNUAL APPROPRIATION AND PERIODIC RE-AUTHORIZATION BY THE CONGRESS OF THE UNITED STATES OF AMERICA. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS – THE FHWA MEMORANDUM OF UNDERSTANDING."

For discussion of the annual budget of MDOT which is subject to annual appropriation by the State Legislature, see the caption "Annual Budget" under "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION". For discussion of the Cooperative Agreement, see "THE COOPERATIVE AGREEMENT," and "APPENDIX G – THE COOPERATIVE AGREEMENT." For discussion of the Intercept Agreement which provides for the intercept of certain Borrower funds to satisfy delinquent payments under the Loan Agreement, see the caption "The Intercept Agreement" under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS" and "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE – Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments." Certain information relating to the State is contained in "APPENDIX C – INFORMATION RELATING TO THE STATE" and "APPENDIX D – FINANCIAL INFORMATION RELATING TO THE STATE" For a description of procedures for providing for the payment of Series 2013C Note, see the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS - Provisions for Payment of the Series 2013C Note Payments."

Tax Covenants

The Bank has covenanted under the Indenture to use its best efforts to comply with all actions required to assure the continuing exclusion of interest on the Series 2013C Bonds from gross income of the holders thereof for federal income tax purposes. Failure by the Bank to comply with such covenants could cause the interest on the Series 2013C Bonds to be taxable retroactive to the date of issuance of

the Series 2013C Bonds. In the Loan Agreement, the Borrower has made certain covenants regarding the preservation of the tax-exempt status of the interest on the Series 2013C Bonds. In the Cooperative Agreement, the Commission has made certain covenants regarding the preservation of the tax-exempt status of the interest on the Series 2013C Bonds. The interest on the Series 2013C Bonds could become taxable in the event that the Borrower, the Commission or MDOT fails to comply with certain of such covenants, including without limitation the covenant to rebate or cause to be rebated, if necessary, to the United States government all arbitrage earnings with respect to the Series 2013C Bonds under certain circumstances and the covenant to take all actions and to refrain from such actions as may be necessary to prevent the Series 2013C Bonds from being deemed to be "private activity bonds" under the Code. Any such event could adversely affect the exempt status of the interest on all of the Series 2013C Bonds retroactive to the date of their issuance. See the caption "TAX MATTERS. herein"

Ratings

There is no assurance that the ratings assigned to the Series 2013C Bonds at the time of issuance (see "RATINGS") will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Series 2013C Bonds. If and when a Bondholder elects to sell a Series 2013C Bond prior to maturity, there is no assurance that a market will have been established, maintained and in existence for the purchase and sale of the Series 2013C Bonds, and there is no assurance as to the purchase price which a buyer would be willing to pay.

Remedies; Litigation; Bankruptcy

The remedies available to the Trustee, to the Bank or to the owners of the Series 2013C Bonds upon an "event of default" under the Indenture or under the terms of the Loan Agreement and Series 2013C Note are in many respects dependent upon judicial actions which are often subject to discretion and delay.

In the event the State, the Borrower, the Commission or MDOT were to become a debtor under the Bankruptcy Code, payments under the Loan Agreement, the Series 2013C Note or the Cooperative Agreement may be stayed or under certain circumstances may be subject to avoidance or disgorgement and the interest of the Trustee in such payments may not extend to payments required after the commencement of such bankruptcy case or within 90 days prior thereto. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code (as defined herein), the remedies provided in the Indenture and under the Loan Agreement, the Series 2013C Note and the Cooperative Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2013C Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State and the United States of America.

Furthermore, if a bankruptcy court concludes that the Trustee has "adequate protection," it may enter orders affecting the security of the Trustee, including orders providing for the substitution, subordination and sale of the security of the Trustee. In addition, a reorganization plan may be adopted even though it has not been accepted by the Trustee if the Trustee is provided with the benefit of its original lien or the "indubitable equivalent." Thus, in the event of the bankruptcy of the State, the Borrower, the Commission or MDOT, the amount realized by the Trustee may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the Loan Agreement, the Series 2013C Note, the Cooperative Agreement or related documents that make bankruptcy and related proceedings by the Borrower, the Commission or MDOT an "event of default" thereunder. All of these events would adversely affect the payment of debt service on the Series 2013C Bonds.

Limitation on Enforceability of Security Interest

The pledge of the Project Revenues granted by the Borrower pursuant to the Loan Agreement may be limited by a number of factors, including the ability to collect Project Revenues. Under current law, such a pledge and assignment as attempted to be effected by the Loan Agreement may be further limited by the following: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) prohibitions against assignment set forth in federal statutes; (d) constructive trusts, equitable liens or other rights which might be impressed or conferred by any state or federal court in the exercise of equitable jurisdiction; (e) federal bankruptcy laws affecting Project Revenues received or deemed received by the Borrower within 90 days preceding and after any effectual institution of bankruptcy, liquidation or reorganization proceedings by or against the State, the Borrower, the Commission or MDOT; (f) rights of third parties in revenues converted to cash and not in the possession of the Trustee; and (g) those sales, liens and/or pledges made by the Borrower as permitted under the Loan Agreement. If an "event of default" does occur under the Loan Agreement, it is uncertain that the Trustee could successfully obtain an adequate remedy at law or in equity.

Prior Debt Service Reserve Funds

A debt service reserve fund was established as security for the Series 2006 Bonds. No debt service reserve fund is being established for the Series 2013C Bonds.

DESCRIPTION OF THE SERIES 2013C BONDS

General Description

The Series 2013C Bonds are issuable under the Indenture as fully registered bonds. When issued, the Series 2013C Bonds will be registered in the name of and held by Cede & Co., as nominee for DTC. Purchases of beneficial interests from DTC in the Series 2013C Bonds will be made in Book-Entry-Only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. See the heading, "Book-Entry-Only System" under this caption.

The Series 2013C Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Series 2013C Bonds will be payable semiannually on each January 1 and July 1 of each year, commencing _____ 1, 20___. Interest will be calculated on the basis of a 360-day year consisting of twelve thirty-day months.

Each Series 2013C Bond will be dated the date of delivery thereof. If any Series 2013C Bond is authenticated on or prior to _____ 1, 20___, it will bear interest from the initial dated date of the Series 2013C Bonds. Each Series 2013C Bond authenticated after _____ 1, 20___, will bear interest from the most recent Interest Payment Date on which interest was payable and has been paid on or prior to the date of authentication of such Series 2013C Bond, unless such Series 2013C Bond is authenticated after the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") and on or prior to the next following Interest Payment Date, in which case such Series 2013C Bond will bear interest from such following Interest Payment Date.

The principal of the Series 2013C Bonds will be payable upon maturity or redemption at the principal office of the Trustee in Gulfport, Mississippi, upon presentation of the Series 2013C Bonds to be paid, and interest on the Series 2013C Bonds will be paid by check of the Trustee dated the due date and mailed on each Interest Payment Date to the registered owners of record as of the close of business on the most recent Record Date or, at the written election of the registered owner of \$1,000,000 or more in aggregate principal amount of Series 2013C Bonds delivered to the Trustee at least one Business Day prior to the Record Date for which such election will be effective, by wire transfer to the registered owner or by deposit into the account of the registered owner if such account is maintained by the Trustee.

So long as DTC or its nominee is the registered owner of the Series 2013C Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2013C Bonds will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such

payments to the participants of DTC (the "DTC Participants") will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners of the Series 2013C Bonds will be the responsibility of the DTC Participants and the Indirect Participants. See the heading, "Book-Entry-Only System" below.

Book-Entry-Only System

Unless and until the book-entry-only system has been discontinued, the Series 2013C Bonds will be available only in book-entry form in principal amounts of \$5,000 or any integral multiple thereof. DTC will initially act as securities depository for the Series 2013C Bonds. The Series 2013C Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2013C Bond will be issued for each maturity of the Series 2013C Bonds, and will be deposited with DTC.

The information provided under this caption has been provided by DTC. No representation is made by the Borrower or the Original Purchaser as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York banking law, a "banking organization" within the meaning of the New York banking law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2013C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2013C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013C Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2013C Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2013C Bonds, except in the event that use of the book-entry system for the Series 2013C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2013C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013C Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts the Series

2013C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2013C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2013C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Documents. For example, Beneficial Owners of Series 2013C Bonds may wish to ascertain that the nominee holding the Series 2013C 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 Bond Registrar and request that copies of notices be provided directly to them.

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

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

Redemption proceeds, principal, and interest payments on the Series 2013C 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 detailed information from the Bank or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2013C Bonds at any time by giving reasonable notice to the Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2013C Bond certificates are required to be printed and delivered.

The Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2013C Bond certificates in definitive form will be printed and delivered.

THE BANK, THE TRUSTEE, THE BORROWER AND THE ORIGINAL PURCHASER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2013C BONDS (A) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE SERIES 2013C BONDS; (B) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2013C BONDS; OR (C) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2013C BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN

THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE BANK, THE BORROWER, THE TRUSTEE NOR THE ORIGINAL PURCHASER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (B) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE SERIES 2013C BONDS; (C) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2013C BONDS; OR (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Redemption of the Series 2013C Bonds

[Redemption Generally.] With the prior written consent of MDOT, if the Borrower directs the Bank to redeem the Series 2013C Bonds in accordance with the Loan Agreement, the Bank has agreed under the Indenture to accept redemption and to redeem the Series 2013C Bonds in accordance with the Indenture.

Optional Redemption. The Series 2013C Bonds are subject to optional redemption prior to their respective maturities, at the option of the Borrower (with the prior written consent of MDOT), on and after January 1, 20___, either in whole or in part on any date as selected by the Borrower, at a redemption price equal to the principal amount thereof together with accrued interest to the date fixed for redemption and without premium.

Extraordinary Mandatory Redemption. The Series 2013C Bonds are subject to extraordinary mandatory redemption prior to their stated dates of maturity in whole or in part, in inverse order of maturity, at any time, at a Redemption Price equal to the principal amount thereof plus accrued interest to the redemption date, from and to the extent that moneys are transferred from the Refunding Account to the Redemption Account, upon completion of the Refunding Project, or funds are otherwise deposited in the Redemption Account from proceeds received upon the prepayment prior to maturity of the Series 2013C Note upon a default under the Series 2013C Note and acceleration thereof.

Mandatory Sinking Fund Redemption. The Series 2013C Bonds maturing on January 1, 20___ are term bonds subject to mandatory sinking fund redemption prior to their scheduled maturity on January 1 of the years listed below at a Redemption Price of 100% of the principal amount redeemed plus accrued interest to the redemption date from amounts on deposit in the General Account of the General Fund in accordance with the following schedule:

Redemption Date (January 1)	Principal Amount
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*Final Maturity.

Selection of Series 2013C Bonds to be Redeemed. If less than all of the Series 2013C Bonds are to be redeemed, the Series 2013C Bonds shall be redeemed only in multiples of \$5,000. For

purposes of redemption, each \$5,000 of principal shall be considered as a Series 2013C Bond. If less than all of the Series 2013C Bonds shall be called for redemption, the principal amount and maturity of the particular Series 2013C Bonds to be redeemed shall be selected by the Bank and the Trustee shall select the particular Series 2013C Bonds to be redeemed by lot within a maturity in such manner as the Trustee may determine in its sole discretion. In the event less than all of the Series 2013C Bonds of a particular maturity are to be redeemed, in accordance with DTC's standard practices and its agreement with the Bank, DTC and the DTC participants will select the Series 2013C Bonds to be redeemed within a maturity for so long as the Series 2013C Bonds are in Book-Entry Only form.

Notice of Redemption. Notice of the call for any redemption (which may be a conditional notice), identifying the Series 2013C Bonds (or any portions thereof in authorized denominations) to be redeemed, will be given by the Trustee at least 30 days but not more than 45 days prior to the date fixed for redemption by mailing a copy of the redemption notice by registered or certified mail to the Original Purchaser and the registered owner of each Series 2013C Bond to be redeemed at the address shown on the Bond Register. Failure to mail such notice to any particular owner of Series 2013C Bonds, or any defect in the notice mailed to any such owner of Series 2013C Bonds, will not affect the validity of any proceeding for the redemption of any other Series 2013C Bonds. So long as DTC or its nominee is the registered owner of the Series 2013C Bonds, notice of the call for any redemption will be given to DTC, and not directly to Beneficial Owners. See the caption, "DESCRIPTION OF THE SERIES 2013C BONDS -- Book-Entry Only System."

Redemption Payments. On or prior to the date fixed for redemption, there must be on deposit with the Trustee (for credit to the Redemption Account of the General Fund under the Indenture) sufficient funds to pay the Redemption Price of the Series 2013C Bonds called for redemption, together with accrued and unpaid interest on the Series 2013C Bonds to the redemption date. After the redemption date, if proper notice of redemption by mailing has been given and sufficient funds have been deposited with the Trustee, interest will cease to accrue on the Series 2013C Bonds or portions thereof that have been called for redemption. No payment shall be made by the Trustee upon any Series 2013C Bond or portion thereof called for redemption until such Series 2013C Bond or portion thereof shall have been delivered for payment or cancellation or the Trustee shall have received the items required by the Indenture with respect to any mutilated, lost, stolen or destroyed Series 2013C Bond.]

SERIES 2013A BONDS AND SERIES 2013B BONDS

Contemporaneously with the sale and issuance of the Series 2013C Bonds, the Bank is planning to issue its (a) \$_____ Special Obligation Refunding Bonds, Series 2013A (Harrison County, Mississippi Highway Refunding Project) (the "Series 2013A Bonds"), and (b) \$_____ Special Obligation Refunding Bonds, Series 2013B (City of Laurel, Mississippi Highway Refunding Project) (the "Series 2013B Bonds"). **The issuance of the Series 2013A Bonds and the Series 2013B Bonds is not reflected in this Official Statement.**

APPLICATION OF THE PROCEEDS OF THE SERIES 2013C BONDS

The proceeds of the sale of the Series 2013C Bonds will be applied as follows:

Sources of Funds	Series 2013C Bonds
Par Amount of Series 2013C Bonds	\$ _____
Plus Net Original Issue Premium	_____
Total Sources of Funds	\$ _____
Uses of Funds	
Original Purchaser's Discount	\$ _____
For deposit in the Bond Issuance Expense Account of the General Fund for payment of the Costs of Issuance	_____

For deposit in the Refunding
Account of the General Fund to
fund the Refunding Project
Total Uses of Funds \$ _____

COVENANT LIMITING ISSUANCE OF BONDS UNDER THE MTC ACT

The Bank covenants and agrees under the Indenture that it shall not issue bonds to provide funds for interlocal cooperative agreements authorized under the MTC Act if, on the date of such issuance, the issuance of such bonds shall cause the total amount of principal and interest payments (net of federal reimbursements) to be made by the Commission under such interlocal cooperative agreements (for any then current and succeeding fiscal years) on all such bonds outstanding to exceed an amount equal to 3.75% of Annual Expenditures. Annual Expenditures are defined as annual expenditures of MDOT (including all State receipts and federal receipts) calculated as the total amount of expenditures for all MDOT programs for each MDOT fiscal year and shall be calculated as of April 30th of each year as the total amount of expenditures for all MDOT programs for such fiscal year.

The Bank covenant limiting the issuance of bonds under the MTC Act does not restrict MDOT or the Commission from entering into other agreements that provide funding from any other borrowing or funding sources for other projects under the MTC Act. However, MDOT does have an order from the Commission limiting the issuance of additional bonds pursuant to the MTC Act.

