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

Interest on the Bonds is not excluded from gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

$700,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION BONDS,
TAXABLE BUILD AMERICA BONDS, SERIES 2010-3

Dated: Date of Delivery **Due: As shown on the inside front cover page**

This Official Statement contains information relating to the State of Illinois (the "State") and the State's general obligation bonds, to be issued as General Obligation Bonds, Taxable Build America Bonds, Series 2010-3 (the "Bonds"). The Bonds will be issued only as fully registered book-entry bonds in denominations of $5,000 or any integral thereof. The Bonds, when issued, will be registered under a global book-entry system operated by Cede & Co., as a nominee of The Depository Trust Company ("DTC"), New York, New York. See "APPENDIX C – GLOBAL BOOK-ENTRY SYSTEM." The Bonds will bear interest at the rates shown on the inside cover of this Official Statement. Interest on the Bonds will be payable April 1 and October 1 of each year, commencing October 1, 2010. Details of payment of the Bonds are described herein.

The Bonds are subject to redemption prior to maturity as set forth herein. See "THE OFFERING – REDEMPTION."

The Bonds are direct, general obligations of the State, secured by a pledge of its full faith and credit. The Bonds are issued under the General Obligation Bond Act of the State of Illinois, as amended, to provide funds for grants to school districts within the State for the acquisition, construction and repair of public school facilities, to finance certain of the State's transportation projects and to finance certain of the State's capital facilities, as described herein, and to pay costs of financing, including, but not limited to, the cost of issuance of the Bonds.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Mayer Brown LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Underwriters' Counsel, Freeborn & Peters LLP, Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about April 26, 2010.

William Blair & Company

The Northern Trust Company Edward Jones

George K. Baum & Company RBC Capital Markets

April 20, 2010

$700,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION BONDS,
TAXABLE BUILD AMERICA BONDS, SERIES 2010-3

MATURITY SCHEDULE

MATURITY (April 1)	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	PRICE	CUSIP†
2011	$28,000,000	1.578%	1.578%	100%	452152FB2
2012	28,000,000	2.182%	2.182%	100%	452152FC0
2013	28,000,000	3.088%	3.088%	100%	452152FD8
2014	28,000,000	4.062%	4.062%	100%	452152FE6
2015	28,000,000	4.422%	4.422%	100%	452152FF3
2016	28,000,000	4.790%	4.790%	100%	452152FG1
2017	28,000,000	5.090%	5.090%	100%	452152FH9
2018	28,000,000	5.297%	5.297%	100%	452152FJ5
2019	28,000,000	5.547%	5.547%	100%	452152FK2
2020	28,000,000	5.727%	5.727%	100%	452152FL0
2021	28,000,000	5.827%	5.827%	100%	452152FM8
2022	28,000,000	5.947%	5.947%	100%	452152FN6

$364,000,000 6.725% Term Bond Due April 1, 2035, Price: 100%, CUSIP†: 452152FA4

STATE OF ILLINOIS

Pat Quinn
Governor

David Vaught
Director of the Governor's Office of Management and Budget

John Sinsheimer
Director of Capital Markets

PREFACE

No dealer, broker, salesperson, or other person has been authorized by the State of Illinois or the Underwriters 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 as having been authorized by the State. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the State and include information from other sources which the State believes to be reliable. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date thereof.

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

INFORMATION CONCERNING OFFERING RESTRICTIONS

IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 20 UNITS (BEING 20 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $100,000).

NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA

NO ACTION HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION THAT WOULD PERMIT A PUBLIC OFFERING OF ANY OF THE BONDS, OR POSSESSION OR DISTRIBUTION OF THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. EACH UNDERWRITER SHALL COMPLY WITH ALL RELEVANT LAWS, REGULATIONS AND DIRECTIVES IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS, SELLS OR DELIVERS BONDS OR HAS IN ITS POSSESSION OR DISTRIBUTES THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL, IN ALL CASES AT ITS OWN EXPENSE.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A "RELEVANT MEMBER STATE"), EACH UNDERWRITER HAS SEVERALLY REPRESENTED AND AGREED THAT WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE (AS DEFINED BELOW) IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE (THE "RELEVANT IMPLEMENTATION DATE") IT HAS NOT MADE AND WILL NOT MAKE AN OFFER OF THE BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT TO THE PUBLIC IN THAT RELEVANT MEMBER STATE OTHER THAN ANY OFFERS CONTEMPLATED IN A PROSPECTUS IN RELATION TO THE BONDS FROM THE TIME SUCH PROSPECTUS IS APPROVED BY THE COMPETENT AUTHORITY AND PUBLISHED IN THAT RELEVANT MEMBER STATE OR, WHERE APPROPRIATE, APPROVED IN ANOTHER RELEVANT MEMBER STATE AND PUBLISHED AND NOTIFIED TO THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE, ALL IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE AS IMPLEMENTED IN THAT RELEVANT MEMBER STATE, UNTIL THE END DATE SPECIFIED IN SUCH PROSPECTUS, EXCEPT THAT IT MAY, WITH EFFECT FROM AND INCLUDING THE RELEVANT IMPLEMENTATION DATE, MAKE AN OFFER OF SUCH BONDS TO THE PUBLIC IN THAT RELEVANT MEMBER STATE:

(A) TO LEGAL ENTITIES WHICH ARE AUTHORIZED OR REGULATED TO OPERATE IN THE FINANCIAL MARKETS OR, IF NOT SO AUTHORIZED OR REGULATED, WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES;

(B) TO ANY LEGAL ENTITY WHICH HAS TWO OR MORE OF (1) AN AVERAGE OF AT LEAST 250 EMPLOYEES DURING THE LAST FINANCIAL YEAR; (2) A TOTAL BALANCE SHEET OF MORE THAN €43,000,000; AND (3) AN ANNUAL NET TURNOVER OF

MORE THAN €50,000,000, AS SHOWN IN ITS LAST ANNUAL OR CONSOLIDATED ACCOUNTS;

(C) TO FEWER THAN 100 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE) SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR UNDERWRITERS NOMINATED BY THE STATE FOR ANY SUCH OFFER; OR

(D) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE,

PROVIDED THAT NO SUCH OFFER OF THE BONDS REFERRED TO ABOVE SHALL REQUIRE THE STATE OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE.

FOR PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF THE BONDS TO THE PUBLIC" IN RELATION TO ANY BONDS IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE BONDS, AS THE SAME MAY BE VARIED IN THAT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT MEMBER STATE, AND THE EXPRESSION "PROSPECTUS DIRECTIVE" MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN EACH RELEVANT MEMBER STATE.

NOTICE TO RESIDENTS OF BELGIUM

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE A PUBLIC OFFER IN BELGIUM AND MAY NOT BE DISTRIBUTED TO THE BELGIAN PUBLIC. THE BELGIAN COMMISSION FOR BANKING, FINANCE AND INSURANCE (COMMISSION BANCAIRE, FINANCIÈRE ET DES ASSURANCES) HAS NOT BEEN NOTIFIED OF THE OFFER UNDER THIS OFFICIAL STATEMENT PURSUANT TO ARTICLE 32 OF THE LAW OF 16 JUNE 2006 ON THE PUBLIC OFFERING OF SECURITIES AND THE ADMISSION OF SECURITIES TO TRADE ON REGULATED MARKETS (THE "PROSPECTUS LAW") NOR HAS THIS OFFICIAL STATEMENT BEEN, OR WILL IT BE, APPROVED BY THE BELGIAN BANKING, FINANCE AND INSURANCE COMMISSION PURSUANT TO ARTICLE 23 OF THE PROSPECTUS LAW. ACCORDINGLY, EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT WILL NOT OFFER OR SELL THE BONDS OR DISTRIBUTE THIS OFFICIAL STATEMENT OR ANY OTHER INFORMATION, DOCUMENT, BROCHURE OR SIMILAR DOCUMENT, DIRECTLY OR INDIRECTLY, TO ANY PERSON IN BELGIUM OTHER THAN TO (I) QUALIFIED INVESTORS REFERRED TO IN ARTICLE 3, §2 A) OF THE PROSPECTUS LAW, ACTING FOR THEIR OWN ACCOUNT OR (II) INVESTORS WISHING TO ACQUIRE BONDS FOR AN AMOUNT OF AT LEAST €50,000 (OR ITS EQUIVALENT IN FOREIGN CURRENCIES) PER TRANSACTION, AS SPECIFIED IN ARTICLE 3, §2 C) OF THE PROSPECTUS LAW.

NOTICE TO RESIDENTS OF FRANCE

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED OR SOLD, AND WILL NOT OFFER OR SELL, DIRECTLY, OR INDIRECTLY, THE BONDS TO THE PUBLIC IN THE REPUBLIC OF FRANCE WITHIN THE MEANING OF ARTICLE L.411-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER AND THAT OFFERS AND SALES OF THE BONDS IN FRANCE WILL EITHER (1) RELATE TO BONDS THE NOMINAL VALUE PER UNIT OF WHICH AMOUNTS AT LEAST TO €50,000 OR (2) BE MADE ONLY TO QUALIFIED INVESTORS (INVESTISSEURS QUALIFIÉS) LISTED UNDER ARTICLE D.411-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER OR TO A RESTRICTED CIRCLE OF INVESTORS (CERCLE RESTREINT D'INVESTISSEURS) OF LESS THAN 100 INVESTORS PURSUANT TO ARTICLE D.411-2 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER, OR TO PERSONS PROVIDING PORTFOLIO MANAGEMENT FINANCIAL SERVICES FOR THE ACCOUNT OF THIRD PARTIES (PERSONNES FOURNISSANT LE SERVICE D'INVESTISSEMENT DE GESTION DE PORTEFEUILLE POUR COMPTE DE TIERS), ALL ACTING FOR THEIR OWN ACCOUNT AS DEFINED IN AND IN ACCORDANCE WITH ARTICLES L.411-2, D.411-1, D.411-2, D.754-1 AND D.764-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER.