BONDS ISSUED UNDER THE MTC ACT

In January 2005, the Bank issued the 2005 Tunica County Bonds. The 2005 Tunica County Bonds are payable by the Bank from revenues received by Tunica County, Mississippi from the Commission pursuant to an Interlocal Cooperative Agreement, dated December 6, 2004, as amended and restated by that certain Amended and Restated Interlocal Cooperative Agreement, dated April 10, 2012, between the Commission and Tunica County, Mississippi (collectively, the "Tunica County Cooperative Agreement").

In October 2005, the Bank issued the 2005 Harrison County Bonds. The 2005 Harrison County Bonds are payable by the Bank from revenues received by Harrison County, Mississippi from the Commission pursuant to an Amended and Restated Interlocal Cooperative Agreement, dated October 19, 2005, between the Commission and Harrison County, Mississippi, as amended and supplemented from time to time (the "Harrison County Cooperative Agreement").

In October 2005, the Bank also issued the City of Laurel Bonds. The City of Laurel Bonds are payable by the Bank from revenues received by the City of Laurel, Mississippi from the Commission pursuant to an Interlocal Cooperative Agreement, dated March 18, 2005, between the Commission and the City of Laurel, Mississippi.

In October 2006, the Bank issued the Series 2006 Bonds. The Series 2006 Bonds are payable by the Bank from revenues received by the Borrower from the Commission pursuant to the Cooperative Agreement.

In October 2007, the Bank issued the 2007 Marshall County IDA Bonds. The 2007 Marshall County IDA Bonds are payable by the Bank from revenues received by the Marshall County Industrial Development Borrower from the Commission pursuant to an Interlocal Cooperative Agreement, dated August 10, 2005, as amended and restated by that certain Amended and Restated Interlocal Cooperative Agreement, dated _____, 2012 (the "Marshall County IDA Cooperative Agreement"), between the Commission and the Marshall County Industrial Development Borrower.

In October 2007, the Bank also issued the 2007 DeSoto County Bonds. The 2007 DeSoto County Bonds are payable by the Bank from revenues received by DeSoto County from the Commission pursuant to an Interlocal Cooperative Agreement, dated May 8, 2007, as amended and supplemented

(the "DeSoto County Cooperative Agreement"), between the Commission and DeSoto County, Mississippi.

In August 2009, the Bank issued the 2009 Harrison County Bonds. The 2009 Harrison County Bonds are payable by the Bank from revenues received by the Borrower from the Commission pursuant to the Harrison County Cooperative Agreement.

In March 2010, the Bank issued the 2010 DeSoto County Bonds. The 2010 DeSoto County Bonds are payable by the Bank from revenues received by DeSoto County, Mississippi from the Commission pursuant to the DeSoto County Cooperative Agreement.

In June, 2012, the Bank issued the 2012 Tunica County Bonds, the proceeds of which were used to advance refund \$29,725,000 of the outstanding 2005 Tunica County Bonds in order to achieve debt service savings. The 2012 Tunica County Bonds are payable by the Bank from revenues received by Tunica County, Mississippi from the Commission pursuant to the Tunica County Cooperative Agreement.

In October 2012, the Bank issued the 2012 Marshall County IDA Bonds. The 2012 Marshall County IDA Bonds are payable by the Bank from revenues received by the Marshall County Industrial Development Borrower from the Commission pursuant to the Marshall County IDA Cooperative Agreement.

The revenues of the Commission that are the source of payment for the Prior HELP Bonds are similar to the revenues that are the source of payment for the Series 2013C Bonds, including moneys appropriated to MDOT by the Mississippi Legislature and moneys available to MDOT from FHWA. There has been no default in the payment of debt service on any of the Prior HELP Bonds.

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ANNUAL DEBT SERVICE REQUIREMENTS¹

Fiscal year Ending June 30	Series 2013C Bonds Principal	Series 2013C Bonds Interest	Unrefunded Series 2006 Bonds Principal²	Unrefunded Series 2006 Bonds Interest²	Combined Unrefunded Series 2006 Bonds and Series 2013C Bonds Debt Service	Total HELP Bonds Debt Service³
2013	\$	\$	\$	\$	\$	\$
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
Total						

¹ Assumes July 1 interest payments are included in the prior fiscal year.

² Debt service after the refunding of the Series 2006 Bonds maturing in the years 2019 through 2027. *

³ Includes all HELP Bonds including the Series 2013C Bonds.

THE MISSISSIPPI DEVELOPMENT BANK

General

The Bank was created in 1986 and is organized and existing under and by virtue of the Bank Act as a separate body corporate and politic for the public purposes set forth in the Bank Act. The Bank is not an agency of the State, is separate from the State in its corporate and sovereign capacity, and has no taxing power.

The Bank is granted under the Bank Act the power to borrow money and issue its bonds in such principal amounts as it shall deem necessary to provide funds to accomplish a public purpose or purposes of the State provided for under the Bank Act, including the making of loans to local

* Preliminary, subject to change.

governmental units, such as the Borrower, the Commission and MDOT, by entering into loan agreements with such local governmental units evidenced by promissory notes.

Organization and Membership of the Bank

The Bank is governed by a nine (9) member Board of Directors (the "Board of Directors"). The members of the Board of Directors are elected by the members of the Mississippi Business Finance Corporation (the "MBFC") at the time and place fixed by the MBFC's by-laws. Appointments are for terms of one year. Members of the Board of Directors serve until they are replaced or re-appointed. The members of the Board of Directors as of the date of this Official Statement are as follows:

NAME	OCCUPATION	TERM
Mack Brewer	Retired Finance Manager McComb, Mississippi	07/01/12-06/30/13
N.L. Carson	Owner, Carson Construction Company Carthage, Mississippi	07/01/12-06/30/13
Kim Dillon	President, Telesouth Communications Jackson, Mississippi	10/09/12-06/30/13
William L. Freeman, Jr.	Banker Newton, Mississippi	07/01/12-06/30/13
Gary Harkins	Real Estate Developer Brandon, Mississippi	07/01/12-06/30/13
Joel Horton	Banker Vicksburg, Mississippi	07/01/12-06/30/13
Harold Lewis	Businessman Vicksburg, Mississippi	07/01/12-06/30/13
William D. Sones	President & CEO, Bank of Brookhaven Brookhaven, Mississippi	07/01/12-06/30/13
Mark Wiggins	President & CEO, The Medical Store Meridian, Mississippi	01/22/13-06/30/13

The operations of the Bank are administered by William T. Barry, Executive Director. Mr. Barry is a 1972 graduate of the University of Mississippi with a degree in Business.

Prior Bonds of Bank

The purpose of the Bank is to foster and promote, in accordance with the Bank Act, the provision of adequate markets and facilities for the borrowing of funds for public purposes by any Local Governmental Unit. As of March 1, 2013, the Bank has previously issued bonds for various purposes totaling in principal approximately \$_____. Of such amount, approximately \$_____ was outstanding as of March 1, 2013.

The Bank expects to issue additional special obligation bonds in the future for other purposes authorized under the Bank Act.

The faith, credit and taxing power of the State and the Bank are not pledged to the payment of the principal of, redemption premium, if any, and interest on any of the bonds issued or planned for issuance by the Bank and all such bonds are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or the Bank.

Operation of the Bank

The purpose of the Bank is to address the financing needs of a broad array of Local Governmental Units in accordance with the provisions of Bank Act. The Bank has determined to provide the Loan from the proceeds of the Series 2013C Bonds to the Borrower under the Loan Agreement evidenced by the Series 2013C Note.

The Acts provide that the execution and delivery of the Loan Agreement and execution and delivery of the Series 2013C Note by the Borrower must be accompanied by all documentation required by the Indenture and the Board of Directors of the Bank, including an approving opinion of Bond Counsel in connection with the Series 2013C Bonds. The Bank will be prepared to fund the Loan to the Borrower to provide for the Project promptly upon its receipt of the proceeds of the Series 2013C Bonds.

REVENUES, FUNDS AND ACCOUNTS UNDER THE INDENTURE

Creation of Funds and Accounts

The Indenture establishes the following special Funds and Accounts to be held by the Trustee:

- (a) a General Fund comprised of the following:
 - (1) a General Account,
 - (2) a Refunding Account,
 - (3) a Redemption Account,
 - (4) a Bond Issuance Expense Account, and
- (b) a Rebate Fund.

Deposit of Net Proceeds of the Series 2013C Bonds, Revenues and Other Receipts

The Trustee will deposit the Net Proceeds (defined as the par amount of the Series 2013C Bonds, plus net original issue premium, less the Original Purchaser's discount) from the sale of the Series 2013C Bonds as follows:

- (a) To the Bond Issuance Expense Account of the General Fund, the amount of \$_____ to pay the Costs of Issuance of the Series 2013C Bonds and the Series 2013C Note; and
- (b) To the Refunding Account of the General Fund, the sum of \$_____ to be used to provide funding for the Refunding Project.

Upon receipt of any Project Revenues or other receipts (except the proceeds of the Series 2013C Bonds and moneys received upon prepayment prior to maturity of the Series 2013C Note), the Trustee shall deposit such amounts into the General Account necessary to provide for the payment of debt service on the Series 2013C Bonds.

OPERATION OF FUNDS AND ACCOUNTS UNDER THE INDENTURE

General Fund

General Account. The Trustee will disburse the amounts held in the General Account from all moneys required to be deposited therein pursuant to the Indenture and the Loan Agreement for the following purposes, and, in the event of insufficient funds to make all of such required disbursements, in the following order of priority:

- (a) On or before 45 days after each fifth anniversary of the issuance of the Series 2013C Bonds, the amounts to be transferred to the Rebate Fund.

(b) On each Interest Payment Date, to the Registered Owners such amounts as may be necessary to pay the principal and interest coming due on the Series 2013C Bonds on such Interest Payment Date.

(c) As necessary and in accordance with the Indenture, such amounts as may be necessary to pay any Program Expenses of the Bank allocable to the Series 2013C Bonds.

(d) After making such deposits in (a) through (c) above, the Trustee shall make a determination of the amounts reasonably expected to be received in the form of Series 2013C Note Payments in the succeeding twelve (12) months and if such amounts when added together with the amounts then on deposit in the General Account are in excess of the amounts needed to pay principal and interest on the Series 2013C Bonds within the immediately succeeding twelve (12) month period, any excess under this paragraph (d) shall be transferred to MDOT at the request of MDOT with the prior written consent of the Borrower and the Bank.

Bond Issuance Expense Account. Upon receipt of invoices or requisitions acceptable to the Trustee and written approval of the Bank and MDOT, the Trustee will disburse the amounts held in the Bond Issuance Expense Account for the payment of the Costs of Issuance or to reimburse the Bank or MDOT for amounts previously advanced for such costs. On the date which is one hundred twenty (120) days after the date of issuance of the Series 2013C Bonds, any amounts remaining in the Bond Issuance Expense Account will be transferred to the General Account of the General Fund.

Redemption Account. The Trustee will deposit in the Redemption Account all moneys received upon the sale or prepayment prior to maturity of the Series 2013C Bonds and all other moneys required to be deposited therein by the Indenture and the Loan Agreement. Moneys in the Redemption Account shall be used to redeem Series 2013C Bonds. Such redemption shall be made pursuant to the provisions of the Indenture. The Trustee shall pay the interest accrued on the Series 2013C Bonds so redeemed to the date of redemption from the General Account and the Redemption Price from the Redemption Account.

Refunding Account. The Trustee shall deposit in the Refunding Account a portion of the proceeds of the Series 2013C Bonds. SEE "APPLICATION OF THE PROCEEDS OF THE SERIES 2013C BONDS". On the date of the Bond Closing, the Trustee shall disburse the funds held in the Refunding Account to the Escrow Agent for deposit under the Escrow Agreement to provide for the refunding of the Refunded Series 2006 bonds and the prepayment in an equal amount of the Series 2006 Note.

Rebate Fund

In connection with the Series 2013C Bonds and upon the direction of the Bank and in accordance with the memorandum of compliance provided by the Bank under the Indenture (the "Memorandum of Compliance"), the Trustee will deposit amounts for the benefit of the Bank from the General Account of the General Fund into the Rebate Fund and will deposit into the Rebate Fund all income from investments in the Rebate Fund. In the event and to the extent that amounts in the Rebate Fund exceed the amounts required to be rebated to the United States of America, the Trustee will transfer such excess amounts to the General Account of the General Fund upon the direction of the Bank in accordance with the Memorandum of Compliance.

Not later than 60 days after the date provided in the Indenture, and at intervals of every five years thereafter, upon the written request of the Bank, the Trustee will pay to the United States of America 90% of the amount required to be paid to the United States of America as of such payment date. Not later than 60 days following the retirement of all of the Series 2013C Bonds, upon the written request of the Bank, the Trustee will pay to the United States of America 100% of the amount to be paid to the United States of America.

With respect to the Rebate Fund, the Bank may direct the Trustee to proceed other than as set forth in the Indenture and described above by delivering to the Trustee a new Memorandum of

Compliance accompanied by an Opinion of Bond Counsel to the effect that compliance with such memorandum will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2013C Bonds.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Series 2013C Bonds Outstanding under the Indenture, all required rebates to the United States of America and the fees, charges and expenses of the Trustee will be distributed to MDOT, except as provided in the Indenture concerning certain Series 2013C Bonds not presented for payment when due, which shall be paid to the Bank.

Investment of Funds

Any moneys held as part of any Fund or Account created under or pursuant to the Indenture including the Rebate Fund shall be invested or reinvested by the Trustee as continuously as reasonably possible in such Investment Securities as may be directed by MDOT (such direction to be confirmed in writing). All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and, except as provided in the Indenture, all income and profits on such investments, other than from moneys on deposit in the Refunding Account or the Rebate Fund or any Account created thereunder, shall be deposited as received in the General Account of the General Fund. The Trustee may make any and all such investments through its investment department or through the investment department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so. Moneys in separate Funds and Accounts for the Series 2013C Bonds, except for the Rebate Fund, may be commingled for the purpose of investment or deposit. The Trustee and MDOT agree in the Indenture that all investments thereunder with respect to the proceeds of the Series 2013C Bonds and all instructions of MDOT to the Trustee with respect thereto shall be made in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal without causing any of the Series 2013C Bonds to be arbitrage bonds as defined in Section 148 of the Code. Any investment losses shall be charged to the Fund or Account in which moneys used to purchase such investment had been deposited. For so long as the Trustee is in compliance with the provisions of the Indenture, the Trustee shall not be liable for any investment losses. Moneys in any Fund or Account shall be invested in Investment Securities with a maturity date, or a redemption date which shall coincide as nearly as practicable with times at which moneys in such Funds or Accounts will be required for the purposes thereof. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective Fund or Account whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom at the time those amounts are to be paid. All investment income from the assets held in any Fund or Account, except for the Rebate Fund will be added to the General Account of the General Fund.

The Bank has certified in the Indenture to the owners of the Series 2013C Bonds from time to time Outstanding that moneys on deposit in any Fund or Account in connection with the Series 2013C Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2013C Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Series 2013C Bonds to lose the exclusion from gross income for federal income tax purposes.

DISCHARGE OF INDENTURE

Except as provided in the following paragraph under this section, if payment or provision for payment is made to the Trustee of the principal of, premium, if any, and interest due and to become due on the Bonds at the times and in the manner stipulated in the Indenture, and there is paid or caused to be paid to the Trustee all sums of money due and to become due according to the provisions of the Indenture, and all other amounts due thereunder have been paid in full, then the Trust Estate and rights granted under the Indenture shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Bank such instruments in writing as shall be requisite to cancel and discharge the lien of the Indenture, and release, assign and deliver unto

the Bank any and all estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of (and premium, if any, on) such Bond and interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture or otherwise), either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee or other qualifying financial institution (an "escrow agent"), in trust and exclusively for such payment, (A) moneys sufficient to make such payment or (B) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment, or (C) a combination of such moneys and Governmental Obligations, and (b) all necessary and proper fees and expenses of the Trustee pertaining to the Bonds, and the amount, if any, required to be rebated to the United States of America, with respect to which such deposit is made, shall have been paid or deposited with the Trustee or an escrow agent.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Bank shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(a) Stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by the Indenture);

(b) To call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to paragraph (a) above; and

(c) To mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the owners of such Bonds stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, on said Bonds as specified in paragraph (a) above.

Any moneys so deposited with the Trustee or escrow agent as provided in the Indenture may at the direction of the Bank also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of the Trustee or escrow agent which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the General Account, as and when collected for use and application as are other moneys deposited in such Account.

No such deposit shall be made or accepted under the Indenture and no use made of any such deposit unless the Trustee and/or escrow agent shall have received an Opinion of Bond Counsel to the effect that such deposit and use would not cause any of the Series 2013C Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code. Moreover, no such deposit to be held more than 90 days from the date of such deposit shall be deemed a payment of such Bonds unless the Trustee and/or escrow agent shall have received a verification from an accountant or firm of accountants acceptable to the Bank, MDOT and the Trustee and/or escrow agent verifying the sufficiency of the deposit to pay the principal of, premium, if any, and interest on the Bonds to the due date, whether such due date be by reason of maturity or upon redemption.

Notwithstanding any provision of the Indenture which may be contrary to the above provisions, all moneys or Governmental Obligations set aside and held in trust pursuant to the above provisions for the payment of Bonds (including interest thereon but excluding any amounts set aside for rebate to the United States of America) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or obligations have been so set aside in trust.

Upon the deposit with the Trustee or escrow agent, in trust, at or before maturity, of money or Governmental Obligations in the necessary amount to pay or redeem all Outstanding Bonds as aforesaid (whether upon or prior to their stated maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the stated maturity thereof, notice of such redemption shall have been given as hereinabove provided, or provisions satisfactory to the Trustee shall have been made for the giving of such notice, and compliance with the other payment requirements hereof, the Indenture may be discharged in accordance with the provisions thereof but the limited liability of the Bank in respect of such Bonds shall continue provided that the owners thereof shall thereafter be entitled to payment only out of the moneys or Governmental Obligations deposited with the Trustee or escrow agent as aforesaid.

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS UNDER THE INDENTURE

Defaults; Events of Default

If any of the following events occurs, it is defined as and declared to be and to constitute an "event of default" under the Indenture:

- (a) Default in the due and punctual payment of any interest on any Series 2013C Bond; or
- (b) Default in the due and punctual payment of the principal or redemption premium, if any, of any Series 2013C Bond whether at the stated maturity thereof or on any date fixed for redemption; or
- (c) Failure of the Bank to remit to the Trustee within the time limits prescribed in the Indenture any moneys which are required by the Indenture to be so remitted; or
- (d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Bank contained in the Indenture, in connection with the Series 2013C Bonds and failure to remedy the same within the time provided in, and after notice thereof pursuant to the Indenture; or
- (e) Any warranty, representation or other statement by or on behalf of the Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is false or misleading, when made, in any material respect, and failure to remedy the same within the time provided in, and after notice thereof pursuant to the Indenture; or
- (f) A petition is filed against the Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction whether now or hereafter in effect and is not dismissed within sixty (60) days after such filing; or
- (g) The Bank files a petition in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, adjustment of debt, dissolution or liquidation law of any jurisdiction whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or
- (h) The Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bank or any of its property is appointed by court order or takes possession of such property and such order remains in effect or such possession continues for more than sixty (60) days; or
- (i) Default in the due and punctual payment of any interest or principal on the Series 2013C Note; or
- (j) The Bank for any reason shall be rendered incapable of fulfilling its obligations under the Indenture; or
- (k) There is an "event of default" under the Loan Agreement that is not cured within the time period provided therefor, if any.

Remedies: Rights of Bondholders

Upon the occurrence of an "event of default" under the Indenture, the Trustee shall notify the owners of such Bonds then Outstanding, the Borrower and MDOT of such "event of default" by registered or certified mail, and will have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Bonds that has experienced the "event of default" then Outstanding, including enforcement of any rights of the Bank or the Trustee under the Series 2013C Note, the Loan Agreement or the Assignment Agreement.

(b) The Trustee may by action or suit in equity require the Bank to account as if it were the trustee of an express trust for the holders of the Bonds and may take such action with respect to the Series 2013C Note, the Loan Agreement and the Assignment Agreement as the Trustee deems necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the Series 2013C Note, the Loan Agreement and the Assignment Agreement.

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) The Trustee may declare the principal of and accrued interest on such Series of Bonds that have experienced the "event of default" to be due and payable immediately in accordance with the Indenture and the Acts, by notice to the Bank, MDOT and the Attorney General of the State, but only with respect to an "event of default" under paragraphs (a) or (b) of "DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS UNDER THE INDENTURE – Defaults; Events of Default."

Upon the occurrence of an "event of default", if requested so to do by the holders of twenty-five percent (25%) or more in aggregate principal amount of all Bonds then Outstanding and if secured and/or indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to Trustee or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission to exercise any right or remedy accruing upon any "event of default" under the Indenture shall impair any such right or remedy or shall be construed to be a waiver of any such "event of default" or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any "event of default" under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent "event of default" or shall impair any rights or remedies consequent thereon.

Rights of Bondholders to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, but subject to the Bondholder consent provisions of the Indenture, the owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time during the continuance of an "event of default" under the Indenture, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of

the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Appointment of Receivers

Upon the occurrence of an "event of default" under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings with such powers as the court making such appointment shall confer.

Application of Moneys

All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of the Indenture in the case of an "event of default" (including moneys received by virtue of action taken under provisions of the Series 2013C Note, the Loan Agreement or the Assignment Agreement) shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by Trustee and any other moneys owed to Trustee under the Indenture, be deposited in the General Account of the General Fund and all moneys in such Account shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied as follows:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, including interest on any past due principal of any Bond at the rate borne by such Bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due either at maturity or pursuant to a call for redemption (other than Bonds called for redemption for the payment of which other moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due on any particular date, together with such interest, then to such payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD: To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which may then become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full the principal of and interest on Bonds due on any particular date, such payment shall be made ratably according to the amount of principal and interest due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the above provisions, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the

amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment of principal to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of and interest on all Bonds have been paid under the above provisions and all expenses and charges of the Trustee have been paid and all other amounts due under the Indenture and under the Loan Agreement and the Series 2013C Note have been paid in full, any balance remaining in the General Account of the General Fund shall be paid to MDOT.

Remedies Vested in the Trustee

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the owners of all the Outstanding Bonds.

Rights and Remedies of Bondholders

No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless (a) a "default" has occurred under the Indenture, (b) such "default" shall have become an "event of default" under the Indenture and the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such owners of Bonds have offered to the Trustee security and/or indemnity as provided in the Indenture, and (d) the Trustee has refused, or for sixty (60) days after receipt of such request and offer of security and/ or indemnification, has failed to exercise the remedies granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such request and offer of security and/or indemnity are thereby declared in every case at the option of Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his, her or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. However, nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the limited obligation of the Bank to pay the principal of and interest on each of the Bonds issued under the Indenture to the respective owners thereof at the time and place, from the source and in the manner expressed in the Bonds.

Termination of Proceedings

In case the Trustee or any owner of any Bonds shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, and with regard to the property therein subject to the Indenture,

and all rights, remedies and powers of the Trustee and the owners of Bonds shall continue as if no such proceedings had been taken.

Waivers of Events of Default

The Trustee may at its discretion waive any "event of default" under the Indenture and its consequences, and shall do so upon the written request of the owners of (a) more than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of all the Bonds then Outstanding in respect of which an "event of default" in the payment of principal or interest exists, or (b) more than fifty percent (50%) in aggregate principal amount of all Bonds then Outstanding in the case of any other "event of default"; provided, however, that there shall not be waived (x) any "event of default" in the payment of the principal of any Outstanding Bond at the date of maturity specified therein, or (y) any "event of default" in the payment when due of the interest on any Outstanding Bond, unless prior to such waiver all of the interest or all of the payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with such "event of default" shall have been paid or provided for, or (z) any "event of default" for nonpayment of Program Expenses; and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such "event of default" shall have been discontinued or abandoned or determined adversely, then and in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other "event of default", or impair any rights consequent thereon.

SUPPLEMENTAL INDENTURES

Supplemental Indentures not Requiring Consent of Bondholders

The Bank and the Trustee may with the consent of MDOT but, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the Opinion of Bond Counsel, does not materially and adversely affect the interest of the owners of Outstanding Bonds and does not require unanimous consent of the Bondholders under the Indenture;
- (c) To subject to the Indenture additional Revenues, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to preserve the status of the interest on any Bond as exempt from inclusion in gross income of the holders thereof for federal income tax purposes and, if they so determine, to add to the Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;
- (e) To evidence the appointment of a separate or the succession of a new Trustee under the Indenture or the succession of a new registrar and/or paying agent; and
- (f) In connection with issuance of Additional Bonds.

Supplemental Indentures Requiring Consent of Bondholders

Exclusive of Supplemental Indentures not requiring consent of Bondholders and subject to the terms and provisions contained below, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding which are affected (exclusive of Bonds held by the Bank) and MDOT shall have the right, from time to time, anything contained in the Indenture to the

contrary notwithstanding, to consent to and approve the execution by the Bank and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this paragraph contained shall permit, or be construed as permitting, without the consent of the owners of all then Outstanding Bonds, (a) an extension of the maturity of the principal of or the interest or redemption date on any Bond issued under the Indenture, or (b) a reduction in the principal amount of any Bond or change in the rate of interest or redemption premium, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (e) the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds at any time Outstanding under the Indenture, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

If at any time the Bank shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes set forth above, the Trustee shall, upon being satisfactorily secured and/or indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to MDOT and to each owner of a Bond at the address shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. If, within sixty (60) days, or such longer period as shall be prescribed by the Bank, following the mailing of such notice, the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture (exclusive of Bonds held by the Bank) and MDOT shall have consented to and approved the execution of such Supplemental Indenture as provided in the Indenture, no owner of any Bond nor MDOT shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Bank from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided above, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

THE LOAN AGREEMENT AND THE SERIES 2013C NOTE

General

The Bank will loan the proceeds of the Series 2013C Bonds to the Borrower pursuant to the terms and provisions of the Loan Agreement, and the Bank will assign to the Trustee its rights to receive payments under the Loan Agreement (except certain rights retained by the Bank) to the Trustee pursuant to the terms and provisions of the Indenture. To further secure the payment of the Series 2013C Bonds pursuant to the Loan Agreement, the Borrower will execute and deliver the Series 2013C Note, which Series 2013C Note and the Series 2013C Note Payments the Bank will assign to the Trustee. Additionally, to further secure the payment of the Series 2013C Bonds, the Borrower will assign the Cooperative Agreement (and the right to receive Project Revenues thereunder) to the Trustee pursuant to the Assignment Agreement.

As stated in the preceding paragraph, to secure the payment of the Series 2013C Bonds, pursuant to the Assignment Agreement, the Borrower will pledge to the Trustee (a) the Project Revenues received pursuant to the Cooperative Agreement, and (b) the Intercept Moneys. The Project Revenues received pursuant to the Cooperative Agreement are also pledged to the payment of the Unrefunded Series 2006 Bonds and would be pledged to the payment of a Series of Additional Bonds, if any are issued. The pledge of the Intercept Moneys is subject to that certain Intercept Agreement, dated October 11, 2006 (the "Series 2006 Intercept Agreement"), between the Bank and the Borrower entered into in connection with the issuance of the Series 2006 Bonds, and would be subject to an intercept agreement between the Bank and the Borrower entered into in connection with the issuance of a Series of Additional Bonds, if any are issued. For discussion of the annual budget of MDOT which is subject to annual appropriation by the State Legislature, see the caption "Annual Budget" under "APPENDIX B -

INFORMATION RELATING TO MDOT AND THE COMMISSION." For discussion of the Intercept Agreement which provides for the intercept of certain funds to satisfy delinquent payments under the Loan Agreement, see the caption "The Intercept Agreement" under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS" and "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE – Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments."

Application of Loan Proceeds

Simultaneously with the delivery of the Series 2013C Bonds by the Bank to the Original Purchaser, a portion of the proceeds of the Series 2013C Bonds will be deposited by the Trustee, as the assignee for the Bank under the Loan Agreement and the Series 2013C Note, into the Refunding Account and the Bond Issuance Expense Account in the manner and as provided in the Indenture to be held by the Trustee and used to pay costs of the Project pursuant to the Loan Agreement. See "APPLICATION OF THE PROCEEDS OF THE SERIES 2013C BONDS" herein.

Payment for Costs of the Refunding Project

Moneys deposited in the Refunding Account are to be used solely for payment of the costs of the Refunding Project and for no other purposes.

Insufficient Loan Proceeds

If the moneys in the Refunding Account, including interest earned thereon, are not sufficient to provide all funds required by the terms of the Indenture and the Escrow Agreement, MDOT will nonetheless, at its sole expense, pay all such additional expenses as may be necessary to provide all funds required by the Indenture and the Escrow Agreement. In the Loan Agreement, the Bank does not make any warranty, either express or implied, that the moneys which will be deposited into the Refunding Account and which, under the provisions of the Loan Agreement, will be available to provide all funds as required by the Indenture and the Escrow Agreement, will be sufficient to pay all such costs. If, after exhaustion of the money in the Refunding Account, including the interest earned thereon, MDOT pays any portion of the funds required by the Indenture or the Escrow Agreement, it shall not be entitled to any reimbursement therefor from the Bank, the Trustee or the Bondholders, nor shall it be entitled to any diminution or postponement of the Basic Payments or Additional Charges payable under the Loan Agreement and the Series 2013C Note.

The Loan

In the Loan Agreement, the Bank agrees, upon the terms and conditions specified in the Loan Agreement, to lend to the Borrower the Net Proceeds received by the Bank from the sale of the Series 2013C Bonds by causing such Net Proceeds to be deposited with the Trustee for disposition as provided in the Loan Agreement and in the Indenture. The amount of the Loan shall also be deemed to include any "original issue discount," "original issue premium" or any other amount by which the aggregate price at which the Bank sells the Series 2013C Bonds to the Original Purchaser is less than or exceeds the aggregate principal amount of the Series 2013C Bonds. The obligation of the Bank to make the Loan shall be deemed fully discharged upon so depositing the proceeds of the Series 2013C Bonds with the Trustee as set forth in the Loan Agreement and the Indenture.