IN ADDITION, EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT DISTRIBUTED OR CAUSED TO BE DISTRIBUTED AND WILL NOT DISTRIBUTE OR CAUSE TO BE DISTRIBUTED IN THE REPUBLIC OF FRANCE THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL RELATING TO THE BONDS OTHER THAN IN ACCORDANCE WITH L.411-1, L.411-2, L.412-1 AND L.621-8 TO L.621-8-3 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER TO INVESTORS TO WHOM OFFERS AND SALES OF THE BONDS IN FRANCE MAY BE MADE AS DESCRIBED ABOVE AND THAT THIS OFFICIAL STATEMENT HAS NOT BEEN SUBMITTED FOR APPROVAL (VISA) BY THE AUTORITÉ DES MARCHÉS FINANCIERS UNDER THE CONDITIONS SET OUT INTER ALIA BY ARTICLES 212-1 ET SEQ. OF THE GENERAL REGULATIONS (RÈGLEMENT GÉNÉRAL) OF THE AUTORITÉ DES MARCHÉS FINANCIERS AND DOES NOT CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF BONDS.

NOTICE TO RESIDENTS OF GERMANY

EACH OF THE UNDERWRITERS HAS AGREED AND REPRESENTED TO COMPLY WITH THE FOLLOWING OFFERING AND SELLING RESTRICTIONS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY.

EACH OF THE UNDERWRITERS HAS AGREED THAT IT SHALL NOT OFFER OR SELL THE BONDS IN THE FEDERAL REPUBLIC OF GERMANY OTHER THAN IN COMPLIANCE WITH THE GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ), THE GERMAN SECURITIES SALES PROSPECTUS ACT (WERTPAPIER-VERKAUFSPROSPEKTGESETZ), AND THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ), RESPECTIVELY, AND ANY OTHER LAWS AND REGULATIONS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY GOVERNING THE ISSUE, THE OFFERING AND THE SALE OF THE BONDS.

THE BONDS MAY NEITHER BE NOR ARE INTENDED TO BE DISTRIBUTED BY WAY OF PUBLIC OFFERING, PUBLIC ADVERTISEMENT OR IN A SIMILAR MANNER WITHIN THE MEANING OF SECTIONS 2 NO. 4 AND SECTION 3 PARA. 1 OF THE GERMAN SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ), SECTION

8F(1) OF THE GERMAN SECURITIES SALES PROSPECTUS ACT (WERTPAPIER-VERKAUFSPROSPEKTGESETZ) AND SECTIONS 1 AND 2(11) OF THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ) NOR SHALL THE DISTRIBUTION OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT RELATING TO THE BONDS CONSTITUTE SUCH PUBLIC OFFER.

THE DISTRIBUTION OF THE BONDS HAS NOT BEEN NOTIFIED, AND THE BONDS ARE NOT REGISTERED OR AUTHORIZED FOR PUBLIC DISTRIBUTION, IN THE FEDERAL REPUBLIC OF GERMANY UNDER THE GERMAN SECURITIES PROSPECTUS ACT WERTPAPIERPROSPEKTGESETZ) OR THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ). ACCORDINGLY, THIS OFFICIAL STATEMENT HAS NOT BEEN FILED OR DEPOSITED WITH THE GERMAN FEDERAL FINANCIAL SUPERVISORY AUTHORITY (BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT - BAFIN).

NOTICE TO RESIDENTS OF IRELAND

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT:

(A) TO THE EXTENT APPLICABLE, IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE EUROPEAN COMMUNITIES (MARKETS IN FINANCIAL INSTRUMENTS) REGULATIONS 2007 OF IRELAND, AS AMENDED, WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE BONDS OR OPERATING IN, OR OTHERWISE INVOLVING, IRELAND.

(B) IT WILL NOT UNDERWRITE THE ISSUE OF, PLACE, OR DO ANYTHING IN IRELAND IN RESPECT OF THE BONDS OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH PROSPECTUS (DIRECTIVE 2003/71/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 51 OF THE IRISH INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005, BY THE IRISH CENTRAL BANK AND FINANCIAL SERVICES AUTHORITY ("IFSRA"); AND

(C) IT WILL NOT UNDERWRITE THE ISSUE OF, PLACE, OR OTHERWISE ACT IN IRELAND IN RESPECT OF THE BONDS, OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH MARKET ABUSE (DIRECTIVE 2003/6/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 34 OF THE IRISH INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005 BY IFSRA.

NOTICE TO RESIDENTS OF ITALY

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD OR DELIVERED, WILL NOT OFFER, SELL OR DELIVER, HAS NOT DISTRIBUTED AND WILL NOT DISTRIBUTE AND HAS NOT MADE AND WILL NOT MAKE AVAILABLE IN ITALY ANY BONDS, THE OFFICIAL STATEMENT NOR ANY OTHER OFFERING MATERIAL RELATING TO THE BONDS OTHER THAN:

(A) TO PROFESSIONAL INVESTORS ("CLIENTI PROFESSIONALI"), AS DEFINED IN CONSOB REGULATION ON INTERMEDIARIES NO. 16190 OF OCTOBER 29, 2007, PURSUANT TO ARTICLES 100 AND 100 BIS OF THE LEGISLATIVE DECREE NO. 58 OF FEBRUARY 1998 (THE "FINANCIAL SERVICES ACT") AS AMENDED FROM TIME TO TIME; OR

(B) IN CIRCUMSTANCES WHICH ARE EXEMPTED FROM THE RULES ON PUBLIC OFFERINGS PURSUANT TO ARTICLE 100 OF THE FINANCIAL SERVICES ACT AND CONSOB REGULATION ON ISSUERS AS AMENDED FROM TIME TO TIME. ANY OFFER, SALE OR DELIVERY OF THE BONDS OR DISTRIBUTION OF COPIES OF THE OFFICIAL STATEMENT OR ANY OTHER DOCUMENT RELATING TO THE BONDS IN ITALY UNDER (A) OR (B) ABOVE MUST BE:

(I) MADE BY AN INVESTMENT FIRM, BANK OR FINANCIAL INTERMEDIARY PERMITTED TO CONDUCT SUCH ACTIVITIES IN ITALY IN ACCORDANCE WITH THE FINANCIAL SERVICES ACT, THE LEGISLATIVE DECREE NO. 385 OF SEPTEMBER 1, 1993, AS AMENDED FROM TIME TO TIME (THE BANKING ACT), AND CONSOB REGULATION ON INTERMEDIARIES NO. 16190 OF OCTOBER 29, 2007;

(II) IN ACCORDANCE WITH ANY OTHER APPLICABLE LAWS AND REGULATIONS.

NOTICE TO RESIDENTS OF LUXEMBOURG

EACH UNDERWRITER HAS UNDERTAKEN THAT IN RELATION TO THE ISSUE OF THE BONDS IT HAS NOT AND WILL NOT, DIRECTLY OR INDIRECTLY, OFFER, SELL, TRANSFER OR DELIVER ANY BONDS AS PART OF THEIR INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER (INCLUDING RIGHTS REPRESENTING AN INTEREST IN A GLOBAL NOTE) TO THE PUBLIC IN THE GRAND DUCHY OF LUXEMBOURG OTHER THAN (I) TO LEGAL ENTITIES WHICH ARE AUTHORIZED OR REGULATED TO OPERATE IN THE FINANCIAL MARKETS OR, IF NOT SO AUTHORIZED OR REGULATED, WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES, (II) TO ANY LEGAL ENTITY WHICH HAS TWO OR MORE OF (1) AN AVERAGE OF AT LEAST 250 EMPLOYEES DURING THE LAST FINANCIAL YEAR, (2) TOTAL NET ASSETS REFLECTED ON THE BALANCE SHEET OF MORE THAN €43,000,000, AND (3) AN ANNUAL NET TURNOVER OF MORE THAN €50,000,000, AS SHOWN IN ITS LAST ANNUAL OR CONSOLIDATED ACCOUNTS, (III) TO FEWER THAN 100 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE LUXEMBOURG ACT OF 10 JULY 2005 ON PROSPECTUSES FOR SECURITIES (THE "PROSPECTUS ACT")) OR (IV) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 5 (2) AND 5 (3) OF THE PROSPECTUS ACT.

THIS OFFICIAL STATEMENT MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE AND NEITHER THIS OFFICIAL STATEMENT NOR ANY SUBSCRIPTION FORM, CIRCULAR OR ANY OTHER DOCUMENT ISSUED IN RELATION TO THE BONDS SHALL BE PROVIDED TO ANY OTHER PERSONS OR DISTRIBUTED IN CIRCUMSTANCES OTHER THAN THOSE AS DESCRIBED ABOVE.