Basic Payments Under the Loan Agreement

Subject to the provisions for prepayment set forth in the Loan Agreement, the Borrower agrees in the Loan Agreement to repay the Loan or cause the Loan to be repaid (the "Basic Payments") as follows:

(a) Subject to the availability of Project Revenues, the Borrower shall pay or cause to be paid to the Trustee for the account of the Bank an amount equal to the aggregate principal amount and Redemption Price, as the case may be, of the Series 2013C Bonds Outstanding and, as interest on its obligation to pay such amount, an amount equal to interest on the Series 2013C Bonds, such amounts to be due (1) semiannually as to interest, on each January 1 and July 1 of each year, commencing _____ 1, 20__, in the amounts and in the manner provided in the Indenture for the payment of interest

on the Series 2013C Bonds on such dates, (2) annually as to principal, on January 1 of each year, commencing January 1, ____, to and including January 1, 2027 in an amount equal to the principal scheduled to become due on such Interest Payment Date or at maturity, all in order that the Bank can cause amounts to be deposited in the General Account of the General Fund under the Indenture for the payment of the principal of, Redemption Price, and interest on the Series 2013C Bonds whether at maturity, upon purchase or as otherwise provided for under the Indenture; provided, however, that the obligation of the Borrower to make any such payment under the Loan Agreement shall be reduced by the amount of any reduction under the Indenture of the amount of the corresponding payment required to be made by the Bank under the Indenture.

(b) The Borrower shall remit or cause to be paid Project Revenues to the Trustee for deposit into the General Account or the Redemption Account, as applicable, of the General Fund under the Indenture (1) all amounts due under the Series 2013C Note and required for the payment of the principal of and the interest due on the Outstanding Series 2013C Bonds at least five (5) days prior to any Interest Payment Date, and (2) the amounts required for the payment of the purchase price or Redemption Price, including accrued interest on Outstanding Series 2013C Bonds being redeemed or purchased for retirement, and in each such case, such amounts shall be applied by the Trustee to such payments. The payments of principal, Redemption Price and interest on the Series 2013C Bonds shall constitute an equal and corresponding payment on the Series 2013C Note.

Pledge of Project Revenues

The principal of, premium, if any, and interest on the Series 2013C Note and other amounts due under the Loan Agreement shall be payable solely from the Project Revenues payable pursuant to the Cooperative Agreement, which revenues are assigned to the Trustee pursuant to the Assignment Agreement. All amounts owed in respect of the Series 2013C Note are to be paid equally and ratably from Project Revenues on a parity basis with all amounts owed in respect of the Series 2006 Note and all other amounts due under the Series 2006 Loan Agreement and any amounts due in connection with the issuance of Additional Bonds. Such an amount of Project Revenues as provided for in the Cooperative Agreement as will provide for payments of debt service under the Series 2013C Note and other amounts required by the Loan Agreement, as well as debt service under the Series 2006 Note, other amounts required by the Series 2006 Loan Agreement and any amounts owed in connection with the issuance of Additional Bonds, as the same shall become due, is irrevocably pledged by the Borrower in the Loan Agreement to said purpose. Additionally, the Borrower has assigned its rights under the Cooperative Agreement to the Trustee under the terms and conditions set forth in the Assignment Agreement.

NEITHER THE SERIES 2013C NOTE, THE SERIES 2006 NOTE NOR THE LOAN AGREEMENT OR THE SERIES 2006 LOAN AGREEMENT CONSTITUTES AN INDEBTEDNESS OF THE BORROWER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY RESTRICTION, LIMITATION OR PROVISION, AND THE TAXING POWER OF THE BORROWER IS NOT PLEDGED TO THE PAYMENT OF THE OBLIGATIONS UNDER THE LOAN AGREEMENT OR THE SERIES 2013C NOTE, EITHER AS TO PRINCIPAL OR INTEREST.

The Bank Act and the Loan Agreement provide for the intercept of Intercept Moneys which the Borrower is entitled to receive from time to time pursuant to the Cooperative Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS - The Intercept Agreement" and "THE LOAN AGREEMENT AND SERIES 2013C NOTE - Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments".

Additional Charges

Subject to the availability of Project Revenues under the Loan Agreement, the Borrower agrees in the Loan Agreement to pay or cause to be paid as additional charges (the "Additional Charges"), when due, each and all of the following:

- (a) All Costs of Issuance, except those paid with a portion of Net Proceeds;

(b) To or upon the order of the Trustee, upon demand, all reasonable fees, properly documented, of the Trustee for services rendered under the Indenture and all reasonable fees and charges, properly documented, of the paying agent, registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance on request of the Trustee of services required under the Indenture for which the Trustee and such other persons are entitled to payment or reimbursement; provided that after payment in full thereof the Borrower may, without creating a default under the Loan Agreement, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than the Trustee's fees for ordinary services as set forth in the Indenture, paying agency fees and any fees or charges of public agencies;

(c) To the Bank, the Trustee and any paying agent, the Administrative Expenses, and all other reasonable expenses, properly documented and incurred by the Bank and the Trustee in relation to the Series 2013C Bonds which are not otherwise required to be paid by the Borrower under the terms of the Loan Agreement including any amounts to be rebated to the United States of America as required by the Indenture; and

(d) Any and all out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses, properly documented, of any counsel, accountants, appraisers or other professionals) incurred by the Trustee or the Bank at any time, in connection with (1) the preparation, negotiation and execution of the Loan Agreement, the Indenture, the Series 2013C Note, the Intercept Agreement, the Cooperative Agreement and all other Bond Documents, any amendment of or modification of the Loan Agreement, the Indenture, the Series 2013C Note, the Intercept Agreement, the Cooperative Agreement or the other Bond Documents (including in connection with any sale, transfer, or attempted sale or transfer of any interest in the Loan Agreement to a participant or assignee), but only with the prior written consent of MDOT which consent shall not be unreasonably withheld; (2) any litigation, contest, dispute, suit, proceeding or action, whether instituted by the Bank, the Trustee, the Borrower or any other Person in any way relating to the Highway Project, the Series 2013C Note or the other Bond Documents; (3) any attempt to enforce any rights of the Trustee or the Bank against the Borrower or any other Person which may be obligated to the Trustee and/or Bank by virtue of the Loan Agreement, the Series 2013C Note or the other Bond Documents or any documents related to the Highway Project; and (4) performing any of the obligations relating to or payment of any obligations of the Borrower under the Loan Agreement in accordance with the terms of the Loan Agreement or any other Bond Document.

Borrower's Obligations

The Borrower agrees in the Loan Agreement that it will not suspend or discontinue any Basic Payments or Additional Charges, and will perform and observe all of its other agreements in the Loan Agreement, and, except as expressly permitted in the Loan Agreement in connection with the Borrower's option of prepayment, will not terminate the Loan Agreement for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Highway Project, the taking of the Highway Project by condemnation or otherwise, the lawful prohibition of the Borrower's use of the Highway Project, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of the Loan Agreement or the Series 2013C Note, or lack of right, power or Borrower of the Bank to enter into the Loan Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Bank or the Trustee, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Bank to perform and observe any agreement, whether express or implied or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Series 2013C Note, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties to the Loan Agreement that the Basic Payments, Additional Charges and other amounts payable by the Borrower under the Loan Agreement from Project Revenues shall be paid in full when due without any delay or diminution whatever.

Assignment of Bank's Rights

In the Loan Agreement, as security for the payment of the Series 2013C Bonds, the Bank pledges the amounts payable under the Loan Agreement and under the Series 2013C Note and assigns, without recourse or liability, to the Trustee, the Bank's rights under the Loan Agreement (except certain rights retained by the Bank) and under the Series 2013C Note. The rights pledged and assigned by the Bank under the Loan Agreement will include the right to receive payments under the Loan Agreement (except the right to receive certain expense and indemnity payments, under the Loan Agreement) and the Bank directs the Borrower in the Loan Agreement to make said payments directly to the Trustee. In the Loan Agreement, the Borrower consents to such assignment and agrees to make payments under the Loan Agreement directly to the Trustee without defense or setoff by reason of any dispute between the Borrower and the Trustee. The Bank and the Borrower agree in the Loan Agreement that the Trustee is fully authorized and directed to enforce all rights and remedies under the Loan Agreement (except certain rights retained by the Bank) as provided for under the terms and conditions of the Loan Agreement and the Indenture.

Assignment of the Cooperative Agreement

Pursuant to the Assignment Agreement, the Borrower has assigned to the Trustee all of the Borrower's right, title and interest in and to the Cooperative Agreement, including the right to receive all payments to be used to pay for principal of, redemption premium, if any, and interest on the Series 2013C Bonds. For a more detailed discussion of the Cooperative Agreement and the sources of funds to make the payments due thereunder, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS – The Cooperative Agreement," "APPENDIX B – INFORMATION RELATING TO MDOT AND THE COMMISSION" and "APPENDIX G – THE COOPERATIVE AGREEMENT."

Agreement Withholding Borrower Moneys to Satisfy Delinquent Payments

As provided for in the Bank Act, the Borrower and the Bank have entered into and the Trustee has accepted the Intercept Agreement whereby the Borrower has covenanted, agreed and authorized the Treasurer's Office, the Commission, MDOT, or any other State agency, department or commission to (a) withhold all or any part of any Intercept Moneys, subject to the Intercept Moneys which may be withheld by the Treasurer's Office, the Commission, MDOT or any other State agency, department or commission pursuant to the Series 2006 Intercept Agreement and which could be paid over to the Trustee to satisfy any delinquent payment (the "Series 2006 Delinquent Payment") under Section 4.8 of the Series 2006 Loan Agreement, and (b) pay the same over to the Trustee to satisfy any delinquent payment (the "Delinquent Payment") under the Loan Agreement. The Intercept Moneys are only those funds that are due to Borrower by the Commission and/or MDOT under the terms of the Cooperative Agreement and the Loan Agreement, and no other funds or moneys due the Borrower shall be or are the subject of or otherwise affected by the Intercept Agreement. If, at any time, there are Delinquent Payments and/or Series 2006 Delinquent Payments occurring simultaneously under the Loan Agreement and/or the Series 2006 Loan Agreement, respectively, the Trustee is directed in the Intercept Agreement and in the Indenture to apply the Intercept Moneys to the Delinquent Payments and the Series 2006 Delinquent Payments, as the case may be, on a proportionate basis.

If on the first day of each June and December, commencing _____ 1, 2013, there are insufficient Project Revenues to make the deposits required to provide the Basic Payments under the Loan Agreement, the Bank has authorized and directed the Trustee under the Intercept Agreement to file the Intercept Agreement and a statement of deficiency setting forth the amount of any Delinquent Payment with MDOT, the Treasurer's Office, or any other State agency, department or commission, thereby directing MDOT, the Treasurer's Office or any other State agency, department or commission to pay any Intercept Moneys directly to the Trustee on behalf of the Bank to satisfy any Delinquent Payment, all as permitted under the Act. In any event if the Borrower fails to make timely payments under the Loan Agreement and the Series 2013C Note as provided in the Loan Agreement, the Trustee is directed to file the Intercept Agreement with MDOT, the Treasurer's Office or any other State agency, department or commission and take further action to recover Intercept Moneys under the Intercept Agreement.

If a Series of Additional Bonds is ever issued and Additional Bonds Delinquent Payments ever occur with respect thereto, it is contemplated by the Bank, the Borrower and MDOT that any such Additional Bonds Delinquent Payments would proportionately share Intercept Moneys with the Series 2006 Delinquent Payments, if any, and the Delinquent Payments, if any.

SEE "APPENDIX B – INFORMATION RELATING TO MDOT AND THE COMMISSION – ADDITIONAL INTERCEPT AGREEMENTS" FOR A DISCUSSION OF ADDITIONAL INTERCEPT AGREEMENTS THAT MDOT HAS ENTERED INTO WITH THE BANK WHICH ARE PAYABLE FROM SOURCES SIMILAR TO THE SOURCES OF PAYMENT FOR THE SERIES 2013C BONDS AND THE PRIOR HELP BONDS.

The Refunding Account and the General Account of the General Fund

The amounts in all the Funds created pursuant to the Indenture shall be held by the Trustee for and on behalf of the Borrower and the holders of the Series 2013C Bonds. All moneys or securities deposited with the Trustee or any Depository or received by the Borrower pursuant to the Loan Agreement (which shall be transferred to the Trustee) shall be held in trust and applied only in accordance with the provisions of the Indenture and shall be considered trust funds for the purposes of the Loan Agreement.

Pursuant to the Indenture and the Loan Agreement, there shall be deposited into the Refunding Account the Net Proceeds minus the Costs of Issuance. There may also be paid into the Refunding Account, at the option of the Borrower, any moneys received by the Borrower from any other source, unless required to be otherwise applied as provided by the Loan Agreement.

Pursuant to the Indenture and the Loan Agreement, funds in the Refunding Account will be disbursed by the Trustee to the Escrow Agent for deposit in the Escrow Fund.

Pursuant to the terms and conditions of the Loan Agreement and the Indenture, the Trustee shall pay out of the General Account and the Redemption Account, as applicable, of the General Fund under the Indenture the amounts required for the payment of the principal of and the interest due on the Outstanding Series 2013C Bonds, five days prior to each Interest Payment Date, and the amounts required for the payment of the purchase or Redemption Price plus accrued interest on any Outstanding Series 2013C Bonds being redeemed or purchased.

Covenants in Bond Documents

The Borrower agrees in the Loan Agreement to keep and perform all applicable covenants and agreements set forth in the Indenture and each and every other Bond Document to which it is a party, which covenants are incorporated in the Loan Agreement by reference as if fully set forth under the Loan Agreement.

Borrower's Performance of Obligations Under Loan Agreement

In the Loan Agreement, the Borrower agrees to observe and perform its obligations under the Loan Agreement, the Series 2013C Note, the other Bond Documents to which it is a party and the other agreements relating to the transaction contemplated by the Loan Agreement to which it is a party or by which it is bound and agrees not to suffer or permit any "default", or "event of default" to exist under the Loan Agreement or such other document. The Borrower further agrees to use its good faith efforts to cause the other parties to the other Bond Documents to deliver notices and documents required to be delivered to the Bank and the Trustee, and cause such parties to observe and perform those obligations and covenants contained in the Bond Documents required to be observed and performed thereunder.

Indebtedness and Liens

Except as provided in the Indenture regarding the issuance by the Bank of Additional Bonds, in the Loan Agreement the Borrower agrees not to issue any bonds, notes or other evidences of indebtedness, other than the Series 2013C Note, the Series 2006 Note and any other debt entered into

pursuant to the Cooperative Agreement, secured by a pledge of or other lien or charge on the Project Revenues and agrees not to permit or create or cause to be created any liens or charge on such Project Revenues or on any amounts held by any Fiduciary under the Loan Agreement; provided, however, the Borrower may enter into an amendment to the Loan Agreement or a separate loan agreement to provide for completion of, and addition and expansion to the Highway Project consistent with the provisions of the Cooperative Agreement. Such additional indebtedness shall not exceed the amount provided for in the Cooperative Agreement and shall have a parity lien on Project Revenues with the Series 2013C Note, the Series 2006 Note and any other debt entered into pursuant to the Cooperative Agreement.

THE SERIES 2013C NOTE CREATES A LIEN ON THE PROJECT REVENUES ON A PARITY WITH THE SERIES 2006 NOTE AND ANY ADDITIONAL NOTE, IF ISSUED. THE SERIES 2006 NOTE WAS ISSUED BY THE BORROWER TO PROVIDE FOR THE PAYMENT OF THE SERIES 2006 BONDS.