NOTICE TO RESIDENTS OF THE NETHERLANDS

EACH UNDERWRITER HAS UNDERTAKEN THAT IN RELATION TO THE ISSUE OF THE BONDS IT HAS NOT AND WILL NOT, DIRECTLY OR INDIRECTLY, OFFER, SELL, TRANSFER OR DELIVER ANY BOND AS PART OF THEIR INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER (INCLUDING RIGHTS REPRESENTING AN INTEREST IN A GLOBAL BOND) TO INDIVIDUALS OR LEGAL ENTITIES WHO OR WHICH ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS IF

SUCH A BOND DOES NOT HAVE A DENOMINATION OF AT LEAST €50,000 OR, IF SUCH A BOND IS DENOMINATED IN OTHER CURRENCY THAN EURO, AT LEAST A VALUE OF €50,000.

NOTICE TO RESIDENTS OF PORTUGAL

NO OFFER OF THE BONDS MAY BE MADE IN PORTUGAL EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH THE RULES CONCERNING THE MARKETING OF SUCH BONDS AND WITH THE LAWS OF PORTUGAL GENERALLY.

IN RELATION TO PORTUGAL, EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT IT HAS NOT MADE AND WILL NOT MAKE AN OFFER OF THE BONDS TO THE PUBLIC IN PORTUGAL, EXCEPT THAT IT MAY MAKE AN OFFER OF THE BONDS TO THE PUBLIC IN PORTUGAL:

(I) IN THE PERIOD BEGINNING ON THE DATE OF PUBLICATION OF AN OFFICIAL STATEMENT IN RELATION TO THE BONDS WHICH HAS BEEN APPROVED BY THE PORTUGUESE SECURITIES EXCHANGE COMMISSION (COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS, OR THE "CMVM") IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE OR, WHERE APPROPRIATE, PUBLISHED IN ANOTHER MEMBER STATE AND NOTIFIED TO THE CMVM ALL IN ACCORDANCE WITH ARTICLE 18 OF THE PROSPECTUS DIRECTIVE AND ENDING ON THE DATE WHICH IS 12 MONTHS AFTER THE DATE OF SUCH PUBLICATION;

(II) AT ANY TIME TO ANY ENTITIES WHO ARE CONSIDERED AS QUALIFIED INVESTORS ACCORDING TO ARTICLE 30 OF THE PORTUGUESE SECURITIES CODE (CÓDIGO DOS VALORES MOBILIÁRIOS); AND

(III) AT ANY TIME IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSE OF THIS PROVISION, THE EXPRESSION AN "OFFER OF THE BONDS TO THE PUBLIC" IN RELATION TO ANY BONDS IN PORTUGAL MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE BONDS AND THE EXPRESSION PROSPECTUS DIRECTIVE MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN PORTUGAL.

NOTICE TO RESIDENTS OF SPAIN

THE BONDS MAY NOT BE OFFERED, SOLD OR DISTRIBUTED IN THE KINGDOM OF SPAIN SAVE IN ACCORDANCE WITH THE REQUIREMENTS OF LAW 24/1988, OF 28 JULY, ON THE SECURITIES MARKET (LEY 24/1988, DE 28 DE JULIO, DEL MERCADO DE VALORES) AS AMENDED AND RESTATED, AND ROYAL DECREE 1310/2005, OF 4 NOVEMBER 2005, PARTIALLY DEVELOPING LAW 24/1988, OF 28 JULY, ON THE SECURITIES MARKET IN CONNECTION WITH LISTING OF SECURITIES IN SECONDARY OFFICIAL MARKETS, INITIAL PURCHASE OFFERS, RIGHTS ISSUES AND

THE PROSPECTUS REQUIRED IN THESE CASES (REAL DECRETO 1310/2005, DE 4 DE NOVIEMBRE, POR EL QUE SE DEARROLLA PARCIALMENTE LA LEY 24/1988, DE 28 DE JULIO, DEL MERCADO DE VALORES, EN MATERIA DE ADMISIÓN A NEGOCIACIÓN DE VALORES EN MERCADOS SECUNDARIOS OFICIALES, DE OFERTAS PÚBLICAS DE VENTA O SUSCRIPCIÓN Y DEL FOLLETO EXIGIBLE A TALES EFECTOS) AND THE DECREES AND REGULATIONS MADE THEREUNDER. NEITHER THE BONDS NOR THIS OFFICIAL STATEMENT HAVE BEEN VERIFIED OR REGISTERED IN THE ADMINISTRATIVE REGISTRIES OF THE NATIONAL STOCK EXCHANGE COMMISSION (COMISIÓN NACIONAL DE MERCADO DE VALORES), AND THEREFORE THIS OFFICIAL STATEMENT IS NOT INTENDED FOR ANY PUBLIC OFFER OF THE BONDS IN SPAIN.