THE LOAN AGREEMENT PROVIDES THAT THE PROVISIONS OF THE PRECEDING PARAGRAPHS WILL NOT PROHIBIT THE BORROWER FROM DEVELOPING, PARTICIPATING, IMPLEMENTING AND/OR FINANCING ANY OTHER TRANSPORTATION PROJECT THAT IS NOT PAYABLE FROM OR SECURED BY PROJECT REVENUES. SEE "APPENDIX G – THE COOPERATIVE AGREEMENT."

Covenant for the Benefit of the Trustee and the Bondholders

The Borrower recognizes in the Loan Agreement the Borrower of the Bank to assign its interest in and pledge moneys receivable under the Loan Agreement (other than certain expense and indemnity payments required to be made to the Bank under the Loan Agreement) to the Trustee as security for the payment of the principal of and interest and Redemption Price, if any, on the Series 2013C Bonds, and the payment of all reasonable fees and expenses, properly documented, of the Trustee. In the Loan Agreement, the Borrower agrees to be bound by, and joins with the Bank in the grant of a security interest to the Trustee in any rights and interest the Borrower may have in Project Revenues, Intercept Moneys and sums held in the Funds and Accounts described in the Indenture, all to secure payment of the Series 2013C Bonds. Each of the terms and provisions of the Loan Agreement is a covenant for the use and benefit of the Trustee and the Holders of the Series 2013C Bonds, so long as any of the Series 2013C Bonds shall remain Outstanding; however, upon payment in full of the Series 2013C Bonds in accordance with the Indenture and of all reasonable fees and charges, properly documented, of the Trustee and any paying agent, all references in the Loan Agreement to the Series 2013C Bonds, the Holders thereof and the Trustee shall be ineffective, and neither the Trustee nor the Holders of any of the Series 2013C Bonds shall thereafter have any rights under the Loan Agreement, save and except those that shall have theretofore vested or that arise from provisions under the Loan Agreement which survive termination of the Loan Agreement.

Tax Covenants

(a) In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2013C Bonds, the Borrower covenants in the Loan Agreement to comply with each applicable requirement of the Code. In furtherance of the covenant contained in the preceding sentence, the Borrower agrees in the Loan Agreement to comply with the Tax Certificate executed by the Borrower on the date of the issuance and delivery of the Series 2013C Bonds, as such Tax Certificate may be amended from time to time.

(b) The Borrower covenants and agrees in the Loan Agreement with the Trustee and the Bondholders that the Borrower shall not take any action or omit to take any action, which action or omission, if reasonably expected on the date of initial issuance and delivery of the Series 2013C Bonds, would cause the Series 2013C Bonds to be "private activity bonds" or "arbitrage bonds" within the meaning of Sections 141(a) and 148(a), respectively, of the Code, or any successor provisions.

(c) Subject to the availability of Project Revenues, the Borrower agrees in the Loan Agreement to make or cause to be made any and all payments required to be made to the United States

of America in connection with the Series 2013C Bonds pursuant to Section 148(f) of the Code and the Indenture.

(d) Upon the authentication and delivery of the Series 2013C Bonds, the Borrower agrees in the Loan Agreement to furnish to the Trustee a certificate of an Authorized Borrower Representative to the effect that, on the basis of the facts, estimates and circumstances in existence on the date of such authentication and delivery, it is not expected that the proceeds of the Series 2013C Bonds will be used in a manner that would cause such Series 2013C Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code, and in such certificate the Borrower agrees to set forth such facts and circumstances which may be in brief and summary terms, and which shall state that to the best of the knowledge and belief of such Authorized Borrower Representative, there are no other facts or circumstances that would materially change the expectations expressed in such certificate.

(e) Notwithstanding any other provisions of the Loan Agreement to the contrary, so long as necessary in order to maintain the exclusion from gross income for federal income tax purposes under Section 103(a) of the Code of interest on the Series 2013C Bonds, the above covenants of the Borrower as contained in the Loan Agreement shall survive the payment of the Series 2013C Bonds and the interest thereon, including any payment or defeasance thereof pursuant to the Loan Agreement and the Indenture.

The Commission agrees in the Cooperative Agreement to comply with tax covenants similar to the tax covenants of the Borrower described above.

Prepayment of the Series 2013C Note and Termination of the Loan Agreement

(a) Unless an "event of default" has occurred and is continuing under the Loan Agreement, the Borrower shall have the option (with the prior written consent of MDOT) to direct the Trustee to call for redemption prior to maturity the Outstanding Series 2013C Bonds, in whole or in part, as provided in the Indenture [and as described in this Official Statement under the caption "DESCRIPTION OF THE SERIES 2013C BONDS – Redemption of Series 2013C Bonds".] The Series 2013C Bonds to be redeemed shall be redeemed at the applicable Redemption Prices set forth in the Indenture upon not less than thirty (30) but no more than forty-five (45) days prior written notice. In the event the Series 2013C Bonds are called for redemption in whole or in part under the Indenture, a Basic Payment shall be made or shall cause to be made by the Borrower in the amount of principal and premium, if any, plus accrued interest and all other fees due under the Loan Agreement and the Indenture to effectuate said redemption.

(b) If, after the Borrower exercises its option to redeem all Series 2013C Bonds, no Series 2013C Bonds remain Outstanding, the Indenture will be discharged, and the Borrower will have satisfied all of its obligations under the Loan Agreement and under the Series 2013C Note, the Trustee and the Bank shall execute and deliver to the Borrower such instruments as the Borrower reasonably determines are necessary to terminate the Loan Agreement. All further obligations of the Borrower under the Loan Agreement, except as set forth therein, shall thereupon terminate.

(c) The Borrower agrees in the Loan Agreement to pay or cause to be paid to the Trustee on or prior to the Discharge Date, an amount equal to the Trustee's and any paying agent's fees and expenses under the Indenture, accrued and to accrue until final payment and redemption of the Series 2013C Bonds and all other advances, fees, costs and expenses reasonably incurred and to be incurred on or before the Discharge Date by the Trustee and any paying agent under the Indenture and by the Bank under the Loan Agreement.

Upon termination of the Loan Agreement, the Bank will cause the Trustee to deliver a release of the Indenture and the estate created by the Loan Agreement and the Series 2013C Note, and all further obligations of the Borrower thereunder, except with respect to certain expense payments and indemnification payments, shall thereupon terminate, provided, however, that the Borrower, subject to the availability of Project Revenues, shall also remain obligated to pay or reimburse the Bank and the Trustee for the payment of all other fees, costs and expenses unaccounted for in the sum paid in accordance with

paragraph (c) above and reasonably incurred before or subsequent to the termination of the Loan Agreement in connection with the Series 2013C Bonds.

Events of Default under the Loan Agreement

Any one or more of the following events is an "event of default" under the Loan Agreement, and the term "event of default," wherever used in the Loan Agreement, means any one of the following events, whatever the reason for such default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

- (a) If the Borrower shall fail to pay any Basic Payments due under the Loan Agreement;
- (b) If there is a declaration or proceeding of insolvency by or against the Borrower;
- (c) If the Borrower shall fail to pay any Additional Charges on or before the date that the payment is due and shall continue to be in arrears for five (5) days after the due date thereof;
- (d) If the Borrower shall fail to observe and perform or shall breach any other covenant, condition or agreement on its part under the Loan Agreement for a period of fifteen (15) days after receipt of a notice to it by the Bank or the Trustee, specifying such default or breach and requesting that it be remedied; and provided that if the failure stated in the notice cannot be corrected within fifteen (15) days, the Bank and Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Borrower with said fifteen (15) days and is diligently pursued, for an additional thirty (30) days;
- (e) If dissolution of the Borrower occurs;
- (f) If any representation or warranty made by the Borrower in the Loan Agreement, or by an officer or representative of the Borrower in any document or certificate furnished to the Trustee or the Bank in connection with the Loan Agreement or therewith or pursuant to the Loan Agreement or thereto, shall prove at any time to be, in any material respect, incorrect or misleading as of the date made; and/or
- (g) the occurrence of an "event of default" under any other Bond Document that is not cured within the time period provided therefor, if any.

Remedies under the Loan Agreement

(a) Whenever any "event of default" under the Loan Agreement specified in subparagraph (a) or (b) of the previous section shall have happened and be continuing, the Trustee shall declare all the Basic Payments payable for the remainder of the Term of the Loan Agreement (an amount equal to that necessary to pay in full the Series 2013C Note and the accrued and unpaid interest thereon assuming acceleration of the Series 2013C Bonds under the Indenture and to pay all other indebtedness thereunder) to be immediately due and payable whereupon the same shall become immediately due and payable by the Borrower to the Trustee, but only if the acceleration of payment of the Series 2013C Bonds has been declared by the Trustee under the Indenture.

(b) Whenever any "event of default" under the Loan Agreement shall have occurred and be continuing any one or more of the following remedial steps may also be taken to the extent permitted by law:

- (1) the Trustee may take whatever action at law or in equity may appear necessary or appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower, under the Loan Agreement, the Series 2013C Note or any related instrument; or to otherwise compensate the Bank, the Trustee or the Bondholders for any damages on account of such "event of default"; and

(2) the Bank with prior notice to the Trustee (without the prior written consent of the Trustee if the Trustee is not enforcing the Bank's right in a manner to protect the Bank or is otherwise taking action that brings adverse consequences to the Bank) may take whatever action at law or in equity may appear necessary or appropriate to collect all sums then due and thereafter to become due to the Bank under the Loan Agreement. Notwithstanding the foregoing, the Bank is not precluded from exercising any of its rights reserved to it as set forth in the Loan Agreement, even if the Trustee is exercising the rights of the Bank under the Loan Agreement.

In exercising any of these remedial steps, the Bank and/or the Trustee shall notify MDOT in writing of any "event of default" specified under the caption "THE LOAN AGREEMENT AND THE SERIES 2013C NOTE – Events of Default Under the Loan Agreement" above, as well as any remedial steps to be taken regarding any such "event of default".

Nonexclusive Remedies

No remedy conferred upon or reserved to the Bank, the Trustee or the Borrower under the Loan Agreement is intended to be exclusive of any other available remedy or remedies that are available under the terms of the other Bond Documents, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any "event of default" under the Loan Agreement shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank, the Trustee or the Borrower to exercise any remedy reserved to it under the Loan Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required by the Loan Agreement or be required by law.

MISSISSIPPI DEPARTMENT OF TRANSPORTATION

MDOT is an agency of the State charged with the responsibility of constructing State highways and coordinating the State's transportation system, which includes highways, rails, water ports, airports and public transit systems. MDOT is governed by the Commission, which is composed of three commissioners elected from three geographic districts within the State. Day-to-day operations are administered by a staff of approximately 3,300 employees. MDOT has four major divisions – the Office of Highways, the Office of Intermodal Planning, the Office of Weight Enforcement and the Office of Administrative Services – whose directors report directly to MDOT's Executive Director, who is appointed by the Commission.

MDOT is funded through federal programs, State taxes and legislative annual appropriations. The United States Congress ("Congress") provides federal funding through the Federal Highway Administration, the Federal Transit Administration, the Federal Railroad Administration and the Federal Aviation Administration. MDOT's total revenue for State fiscal year ("FY") 2013C was \$____ billion (budgetary basis). State motor fuel tax and federal sources provided ___% of MDOT's funding for FY 2013C. Major expenditures were primarily focused in the areas of construction and maintenance (\$____ billion for FY 2013C). For more information see "APPENDIX B - INFORMATION RELATING TO MDOT AND THE COMMISSION."

As part of the State's annual budget process, the various agencies and departments of the State, including MDOT, begin preparation of their proposed budgets for the upcoming Fiscal Year during the summer preceding the commencement of such Fiscal Year. Such agencies and departments, including MDOT, then submit their proposed budgets for the upcoming Fiscal Year to the State's Legislative Budget Office (the "State LBO"), whereupon the State LBO analyzes such budgets and makes recommendations to the State Legislature as to the appropriate level of funding the State LBO believes such agency or department should receive. Each year the State Legislature must pass an appropriation bill funding each State agency or department, including MDOT. MDOT has agreed to pay the debt service on the Series 2013C Bonds and any Additional Charges and to take such action as necessary to include these amounts in its annual budget, which such amount being included under its annual budget is subject to annual appropriation by the State Legislature. Debt service on the Series 2013C Bonds and such Additional

Charges may be paid with any legally available revenues of MDOT, which includes certain moneys received by MDOT from the FHWA under federal highway construction assistance programs. The application of these federal funds towards debt service is permitted under federal law. The Memorandum of Understanding approves the use of such federal funds for reimbursement of debt service on the Series 2013C Bonds.

The Commission adopted at its meeting on December 14, 2004 the following policy (the "HELP Bond Policy") with respect to the acceleration of projects, such as the Highway Project, under the MTC Act:

Pursuant to all agreements executed by the Commission under the MTC Act, the total amounts of payments (net of federal reimbursements) for each fiscal year to be made by the Commission shall not exceed an amount equal to 3.75% of the Annual Expenditures, i.e. State share of annual debt service under the MTC Act shall not exceed 3.75% of the Annual Expenditures. Annual Expenditures (including all State receipts and federal receipts) shall be calculated initially as the total amount of expenditures for all MDOT programs for fiscal year ended April 30, 2004 and shall subsequently be calculated as of April 30th of each year as the total amount of expenditures for all MDOT programs for such fiscal year.

This policy shall only apply with respect to the issuance of any indebtedness to fund projects accelerated pursuant to the MTC Act (similar to the HELP Bonds) with the calculation set forth above only to be made on the date of issuance of any such indebtedness and applied on such date for payments to be made by the Commission to make scheduled annual payments of principal and interest (for any then current and succeeding fiscal year) on all such indebtedness then outstanding.

The Commission has, since its adoption, been in compliance with the HELP Bond Policy and on the issuance of the Series 2013C Bonds, will certify that it will be in compliance with this policy.

THE HELP BOND POLICY MAY BE AMENDED OR MODIFIED BY THE COMMISSION AT ANY TIME. SEE "ANNUAL DEBT SERVICE REQUIREMENTS" FOR INFORMATION CONCERNING DEBT SERVICE ON THE OUTSTANDING HELP BONDS.

In order to assist MDOT with its cash management, the Bank and the Commission authorized in May 2005 the issuance not to exceed \$100,000,000 of Mississippi Development Bank Revenue Notes (Mississippi Department of Transportation Commercial Paper Program) Series A (Tax-Exempt) and Series B (Taxable) (the "Commercial Paper Notes"). In May 2010 and again in May 2013C, the Commission reauthorized the Commercial Paper Program, but only for an issuance of not to exceed \$50,000,000. When issued, the Commercial Paper Notes mature no later than 270 days from their date of issuance. As of March 1, 2013, MDOT has no outstanding short-term Commercial Paper Notes.

THE SERIES 2013C BONDS AS LEGAL INVESTMENTS

The Series 2013C Bonds shall be legal investments in which all public officers and public bodies of the State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest funds, including capital, in their control or belonging to them. The Series 2013C Bonds are also securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivisions of the State and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State are now or may hereafter be authorized by law.

LITIGATION

There is not now pending or, to the Bank's knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2013C Bonds or prohibiting the Bank from providing the Loan to the Borrower with the proceeds of the Series 2013C Bonds or in any way contesting or affecting the validity of the Series 2013C Bonds, any proceedings of the Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Series 2013C Bonds. Neither the creation, organization nor existence of the Bank nor the title of any of the present Board of Directors or other officers of the Bank to their respective offices is being contested.

There is not now pending or, to the knowledge of the Borrower, threatened any litigation restraining or enjoining the execution or delivery of the Loan Agreement, the Cooperative Agreement or the Series 2013C Note or prohibiting the Borrower from delivering the Series 2013C Note to the Bank or in any way contesting or affecting the validity of the Loan Agreement, the Cooperative Agreement or the Series 2013C Note, any proceedings of the Borrower taken with respect to the execution and delivery thereof or the pledge or application of any moneys or security provided for the payment of the Series 2013C Note.

There is not now pending or, to the knowledge of the Commission and MDOT, threatened any litigation restraining or enjoining the execution or delivery of the Cooperative Agreement or the use of the Project Revenues for the purposes contemplated by the Loan Agreement or prohibiting the Commission from delivering the Cooperative Agreement to the Borrower or in any way contesting or affecting the validity of the Cooperative Agreement or the Memorandum of Understanding or the use of the Project Revenues contemplated by the Loan Agreement, any proceedings of the Commission taken with respect to the execution and delivery of the Cooperative Agreement and the Memorandum of Understanding or the use of the Project Revenues as contemplated by the Loan Agreement.

TAX MATTERS

In the opinion of Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi ("Bond Counsel"), interest on the Series 2013C Bonds is excludable from gross income for federal income tax purposes, pursuant to Section 103 of the Code. The opinion of Bond Counsel is based on certain certifications, covenants and representations of the Bank, the Commission and the Borrower (collectively, "Tax Covenants") and is conditioned on continuing compliance therewith.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2013C Bonds as a condition to the exclusion from gross income of interest on the Series 2013C Bonds for federal income tax purposes. Non-compliance with such requirements may cause interest on the Series 2013C Bonds to be included in gross income of the holders thereof for federal income tax purposes retroactive to their respective dates of issue irrespective of the date on which such noncompliance occurs. Should the Series 2013C Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2013C Bonds would be materially and adversely affected. The Tax Covenants include covenants that (a) the Bank, the Borrower and the Commission will not take or fail to take any action with respect to the Series 2013C Bonds if such action or omission would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2013C Bonds under Section 103 of the Code, and neither the Bank, the Borrower nor the Commission will act in any other manner which would adversely affect such exclusion; (b) the Bank, the Borrower and the Commission will not make any investment or do any other act or thing during the period that the Series 2013C Bonds or the Series 2013C Note are Outstanding which would cause the Series 2013C Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and (c) if required by the Code, the Bank, the Borrower and the Commission will rebate any necessary amounts to the United States of America. It is not an "event of default" under the Indenture if interest on the Series 2013C Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code, which is not in effect on the respective dates of issuance of the Series 2013C Bonds.

The interest on the Series 2013C Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2013C Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Series 2013C Bonds are *not* "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2013C Bonds is excluded from federal gross income and exempt from State income tax, the accrual or receipt of interest on the Series 2013C Bonds may otherwise affect a bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2013C Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2013C Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2013C Bonds.

In the opinion of Bond Counsel, interest on the Series 2013C Bonds is exempt from income taxation in the State under existing laws, regulations, rulings and judicial decisions. This opinion relates only to the exemption of interest on the Series 2013C Bonds for Mississippi income tax purposes.

From time to time, there are legislative proposals introduced and regulatory actions proposed or announced at the federal or state level that, if enacted, could alter or amend directly or indirectly relevant federal and state tax matters, including, without limitation, those mentioned hereinabove or could adversely affect the market value of the Series 2013C Bonds. It cannot be predicted whether or when or in what form any such legislative or regulatory proposal might be enacted or implemented or whether if enacted or implemented it would apply to tax exempt obligations such as the Series 2013C Bonds issued prior to enactment or implementation. In addition, from time to time, litigation is threatened or commenced which, if concluded in a particular manner, could adversely affect relevant tax matters or the market value of the Series 2013C Bonds. It cannot be predicted how any particular litigation or judicial action will be resolved or whether the Series 2013C Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2013C Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2013C Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed legislation, regulatory initiatives or litigation.

Treatment of Original Issue Premium

The initial public offering prices of each maturity of the Series 2013C Bonds maturing in the years 2016 through and including 2025 (the "Premium Bonds") are more than the amounts payable at the maturity dates thereof as set forth on the inside front cover of this Official Statement. Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to its owner (other than an owner who holds such a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized over the term of such a Premium Bond for federal income tax purposes. The owner of a Premium Bond is required to decrease his basis in such Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Owners of Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the

treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to state and local tax consequences of owning and disposing of Premium Bonds.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2013C Bonds by the Bank are subject to the approval of Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi, Bond Counsel, whose approving opinion will be delivered with the Series 2013C Bonds. Certain legal matters will be passed upon for the Bank by its counsel, Balch & Bingham LLP, Jackson, Mississippi, for the Borrower, by its counsel, Mike Espy PLLC, Jackson, Mississippi, for the Original Purchaser by its counsel, Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi, and Adams and Reese LLP, Ridgeland, Mississippi, and for MDOT and the Commission by the Special Assistant Attorney General of Mississippi assigned to MDOT.

The remedies available to the Trustee, to the Bank or to the owners of the Series 2013C Bonds upon an "event of default" under the Indenture or under the terms of the Loan Agreement, the Series 2013C Note or the Cooperative Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Indenture and under the Loan Agreement, the Series 2013C Note or the Cooperative Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2013C Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State and the United States of America.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations supporting the conclusions (a) that the unvested cash and the principal amounts and the interest thereon of the Investment Securities to be deposited in trust with the Escrow Agent (see "DESCRIPTION OF THE REFUNDING PROJECT," herein) are adequate to provide for the payment when due, of the principal of, premium, if any, and interest on the Refunded Series 2006 Bonds, and (b) that the Series 2013C Bonds and the Refunded Series 2006 Bonds are not "arbitrage bonds" under Section 148 of the Code will be verified by The Arbitrage Group, Inc., independent certified public accountants. Such verification will be based, in part, upon information supplied to the certified public accountants by the Original Purchaser.

CONTINUING DISCLOSURE

On November 10, 1994, the Securities and Exchange Commission (the "SEC") amended Rule 15c2-12, as amended from time to time (the "Rule") which was originally adopted by the SEC in 1989 under 15 U.S.C. Section 78a *et seq.* (the "Securities Exchange Act of 1934") and set forth certain disclosure requirements relating to a primary offering of municipal securities. The amendments to the Rule, which are effective beginning July 3, 1995, add to the existing disclosure obligations relating to municipal securities by requiring that, prior to purchasing or selling municipal securities, brokers, dealers and municipal securities dealers must reasonably determine that the issuer of such municipal securities, together with any other "obligated persons," within the meaning of the Rule, have entered into an undertaking for the benefit of bondholders to make certain information available to bondholders on a continuing basis. The Bank and the Borrower are "obligated persons" with respect to the Series 2013C Bonds within the meaning of the Rule.

The Bank, the Borrower and the Commission will enter into a written undertaking with the Trustee for the benefit of Bondholders to deliver, or cause to be delivered, to (a) the Municipal Securities Rulemaking Board (the "MSRB") through MSRB's Electronic Municipal Market Assess system at <http://emma.msrb.org> ("EMMA") in the electronic format then prescribed by the SEC (the "Required

Electronic Format") pursuant to the Rule, and (b) any public or private repository or entity designated by the State as a State repository, if any, for the purposes of the Rule (together (a) and (b), are hereinafter referred to as the "Repositories"), the information described in the undertaking, together with any identifying information or other information then required to accompany the applicable filing. This information will be made available free to securities brokers and others through EMMA. For the procedures for all filings and notices due to the MSRB, instructions will be provided on the following website for MSRB: <http://emma.msrb.org>.

In the Bank's undertaking, the Bank has agreed to deliver to the Repositories notices of certain events relating to the Series 2013C Bonds and the Bank, if the Bank deems such events to be material. In the Borrower's undertaking, the Borrower has agreed to cause the delivery to the Repositories (a) certain annual information relating to the Borrower similar to the information contained in Appendix A hereto, and (b) certain events relating to the Borrower undertakings if the Borrower deems such events to be material. In the Commission's undertaking, the Commission has agreed to cause the delivery to the Repositories (a) operating data and annual financial information related to the Commission and MDOT and certain annual information relating to the State, and (b) certain events relating to the Commission undertakings if the Commission deems such events to be material.

For a summary of the Borrower's and the Commission's undertakings, see "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT".

Although the Bank has not always timely filed the information required by its previous continuing disclosure undertakings, it is presently in compliance in all material respects with its continuing disclosure undertakings under the Rule. The Bank has taken steps to ensure that it will timely comply with all undertakings in the future.

The Commission is in compliance with all prior undertakings, for all municipal securities issued under the MTC Act. In its undertaking for the Series 2013C Bonds, the Commission will file certain financial information related to the State.

RATINGS

Moody's and Standard & Poor's have assigned ratings of "___" and "___" respectively, to the Series 2013C Bonds. Such ratings reflect the views of said rating agencies and are not a recommendation to buy, sell or hold the Series 2013C Bonds.

There is no assurance that present or future ratings will continue for any given period of time or that the ratings may not be lowered or withdrawn if in the judgment of Moody's and/or Standard & Poor's circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the secondary market price of the Series 2013C Bonds. Such ratings reflect the views of Moody's and Standard & Poor's and are not a recommendation to buy, sell or hold the Series 2013C Bonds.

FINANCIAL ADVISOR

The Bank has retained Government Consultants, Inc., Jackson, Mississippi, as independent financial advisor (the "Financial Advisor") in connection with the sale and issuance of the Series 2013C Bonds. In such capacity the Financial Advisor has provided recommendations and other financial guidance to the Bank with respect to the preparation of documents, the preparation for the sale of the Series 2013C Bonds and of the time of the sale, tax-exempt and taxable bond market conditions and other factors related to the sale of the Series 2013C Bonds. Although the Financial Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein.

UNDERWRITING

The Original Purchaser has agreed to purchase the Series 2013C Bonds as shown on the inside front cover hereof at a purchase price of \$_____ (\$_____ par amount of the Series 2013C Bonds, plus \$_____ for net original issue premium, and less \$_____ for Original Purchaser's discount). The Bond Purchase Agreement pursuant to which the Original Purchaser expects to purchase the Series 2013C Bonds provides that the Original Purchaser will purchase all the Series 2013C Bonds if any are purchased. The obligation of the Original Purchaser to accept delivery of the Series 2013C Bonds is subject to various conditions stated in such Bond Purchase Agreement.

The Original Purchaser may offer and sell the Series 2013C Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Original Purchaser.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, the Original Purchaser will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on April 1, 2009. As part of this arrangement, the Original Purchaser will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2013C Bonds.

VALIDATION

Prior to issuance, the Series 2013C Bonds will be validated before the Chancery Court of the First Judicial District of Hinds County, Mississippi, as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended.

MISCELLANEOUS

The Bank's offices are located at 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

All quotations from, and summaries and explanations of, the Acts, the Indenture, the Loan Agreement and the Series 2013C Note contained in this Official Statement do not purport to be complete, and reference is made to each such document or instrument for full and complete statements of its provisions. The attached appendices are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in reasonable quantity of the Acts, the Indenture, the Loan Agreement and the Series 2013C Note may be obtained upon request directed to the Bank.

Neither any advertisement of the Series 2013C Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2013C Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed and delivered by the Bank. The Bank will provide copies of this Official Statement to, or as directed by, the Original Purchaser.

MISSISSIPPI DEVELOPMENT BANK

By: _____
Executive Director

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APPENDIX A
INFORMATION RELATING TO THE BORROWER

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APPENDIX B
INFORMATION RELATING TO MDOT AND THE COMMISSION

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APPENDIX C
INFORMATION RELATING TO THE STATE

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APPENDIX D
FINANCIAL INFORMATION RELATING TO THE STATE

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APPENDIX E
FORM OF BOND COUNSEL OPINION

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May __, 2013

Mississippi Development Bank
Jackson, Mississippi

Re: \$_____ Mississippi Development Bank Special Obligation Refunding Bonds,
Series 2013C (Madison County, Mississippi Highway Construction Refunding Project),
dated May __, 2013 (the "Series 2013C Bonds")

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Mississippi Development Bank ("Bank") of the above-defined Series 2013C Bonds pursuant to an Indenture of Trust ("Indenture"), dated as of May __, 2013, between the Bank and Hancock Bank, Gulfport, Mississippi, as Trustee (the "Trustee"). We have examined the law and a certified transcript of proceedings of the Bank relative to the authorization, issuance and sale of the Series 2013C Bonds and such other papers as we deem necessary to render this opinion, including (a) the tax covenants and representations of the Bank made in the Indenture and in the Tax Regulatory Agreement and Arbitrage Certificate, dated May __, 2013 (the "Tax Agreement and Certificate") by and among the Bank, Madison County, Mississippi (the "Borrower") and the Trustee, (b) the tax covenants and representations of the Borrower made in the Loan Agreement, dated as of May __, 2013 (the "Loan Agreement") by and between the Borrower and the Bank, and in the Tax Agreement and Certificate and (c) the tax covenants and representations of the Mississippi Transportation Commission and/or the Mississippi Department of Transportation (together, "MDOT") made in the Cooperative Agreement (as such term is defined in the Indenture) and in the Tax and Non-Arbitrage Certificate of MDOT, dated May __, 2013 (the "MDOT Tax Certificate"). Together the covenants and representations made in the Indenture, the Loan Agreement, the Cooperative Agreement, the MDOT Tax Certificate and the Tax Agreement and Certificate are referred to herein as the "Tax Representations and Covenants".

Capitalized terms not defined herein shall have the definition as set forth in the Indenture and the Loan Agreement.

We have relied upon the certified transcript of proceedings and other certificates of public officials, including the Tax Representations and Covenants, and have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

1. The Series 2013C Bonds are the valid and binding limited obligations of the Bank enforceable in accordance with the terms thereof. The Series 2013C Bonds are payable from and secured only by the certain payments and funds to be received by the Bank and the Trustee and pledged to the Series 2013C Bonds under the Indenture.

2. The Indenture and the Loan Agreement are valid and binding agreements of the Bank enforceable in accordance with their terms. The Indenture creates the valid pledge that it purports to create of the Funds and Accounts and the Series 2013C Note, including the investments thereof, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

3. Under statutes, decisions, regulations and rulings existing on this date, interest on the Series 2013C Bonds is exempt from income taxation in the State of Mississippi (the "State"). This opinion relates only to the tax exemption of interest on the Series 2013C Bonds from State income tax.

4. Under federal statutes, decisions, regulations and rulings existing on this date, interest on the Series 2013C Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), and interest on the Series 2013C Bonds is not treated as a specific item of tax preference under Section 57 of the Code in calculating the alternative minimum tax imposed by Section 55 of the Code, however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of calculating corporate alternative minimum taxable income. This opinion relates only to the exclusion from gross income of interest on the Series 2013C Bonds for federal income tax purposes under Sections 103 and 57 of the Code and is conditioned on continuing compliance by the Bank, the Borrower and MDOT with the Tax Representations and Covenants. Failure of any of the Bank, the Borrower and/or MDOT to comply with the Tax Representations and Covenants could cause interest on the Series 2013C Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue. No opinion is expressed upon the consequences of owning the Series 2013C Bonds under any section of the Code other than Sections 103 and 57.