NOTICE TO RESIDENTS OF SWEDEN

THIS OFFICIAL STATEMENT IS FOR THE INTENDED RECIPIENT ONLY AND MAY NOT IN ANY WAY BE FORWARDED TO ANY OTHER PERSON OR TO THE PUBLIC IN SWEDEN. ACCORDINGLY, EACH UNDERWRITER HAS REPRESENTED, WARRANTED AND AGREED THAT IT HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL THE BONDS IN SWEDEN IN A MANNER THAT WOULD REQUIRE THE REGISTRATION OF AN OFFICIAL STATEMENT WITH THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY ACCORDING TO THE FINANCIAL INSTRUMENTS TRADING ACT AND THIS DOCUMENT IS NOT A PROSPECTUS IN ACCORDANCE WITH THE PROSPECTUS REQUIREMENTS PROVIDED FOR IN SAID ACT OR IN ANY OTHER SWEDISH LAWS OR REGULATIONS. NEITHER THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY NOR ANY OTHER SWEDISH PUBLIC BODY HAS EXAMINED, APPROVED OR REGISTERED THIS DOCUMENT.

NOTICE TO RESIDENTS OF SWITZERLAND

THIS OFFICIAL STATEMENT IS BEING COMMUNICATED IN SWITZERLAND TO A SMALL NUMBER OF SELECTED INVESTORS ONLY. EACH COPY OF THIS DOCUMENT IS ADDRESSED TO A SPECIFICALLY NAMED RECIPIENT AND MAY NOT BE PASSED ON TO THIRD PARTIES. THE BONDS ARE NOT BEING OFFERED TO THE PUBLIC IN SWITZERLAND, AND NEITHER THIS OFFICIAL STATEMENT, NOR ANY OTHER OFFERING MATERIALS RELATING TO THE BONDS, MAY BE DISTRIBUTED IN CONNECTION WITH ANY SUCH PUBLIC OFFERING.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

EACH UNDERWRITER HAS SEVERALLY REPRESENTED AND AGREED THAT (I) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA")) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE BONDS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE STATE; AND (II) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE BONDS IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

NOTICE TO RESIDENTS OF NORWAY

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED BY, OR REGISTERED WITH, ANY NORWEGIAN SECURITIES REGULATORS PURSUANT TO THE NORWEGIAN SECURITIES TRADING ACT OF 29 JUNE 2007. ACCORDINGLY, NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING MATERIAL RELATING TO THE OFFERING OR THE BONDS CONSTITUTES, OR SHALL BE DEEMED TO CONSTITUTE, AN OFFER TO THE PUBLIC IN NORWAY WITHIN THE MEANING OF THE NORWEGIAN SECURITIES TRADING ACT OF 2007. THE BONDS MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN NORWAY EXCEPT;

(A) IN RESPECT OF AN OFFER OF BONDS ADDRESSED TO INVESTORS SUBJECT TO A MINIMUM PURCHASE OF BONDS FOR A TOTAL CONSIDERATION OF NOT LESS THAN €50,000 PER INVESTOR;

(B) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE NORWEGIAN SECURITIES REGULATION OF 29 JUNE 2007 NO. 876, BEING;

- **(I) LEGAL ENTITIES WHICH ARE AUTHORIZED OR REGULATED TO OPERATE IN THE FINANCIAL MARKETS OR, IF NOT SO AUTHORIZED OR REGULATED, WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN BONDS;**

- **(II) ANY LEGAL ENTITY WHICH IS REGISTERED AS A PROFESSIONAL INVESTOR WITH THE OSLO STOCK EXCHANGE (NO. *OSLO BØRS*) AND WHICH HAS TWO OR MORE OF; (1) AN AVERAGE OF AT LEAST 250 EMPLOYEES DURING THE LAST FINANCIAL YEAR; (2) A TOTAL BALANCE SHEET OF MORE THAN €43,000,000; (3) AN ANNUAL NET TURNOVER OF MORE THAN €50,000,000, AS SHOWN IN ITS LAST ANNUAL OR CONSOLIDATED ACCOUNTS;**

- **(III) ANY NATURAL PERSON WHICH IS REGISTERED AS A PROFESSIONAL INVESTOR WITH THE OSLO STOCK EXCHANGE (NO. *OSLO BØRS*) AND WHICH HAS TWO OR MORE OF; (1) AN AVERAGE EXECUTION OF AT LEAST TEN – 10 – TRANSACTIONS IN SECURITIES OF SIGNIFICANT VOLUME PER QUARTER FOR THE LAST FOUR QUARTERS; (2) A PORTFOLIO OF SECURITIES WITH A MARKET VALUE OF AT LEAST €500,000; (3) WORKED OR WORKS, FOR AT LEAST ONE (1) YEAR, WITHIN THE FINANCIAL MARKETS IN A POSITION WHICH PRESUPPOSE KNOWLEDGE OF INVESTING IN SECURITIES;**