It is to be understood that the rights of the owners of the Series 2013C Bonds and the enforceability of the Series 2013C Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity. In rendering the opinions in paragraphs 1 and 2 above, we have relied upon the opinion of Balch & Bingham, LLP, as counsel to the Bank, as to the due authorization, execution and delivery by and enforceability against the Bank of the Series 2013C Bonds, the Indenture and the Loan Agreement.

Very truly yours,

BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE
CONTINUING DISCLOSURE AGREEMENT

**In Connection with the Sale and Issuance of \$_____ Mississippi
Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison
County, Mississippi Highway Refunding Project) (the "Series 2013C Bonds")**

WHEREAS, the Mississippi Development Bank (the "Bank") has authorized the sale and issuance of the Series 2013C Bonds, which are more particularly described in the Official Statement of the Bank in connection with the sale of the Series 2013C Bonds, dated _____, 2013 (the "Official Statement"); and

WHEREAS, the Bank has acknowledged that a purchaser may not purchase or sell the Series 2013C Bonds unless it has reasonably determined that the Bank has undertaken in a written agreement for the benefit of the holders or beneficial owners of the Series 2013C Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), and the Bank desires to assist the Original Purchaser (as hereinafter defined) of the Series 2013C Bonds in complying with the Rule; and

WHEREAS, in order to assist the Original Purchaser in complying with the Rule, the Bank, the Mississippi Transportation Commission (the "Commission"), acting for and on behalf of the Mississippi Department of Transportation ("MDOT"), and Madison County, Mississippi (the "Borrower"), have agreed to enter into this Continuing Disclosure Agreement dated _____, 2013 (this "Agreement") with Hancock Bank (the "Trustee") for the benefit of Registered Owners (defined below) and the Beneficial Owners (defined below) of the Series 2013C Bonds to provide certain information as required by the Rule.

NOW, THEREFORE, THE BANK, THE BORROWER AND THE COMMISSION HEREBY REPRESENT, COVENANT AND AGREE AS FOLLOWS:

SECTION 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the below defined Indenture.

"Accompanying Information" shall mean any identifying information or other information then required to accompany the applicable filing pursuant to the Rule.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2013C Bond (including persons holding Series 2013C Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2013C Bond for federal income tax purposes.

"Bond Register" shall mean, when used with respect to the Series 2013C Bonds, the registration records maintained by the Trustee pursuant to Section 3.06 of the Indenture.

"Bondholder" or "holder of Bonds" or "owner of Bonds" or any similar term shall mean the Registered Owner of a Series 2013C Bond.

"Commission Annual Financial Information" shall mean updated financial and operating information relating to MDOT and the Commission, and updated financial information relating to the State, similar to the information set forth in the tables and text in the following sections of the Official Statement: "APPENDIX B – INFORMATION RELATING TO MDOT AND THE COMMISSION," and "APPENDIX D - FINANCIAL INFORMATION RELATING TO THE STATE."

"**Cooperative Agreement**" shall mean the Amended and Restated Interlocal Cooperative Agreement, dated _____, 2013, between the Borrower and the Commission, as the same may be further amended and supplemented from time to time.

"**EMMA**" shall mean MSRB's Electronic Municipal Market Access system on the MSRB Website.

"**Indenture**" shall mean the Indenture of Trust, dated as of _____, 2013 by and between the Bank and the Trustee in connection with the sale and issuance of the Series 2013C Bonds.

"**Independent Accountant**" shall mean any firm of certified public accountants appointed by the Commission, which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants or the State Auditor.

"**Listed Events**" shall mean any of the events listed in Section 5 of this Agreement.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board established under 15 U.S.C. §77a *et seq.*, as amended and supplemented from time to time, or any successor thereto.

"**MSRB Website**" shall mean www.emma.msrb.org.

"**National Repository**" shall mean (a) MSRB's EMMA, and (b) in the future, any successor repository or repositories prescribed by the SEC for the purpose of serving as repository under the Rule.

"**Official Statement**" shall mean the Official Statement dated March __, 2013 in connection with the Series 2013C Bonds.

"**Original Purchaser**" shall mean together, Morgan Stanley & Co. LLC., acting for and on behalf of itself and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Raymond James & Associates, Inc. and Duncan-Williams Inc., or its successor in interest.

"**Registered Owner**" shall mean the person or persons in whose name any Series 2013C Bond is registered on the Bond Register.

"**Repository**" shall mean each National Repository and each State Repository.

"**Required Electronic Format**" shall mean the electronic format then prescribed by the SEC or the MSRB pursuant to the Rule.

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under 15 U.S.C. §78a *et seq.*, as the same may be amended from time to time.

"**SEC**" shall mean the Securities and Exchange Commission.

"**State**" shall mean the State of Mississippi.

"**State Repository**" shall mean any public or private repository or entity designated by the State as a State repository for the purposes of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 2. General. Nothing in this Agreement shall prevent the Bank, the Borrower or the Commission from disseminating any information in addition to that required by this Agreement. If the Bank, the Borrower or the Commission disseminates any such additional information, neither the Bank, the Borrower nor the Commission, respectively, shall have any obligation to update such information or include it in any further materials disseminated. All expenses and any other costs incurred by the Bank,

the Borrower, the Commission or the Trustee in complying with this Agreement shall be paid by the Borrower.

SECTION 3. Bank Undertaking. The Bank hereby agrees for the benefit of the Registered Owners and the Beneficial Owners of the Series 2013C Bonds to provide to each Repository, in a timely manner, notice of any Listed Events.

SECTION 4. Borrower Undertaking. The Borrower hereby agrees for the benefit of holders of the Series 2013C Bonds to deliver, or cause to be delivered, together with any Accompanying Information:

To each Repository no later than 180 days after the end of each fiscal year of the Borrower, information related to the Borrower similar to that information contained in Appendix A to the Official Statement, and

- (c) (1) to each Repository, in a timely manner, notice of any Listed Events; and
- (2) to each Repository, in writing, in a timely manner, notice of any event which, in the opinion of an authorized officer of the Borrower had, or will have, a material effect on the financial condition or operations of the Borrower.

SECTION 5. Commission Undertaking. The Commission hereby agrees for the benefit of holders of the Series 2013C Bonds to deliver, or cause to be delivered, together with any Accompanying Information:

- (d) To each Repository no later than 180 days after the end of each fiscal year of the State:
 - (1) the Commission Annual Financial Information relating to such fiscal year together with audited financial statements of the State for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the State are not then available, the Commission shall deliver or cause to be delivered such audited financial statements, if any, to each Repository when they become available (but in no event later than 350 days after the end of such fiscal year); or
 - (2) notice of the failure of the Commission to provide the Commission Annual Financial Information; and
- (1) to each Repository, in a timely manner, notice of any Listed Events; and
- (3) to each Repository, in writing, in a timely manner, notice of any event which, in the opinion of an authorized officer of the Commission had, or will have, a material effect on the financial condition or operations of the Commission or MDOT.

SECTION 6. Listed Events. (a) In addition to the provisions of Sections 3, 4 and 5 above, the Bank, the Borrower and the Commission shall give or cause to be given notice of the occurrence of any of the following Listed Events with respect to the Series 2013C Bonds, in a timely manner not in excess of ten (10) business days after the occurrence thereof, if material. All fifteen (15) events mandated by the Rule are listed below; however, some may not apply to the Series 2013C Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on the credit enhancements reflecting financial difficulties.

- (5) Substitution of credit or liquidity providers or their failure to perform.
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
 - (7) Modification to rights of security holders.
 - (8) Bond calls.
 - (9) Tender offers.
 - (10) Defeasances.
 - (11) Release, substitution or sale of property securing repayment of the securities.
 - (12) Rating changes.
 - (13) Bankruptcy, insolvency, receivership or similar event of the Bank, the Borrower or the State.
 - (14) Consummation of a merger, consolidation, or acquisition involving the Bank, the Borrower, MDOT or the Commission or the sale of all or substantially all of the assets of the Bank, the Borrower, MDOT or the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
 - (15) The appointment of a successor or additional trustee or the change of name of a trustee.
- (b) Any Listed Event under subsection (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) of this Section will always be deemed to be material.

SECTION 7. Commission Annual Financial Information. The contents, presentation and format of the Commission Annual Financial Information may be modified from time to time as determined in the judgment of the Commission to conform to changes in the Rule to disclosure principles or practices and legal requirements followed by or applicable to the Commission, provided that such modifications shall comply with the requirements of the Rule.

SECTION 8. Financial Statements. The annual financial statements required of the Commission and the State hereunder shall be prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by an Independent Accountant.

SECTION 9. Remedies. This Agreement is enforceable in accordance with its terms by any Bondholder either directly or as a third party beneficiary. Any Bondholder shall have the rights, for the equal benefit and protection of all Bondholders, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Bank, the Borrower and the Commission and any of the officers, agents and employees of the Bank, the Borrower and the Commission, and to compel the Bank, the Borrower and the Commission or any such officers, agents, or employees to perform and carry out their duties under their respective undertakings; provided that such rights shall be limited to an action to compel specific enforcement of the obligations of the Bank, the Borrower and the Commission hereunder and shall not include any rights to monetary damages.

The Trustee shall not be obligated or liable to any holder of the Series 2013C Bonds or other party with respect to any aspect of the implementation, operation or enforcement of any undertaking set forth herein. If the Trustee is made a party to any litigation or legal action involving any undertaking, the Borrower, to the extent permitted by law, shall pay the legal fees and related costs and expenses of the Trustee in connection with such litigation or legal action.

SECTION 10. Amendments. This Agreement may be amended, changed or modified pursuant to a written instrument signed by the Bank, the Borrower, the Commission and the Trustee, without the consent of any of the Bondholders, (a) to comply with the provisions of the Rule, (b) to cure any ambiguity, remedy any omission, or cure or correct any defect or inconsistent provision in the undertakings of the Bank and the Borrower, or (c) if the Bank, the Borrower or the Commission make a determination that any such amendment will not have a material adverse effect on the interest of the Bondholders; provided, that any such amendment, change or modification comply with the provisions of the Rule.

SECTION 11. Parties in Interest; Governing Law. This Agreement is executed and delivered for the sole benefit of the holders of the Series 2013C Bonds, the Bank, the Borrower, the Commission and the Original Purchaser and shall be governed by the laws of the State.

SECTION 12. Termination. The undertaking of the Bank, the Borrower and the Commission hereunder shall terminate on the earlier of (a) June 1, 2013, in the event that the Series 2013C Bonds have not been issued by such date; (b) such date that the Rule, or the provisions thereof are no longer effective; or (c) the date upon which there are no outstanding Series 2013C Bonds.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Bank, the Borrower, the Commission and the Trustee each have caused this Agreement to be executed by its respective officers, duly authorized, all as of the date first above written.

MISSISSIPPI DEVELOPMENT BANK

By _____
Executive Director

MADISON COUNTY, MISSISSIPPI

By _____
President, Board of Supervisors

**MISSISSIPPI TRANSPORTATION
COMMISSION**, by and through the duly
authorized Executive Director of the Mississippi
Department of Transportation

By _____
Executive Director

ACCEPTED BY:

HANCOCK BANK, as Trustee

By _____
Senior Vice President and Trust Officer

APPENDIX G
THE COOPERATIVE AGREEMENT

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APPENDIX H
DEFINITIONS

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CERTAIN DEFINITIONS

The terms set forth below shall have the following meanings in this Official Statement unless the context clearly otherwise requires. In addition, capitalized terms not otherwise defined in this APPENDIX H shall have the meanings ascribed to them in this Official Statement.

Accounts

"Accounts" means the accounts created within certain Funds pursuant to Article VI of the Indenture.

Acts

"Act" means together the Bank Act, Sections 31-27-1 *et seq.*, Section 65-1-8(2)(z) and Section 17-13-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time.

Additional Bonds

"Additional Bonds" means Bonds, if any, issued in one or more series on a parity with the Series 2013C Bonds, the Unrefunded Series 2006 Bonds or any other Additional Bonds, as authorized pursuant to the Indenture.

Additional Charges

"Additional Charges" means the payments required of the Borrower by Section 4.4 of the Loan Agreement.

Administrative Expenses

"Administrative Expenses" means the reasonable and necessary fees, costs or expenses incurred or payable by the Borrower to the Bank pursuant to the Loan Agreement or the Indenture, including compensation and expenses paid to or incurred by the Trustee or any paying agent under the Loan Agreement or the Indenture.

Annual Expenditures

"Annual Expenditures" means annual expenditures of MDOT (including all State receipts and federal receipts) as shall be calculated initially as the total amount of expenditures for all MDOT programs for the fiscal year ended June 30, 2014 and shall subsequently be calculated as of June 30th of each year as the total amount of expenditures for all MDOT programs for such fiscal year.

Assignment Agreement

"Assignment Agreement" means that Assignment Agreement dated _____, 2013, by and between the Borrower and the Trustee, whereby the Borrower assigns to the Trustee its rights under the Cooperative Agreement with respect to the Series 2013C Bonds.

Authorized Borrower Representative

"Authorized Borrower Representative" means any person or persons at the time designated to act on behalf of the Borrower by a written certificate, signed on behalf of the Borrower by the President of the Governing Body or other duly authorized Person and its Chancery Clerk or other authorized Person and furnished to the Bank and the Trustee, containing the specimen signature of each such person.

Bank

"Bank" means the Mississippi Development Bank, a body corporate and politic exercising essential public functions, or any successor to its functions, and organized under the provisions of the Bank Act.

Bank Act

"Bank Act" means Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time.

Bankruptcy Code

"Bankruptcy Code" means 11 United States Code Section 100 *et seq.*, as amended and supplemented from time to time.

Basic Payments

"Basic Payments" means all payments of the Borrower required by Section 4.2 of the Loan Agreement.

Beneficial Owner

"Beneficial Owner" means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the Beneficial Owner of such Bond by a DTC participant on the record of such DTC participant, or such person's subrogee.

Bond Closing

"Bond Closing" means the date on which there is delivery by the Bank of, and payment for, the Series 2013C Bonds.

Bond Counsel

"Bond Counsel" means an attorney or firm of attorneys approved by the Borrower, MDOT and the Bank that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on state and local government bonds from gross income under federal tax law, including particularly compliance with Section 148(f) of the Code.

Bond Documents

"Bond Documents" means the Indenture, the Loan Agreement, the Series 2013C Note, the Series 2013C Bonds, the Assignment Agreement, the Intercept Agreement, the Cooperative Agreement, the Escrow Agreement, the Bond Purchase Agreement and all other agreements, instruments, documents, notices of assignment, schedules, assignments, pledges, powers of attorney, leases, trust account agreements, certificates, consents, contracts, notices, and all other written matter and all amendments, modifications, supplements, extensions and restatements thereof and thereto, and all agreements, notes, documents or instruments delivered in substitution therefor, or in lieu thereof, whether heretofore, now, or hereafter executed by or on behalf of the Borrower, or any other person that are delivered to the Trustee, the Bank or any participant with respect to the transactions contemplated in the Indenture.

Bond Issuance Expense Account

"Bond Issuance Expense Account" means the account by that name created in the General Fund by the Indenture.

Bond Purchase Agreement

"Bond Purchase Agreement" means the Bond Purchase Agreement dated ____ __, 2013 by and between the Bank and the Original Purchaser and approved by the Borrower and the Commission.