(C) TO FEWER THAN 100 NATURAL OR LEGAL PERSONS (OTHER THAN "PROFESSIONAL INVESTORS" AS DEFINED IN THE NORWEGIAN SECURITIES REGULATION OF 29 JUNE 2007 NO. 876), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE UNDERWRITERS FOR ANY SUCH OFFER; OR

(D) IN ANY OTHER CIRCUMSTANCES PROVIDED THAT NO SUCH OFFER OF BONDS SHALL RESULT IN A REQUIREMENT FOR THE REGISTRATION, OR THE PUBLICATION BY THE CITY OR ANY UNDERWRITER, OF A PROSPECTUS PURSUANT TO THE NORWEGIAN SECURITIES TRADING ACT OF 29 JUNE 2007.

NOTICE TO RESIDENTS OF HONG KONG

EACH UNDERWRITER HAS REPRESENTED AND AGREED THAT:

(A) IT HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL IN HONG KONG, BY MEANS OF ANY DOCUMENT, ANY BONDS OTHER THAN (I) TO PERSONS WHOSE ORDINARY BUSINESS IS TO BUY OR SELL SHARES OR DEBENTURES (WHETHER AS PRINCIPAL OR AGENT); OR (II) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE (CAP. 571) OF HONG KONG AND ANY RULES MADE UNDER THAT ORDINANCE; OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE OFFICIAL STATEMENT BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES ORDINANCE (CAP. 32) OF HONG KONG OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THAT ORDINANCE; AND

(B) IT HAS NOT ISSUED OR HAD IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, AND WILL NOT ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SECURITIES AND FUTURES ORDINANCE AND ANY RULES MADE UNDER THAT ORDINANCE.

NOTICE TO RESIDENTS OF KOREA

NO REGISTRATION STATEMENT FOR THE OFFERING AND SALE OF THE BONDS HAS BEEN FILED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA. ACCORDINGLY, NO BONDS MAY BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE BENEFIT OF ANY KOREAN RESIDENT (AS SUCH TERM IS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA), EXCEPT AS OTHERWISE PERMITTED BY APPLICABLE KOREAN LAWS AND REGULATIONS. FURTHERMORE, A HOLDER OF THE BONDS WILL BE PROHIBITED FROM OFFERING, DELIVERING OR SELLING ANY BONDS, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY KOREAN RESIDENT, EXCEPT AS MAY BE PERMITTED BY APPLICABLE KOREAN LAWS AND REGULATIONS.

NOTICE TO RESIDENTS OF SINGAPORE

THE OFFICIAL STATEMENT HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE, AND ANY OFFERING OF THE BONDS WILL BE MADE PURSUANT TO EXEMPTIONS UNDER THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SECURITIES AND FUTURES ACT"). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD OR MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE NOR MAY THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE OR INVITATION FOR SUBSCRIPTION OR PURCHASE OF ANY BONDS BE CIRCULATED OR DISTRIBUTED, WHETHER DIRECTLY OR INDIRECTLY, TO ANY PERSON IN SINGAPORE OTHER THAN (A) TO AN INSTITUTIONAL INVESTOR PURSUANT TO SECTION 274 OF THE SECURITIES AND FUTURES ACT, (B) TO A RELEVANT PERSON UNDER SECTION 275(1) OF THE SECURITIES AND FUTURES ACT OR TO ANY PERSON PURSUANT TO SECTION 27S(1A) OF THE SECURITIES AND FUTURES ACT AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SECURITIES AND FUTURES ACT, OR (C) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SECURITIES AND FUTURES ACT.

EACH OF THE FOLLOWING PERSONS SPECIFIED IN SECTION 275 OF THE SECURITIES AND FUTURES ACT WHICH HAS SUBSCRIBED OR PURCHASED THE BONDS, IS A PERSON WHO IS:

(A) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT)) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR;

(B) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY IS AN INDIVIDUAL WHO IS AN ACCREDITED INVESTOR, SHOULD NOTE THAT SHARES, DEBENTURES AND UNITS OF SHARES AND DEBENTURES OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTERESTS IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR 6 MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS UNDER SECTION 275 OF THE SECURITIES AND FUTURES ACT EXCEPT:

(I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SECURITIES AND FUTURES ACT OR TO A RELEVANT PERSON OR TO ANY PERSON PURSUANT TO SECTION 275(1) AND SECTION 275(1A) OF THE SECURITIES AND FUTURES ACT, RESPECTIVELY AND IN ACCORDANCE WITH THE CONDITIONS SPECIFIED IN SECTION 275 OF THE SECURITIES AND FUTURES ACT;

(II) WHERE NO CONSIDERATION IS OR WILL BE GIVEN FOR THE TRANSFER;

(III) WHERE THE TRANSFER IS BY OPERATION OF LAW; OR

(IV) PURSUANT TO SECTION 276(7) OF THE SECURITIES AND FUTURES ACT.