Bond Register

"Bond Register" means, when used with respect to the Series 2013C Bonds, the registration records maintained by the Trustee pursuant to the Indenture.

Bondholder or holder of Bonds or owner of Bonds

"Bondholder or holder of Bonds or owner of Bonds" or any similar term means the Registered Owner of any Bond.

Bonds

"Bonds" means the Series 2013C Bonds and any Additional Bonds.

Borrower

"Borrower" means Madison County, Mississippi and any successor thereto.

Business Day

"Business Day" means any day, other than a Saturday or Sunday, on which the Trustee's offices, the Borrower's offices or MDOT's offices are not closed and on which the payment system of the Federal Reserve System, New Orleans branch, is operational.

Certificate

"Certificate" means as the case may be, either (a) a signed document attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (b) a signed document setting forth matters to be determined by an Authorized Borrower Representative or Authorized MDOT Representative pursuant to the Loan Agreement and the Indenture.

Code

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time and in effect on the date of issuance of the Series 2013C Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

Commission

"Commission" means the Mississippi Transportation Commission and any successor thereto.

Continuing Disclosure Agreement

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated _____, 2013 by and among the Bank, the Commission, the Borrower and the Trustee.

Cooperative Agreement

"Cooperative Agreement" means the Interlocal Cooperative Agreement, dated January 11, 2005, as amended and supplemented, as the same may be further amended and supplemented from time to time.

Costs of Issuance

"Costs of Issuance" means any and all reasonable costs and expenses properly documented relating to the issuance, sale and delivery of the Series 2013C Bonds, and the execution and delivery of the Bond Documents, including, but not limited to, all reasonable fees and expenses properly documented of legal counsel, financial consultants, feasibility consultants and accountants, the initial reasonable fees and expenses of the Trustee, any fee to be paid to the Bank, the preparation and printing of the Bond Documents, any preliminary official statement and final official statement, and all other related closing documents and certificates, and all other expenses relating to the issuance, sale and delivery of the Series 2013C Bonds to be paid from the proceeds of the Series 2013C Bonds, including but not limited to any other costs which are treated as "issuance costs" within the meaning of Section 147(g) of the Code, including the costs, fees and expenses of the Original Purchaser in connection with the initial sale and issuance of the Series 2013C Bonds.

Counsel

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and approved by the Bank, the Borrower, MDOT and the Trustee.

Depository

"Depository" means any bank, trust company or national banking association selected by the Borrower and approved by the Trustee and MDOT as a depository of moneys and securities held under the provisions of the Loan Agreement, and its successor or assign or successors or assigns.

Discharge Date

"Discharge Date" means the date on which all Outstanding Bonds are discharged under Article IX of the Indenture.

DTC

"DTC" means The Depository Trust Company, New York, New York.

Escrow Agent

"Escrow Agent" means Hancock Bank, in its capacity as escrow agent under the Escrow Agreement.

Escrow Agreement

"Escrow Agreement" means the Escrow Deposit Trust Agreement, dated _____, 2013 by and among the Bank, the Borrower and the Escrow Agent in connection with the Refunding Project.

Fees and Charges

"Fees and Charges" means fees and charges established by the Bank from time to time pursuant to the Act, which are payable by Borrower under the Loan Agreement.

FHWA

"FHWA" means the Federal Highway Administration and any successor thereto.

Fiduciary or Fiduciaries

"Fiduciary or Fiduciaries" means the Trustee, any paying agent, the Depository or any or all of them, as may be appropriate.

Fiscal Year

"Fiscal Year" means when used with respect to the Borrower, a period beginning on October 1 in any year and ending on September 30 of the following year or such other twelve-month period as may be adopted by the Borrower in accordance with law.

Funds

"Funds" means the funds created pursuant to Article VI of the Indenture.

General Account

"General Account" means the account by that name created in the General Fund by the Indenture.

General Fund

"General Fund" means the Fund by that name created in the Indenture.

Governmental Obligations

"Governmental Obligations" means to the extent permitted by State law (a) direct obligations of the United States of America; or (b) obligations guaranteed as to principal and interest by the United States of America or any federal agency whose obligations are backed by the full faith and credit of the United States of America, including: U.S. Treasury obligations, Farmers Home Administration (or the successor thereto), General Services Administration, Guaranteed Title XI financing, Government National Mortgage Association (GNMA), and U.S. Treasury securities and state and local government series ("SLGS").

HELP Bonds

"HELP Bonds" means the Series 2013C Bonds, the 2005 Tunica County Bonds, the 2005 Harrison County Bonds, the City of Laurel Bonds, the Unrefunded Series 2006 Bonds, the 2007 Marshall County IDA Bonds, the 2007 DeSoto County Bonds, the 2009 Harrison County Bonds, the 2010 DeSoto County Bonds, the 2012 Tunica County Bonds and the 2012 Marshall County IDA Bonds.

Highway Project

"Highway Project" means the design, right of way acquisition, and construction of a split-diamond interchange, frontage roads and connector roads which together provide additional capacity to United States Interstate Highway 55 from Old Agency Road to State Road 463, along with the connector road of Madison Avenue in the City of Madison, Mississippi from Highland Colony Parkway to United States Highway 51 and State Highway 463 from Grandview Boulevard/Galleria Parkway to United States Highway 51 and the construction of a multi-lane McClellan Drive in the City of Ridgeland, Mississippi from Highland Colony Parkway to United States Highway 51, or any other highway, road and/or bridge improvements in the Borrower.

Indenture

"Indenture" means the Indenture of Trust, dated as of _____, 2013, by and between the Bank and the Trustee, as the same may from time to time be amended or supplemented as provided in the Indenture, under which the Series 2013C Bonds are issued and secured.

Intercept Agreement

"Intercept Agreement" means the Intercept Agreement dated _____, 2013, by and between the Bank and the Borrower, and accepted by the Trustee.

Intercept Moneys

"Intercept Moneys" means and is limited to any moneys which the Borrower is entitled to receive from time to time pursuant to the Cooperative Agreement, which MDOT has included in its annual budget and has been appropriated by the Mississippi Legislature in accordance with law, and which is or may be in possession of the State Treasurer's Office, the Commission, MDOT or any State agency, department or commission created pursuant to State law.

Interest Payment Date

"Interest Payment Date" means each January 1 and July 1, commencing _____ 1, 20___, and ending on the date of payment in full of the Series 2013C Bonds.

Investment Securities

"Investment Securities" means any of the following to the extent such investments are permitted by State law: (a) obligations of any municipality of the State or the State or the United States of America rated at least "A" by Standard & Poor's or Moody's; (b) obligations the principal and interest of which are fully guaranteed by the State or the United States of America; (c) obligations of any corporation wholly owned by the United States of America; (d) obligations of any corporation sponsored by the United States of America which are or may become eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System; (e) obligations of insurance firms or other corporations whose investments are rated "AA" or better by recognized rating companies; (f) certificates of deposit or time deposits of qualified depositories of the State as approved by the State Depository Commission, secured in such manner, if any, as the Bank shall determine; (g) contracts for the purchase and sale of obligations of the type specified in items (a) through (e) above; (h) repurchase agreements secured by obligations specified in items (a) through (e) above; or (i) money market funds rated "AAm" or "AAm-G" or better by Standard & Poor's, the assets of which are required to be invested in obligations specified in items (a) through (f) above.

Loan

"Loan" means the loan of the proceeds of the Series 2013C Bonds by the Bank to the Borrower under the Loan Agreement.

Loan Agreement

"Loan Agreement" means the Loan Agreement, dated as of _____, 2013, by and between the Bank and the Borrower, as the same may from time to time be amended or supplemented as provided in the Loan Agreement.

Loan Proceeds

"Loan Proceeds" means the Net Proceeds of the sale of the Series 2013C Bonds and investment earnings thereon held by the Trustee in the Refunding Account under the Indenture.

Local Governmental Units

"Local Governmental Units" means (i) any county, municipality, utility district, regional solid waste Borrower, county cooperative service district or political subdivision of the State, (ii) the State or any agency thereof, (iii) the institutions of higher learning of the State, (iv) any education building corporation established for institutions of higher learning, or (v) any other governmental unit created under State law, including the Borrower and MDOT.

Memorandum of Understanding

"Memorandum of Understanding" means the First Amended and Restated Memorandum of Understanding, dated as of _____, 2013 between the Commission and the FHWA executed in connection with the Series 2006 Bonds and the Series 2013C Bonds.

MDOT

"MDOT" shall mean the Mississippi Department of Transportation and any successor thereto.

Moody's

"Moody's" shall mean Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns and, if dissolved or liquidated or if it no longer performs the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower (with the approval of the Bank and MDOT), by written notice to the Trustee.

MTC Act

"MTC Act" means Section 65-1-8(2)(z), Mississippi Code of 1972, as amended and supplemented from time to time.

Net Proceeds

"Net Proceeds" shall mean proceeds from the sale of the Series 2013C Bonds at the public offering price, plus any original issue premium, less any original issue discount and less the Original Purchaser's discount.

Opinion of Bond Counsel

"Opinion of Bond Counsel" means an opinion by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law, and which is acceptable to the Bank, MDOT and the Trustee.

Original Purchaser

"Original Purchaser" means Morgan Stanley & Co. LLC, acting for and on behalf of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Raymond James & Associates, Inc., and Duncan-Williams Inc. as the original purchasers and underwriters for the Series 2013C Bonds.

Outstanding or Bonds Outstanding

"Outstanding or Bonds Outstanding" means all Bonds that have been authenticated and delivered by the Trustee under the Indenture, including Bonds held by the Bank, except:

- (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds deemed paid under the Indenture; and
- (c) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

Paying Agent

"Paying Agent" means the Trustee.

Person

"Person" means an individual, a corporation, a limited liability company, an association, a joint stock company, a business trust, a partnership, a joint venture, an unincorporated organization, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Principal Payment Date

"Principal Payment Date" means the maturity date or redemption date (including any mandatory sinking fund redemption dates), if any, of any Bond.

Program

"Program" means the program for entering into a loan with Local Governmental Units by the Bank pursuant to the Act.

Program Expenses

"Program Expenses" means all of the reasonable fees and expenses properly documented of the Trustee relating to the Bonds and any expenses for preparing costs of determining the amount rebatable, if any, to the United States of America, all to the extent properly allocable to the Program and approved in writing by the Bank and MDOT.

Project

"Project" means providing funds for financing (i) the advance refunding and defeasance of the Refunded Series 2006 Bonds and simultaneously repayment of an equal amount of the Series 2006 Note and (ii) paying the Costs of Issuance.

Project Revenues

"Project Revenues" means all revenues received by the Borrower from the Commission pursuant to the Cooperative Agreement in connection with the financing and the refinancing of the obligations issued to finance and refinance the Highway Project, which Project Revenues are parity revenues in respect of the Series 2013C Bonds, the Unrefunded Series 2006 Bonds and any Additional Bonds.

Rebate Fund

"Rebate Fund" means the fund by that name created by the Indenture.

Record Date

"Record Date" means, with respect to any Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date.

Redemption Account

"Redemption Account" means the account by that name created in the General Fund by the Indenture.

Redemption Date

"Redemption Date" means when used with respect to any Series 2013C Bond to be redeemed, the date on which it is to be redeemed pursuant to the Indenture.

Redemption Price

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption prior to maturity.

Refunded Series 2006 Bonds

"Refunded Series 2006 Bonds" means the Series 2006 Bonds maturing January 1, ____ to and including January 1, ____.

Refunding Account

"Refunding Account" means the account by that name created in the General Fund by the Indenture.

Refunding Project

"Refunding Project" means the advance refunding and defeasance of the Refunded Series 2006 Bonds.

Registered Owner

"Registered Owner" means the person or persons in whose name any Bond shall be registered on the Bond Register.

Revenues

"Revenues" means the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture including, without limitation, all Series 2013C Note Payments, all amounts payable under the Cooperative Agreement in respect of the Series 2013C Bonds (including all Project Revenues), any Intercept Moneys and any additional amount paid to the Trustee under the Loan Agreement on the Series 2013C Note.

Series

"Series" when used with respect to less than all of the Bonds, means and refers to all of the Bonds delivered within a separate series designation on original issuance in a simultaneous transaction, regardless of variation in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any such Bonds.

Series 2006 Bonds

"Series 2006 Bonds" means the \$145,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2006 (Madison County, Mississippi Highway Construction Project) dated October 11, 2006, currently outstanding in the amount of \$_____ of which \$_____ is to be advance refunded and defeased with a portion of the proceeds of the Series 2013C Bonds.

Series 2006 Indenture

"Series 2006 Indenture" means the Indenture of Trust, dated October 11, 2006, by and between the Bank and Hancock Bank, as trustee, under which the Series 2006 Bonds were issued and secured.

Series 2006 Intercept Agreement

"Series 2006 Intercept Agreement" means the Intercept Agreement, dated October 11, 2006, by and between the Bank and the Borrower, and accepted by the Trustee, entered into in connection with the issuance of the Series 2006 Bonds.

Series 2006 Loan Agreement

"Series 2006 Loan Agreement" means the Loan Agreement dated October 11, 2006 by and between the Bank and the Borrower pursuant to which the Borrower issued the Series 2006 Note.

Series 2006 Note

"Series 2006 Note" means the \$145,000,000 Promissory Note (Madison County, Mississippi Highway Construction Project) dated October 11, 2006, currently outstanding in the amount of \$_____.

Series 2013C Bonds

"Series 2013C Bonds" means the \$_____ Mississippi Development Bank Special Obligation Refunding Bonds, Series 2013C (Madison County, Mississippi Highway Refunding Project), issued pursuant to the Indenture.

Series 2013C Note

"Series 2013C Note" means the \$_____ Promissory Note, Series 2013C (Madison County, Mississippi Highway Refunding Project), of the Borrower, which Series 2013C Note is being issued by the Borrower and assigned to the Trustee pursuant to the Loan Agreement.

Series 2013C Note Payment

"Series 2013C Note Payment" means the amounts paid or required to be paid, from time to time, for principal of and interest on the Series 2013C Note held by the Trustee as assignee of the Bank pursuant to the Indenture, the payment of which will constitute an equal and corresponding payment of the principal and interest payments on the Series 2013C Bonds.

Standard & Poor's

"Standard & Poor's" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., New York, New York, its successors and assigns and, if dissolved or liquidated or if it no longer performs the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower (with the approval of the Bank and MDOT), by written notice to the Trustee.

State

"State" means the State of Mississippi.

Supplemental Indenture

"Supplemental Indenture" means an indenture supplemental to or amendatory of the Indenture, executed by the Bank and the Trustee in accordance with Article XII of the Indenture.

Tax Certificate

"Tax Certificate" means the Borrower's Tax Certificate delivered as of the Bond Closing.

Trustee

"Trustee" means the state banking corporation or national banking association with corporate trust powers qualified to act as Trustee under the Indenture which may be designated (originally or as a successor) as Trustee for the owners of the Bonds issued and secured under the terms of the Indenture, and which shall initially be Hancock Bank, Gulfport, Mississippi.

Trust Estate

"Trust Estate" means the property, rights, and amounts pledged and assigned to the Trustee as security for the Bonds pursuant to the granting clauses of the Indenture.

Unrefunded Series 2006 Bonds

"Unrefunded Series 2006 Bonds" means the Series 2006 Bonds maturing on January 1, 2014 to and including January 1, 2018.

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