<u>NOTICE TO RESIDENTS OF TAIWAN</u>

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS AND MAY NOT BE OFFERED OR SOLD IN TAIWAN, THE REPUBLIC OF CHINA THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCE WHICH CONSTITUTES AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE LAW, THE REPUBLIC OF CHINA THAT REQUIRES A REGISTRATION OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN, THE REPUBLIC OF CHINA. NO PERSON OR ENTITY IN TAIWAN, THE REPUBLIC OF CHINA HAS BEEN AUTHORIZED TO OFFER OR SELL THE BONDS IN TAIWAN, THE REPUBLIC OF CHINA.

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TABLE OF CONTENTS

$700,000,000
State of Illinois
General Obligation Bonds,
Taxable Build America Bonds, Series 2010-3

INTRODUCTION

This introduction contains only a brief summary of certain terms of the Bonds being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Illinois Constitution and laws of the State of Illinois and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

The purpose of this Official Statement (which includes the cover page and the Appendices) is to set forth certain information concerning the State of Illinois (the "State") and the State's $700,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-3 (the "Bonds"). The Bonds are being issued to provide funds for grants to school districts within the State for the acquisition, construction and repair of public school facilities, to finance certain of the State's transportation projects, to finance certain of the State's capital facilities, and to pay costs of financing, including, but not limited to, the costs of issuance of the Bonds. The Bonds are issued pursuant to the provisions of the General Obligation Bond Act of the State of Illinois, as amended (the "Bond Act").

In February 2009, as part of the American Recovery and Reinvestment Act of 2009 (the "ARRA"), Congress added provisions to the Internal Revenue Code of 1986, as amended (the "Code"), which permit state or local governments to obtain certain tax advantages when issuing certain taxable obligations, referred to as "Build America Bonds." The State has authorized the issuance of Build America Bonds pursuant to Public Act 96-0828. The State will make an irrevocable election to treat the Bonds as Build America Bonds that are "qualified bonds" within the meaning of Section 54AA(g) of the Code. As a result of this election, interest on the Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes and the owners of the Bonds will not be entitled to any tax credits as a result of either the ownership of the Bonds or receipt of any interest payments on the Bonds. See "TAX MATTERS."

Pursuant to the ARRA, the State expects to receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the Bonds on or about each interest payment date (the "Subsidy Payments"). The Subsidy Payments do not constitute a full faith and credit guarantee of the United States Government, but are required to be paid by the United States Treasury under the ARRA. The Subsidy Payments received by the State will be deposited into the State Treasury. See "THE OFFERING – SECURITY – STATE FUNDING PAYMENTS." Such payments are not pledged to secure payment of the Bonds.

Illinois is a sovereign state of the United States and is an issuer of debt securities. The State's powers and functions are subject to the Illinois Constitution of 1970 (the "Illinois Constitution") and to laws adopted by the Illinois General Assembly (the "General Assembly"), limited only by federal law and jurisdiction. See "STATE OF ILLINOIS."

The State has diversified economic strengths. Measured by per capita personal income, the State ranks fourth among the ten most populous states and thirteenth among all states. Illinois ranks third among all states in total cash receipts from crops, second in agricultural exports and ranks among the top states in several measures of manufacturing activity. Chicago, the largest city in the State, is the third most populous city in the United States and serves as the transportation center of the Midwestern U.S. and the headquarters of many of the nation's major corporations and financial institutions. See "STATE OF ILLINOIS" and "APPENDIX A" for further information regarding the State.

SECURITY

The Bonds are direct, general obligations of the State, and, pursuant to the Bond Act, the full faith and credit of the State is pledged for the punctual payment of interest on all GO Bonds (as hereinafter defined) issued under such act, including the Bonds, as it comes due and for the punctual payment of the principal thereof at maturity, or any earlier redemption date, and premium, if any. These provisions are irrepealable until all GO Bonds issued under the Bond Act are paid in full as to both principal and interest. See "THE OFFERING – SECURITY."

TAX TREATMENT OF INTEREST

In the opinion of Mayer Brown LLP, Chicago, Illinois, Bond Counsel, (i) interest on the Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes and (ii) interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

AUTHORITY FOR ISSUANCE

The Bond Act authorizes the State to issue and sell direct, general obligations of the State (the "GO Bonds"), including the Bonds, for purposes other than refunding, in the currently authorized aggregate principal amount of $36,486,777,443 of which $21,453,579,170 is outstanding, including the Bonds and the State's $300,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-2 and its $56,000,000 General Obligation Bonds, Taxable Series of March 2010 expected to be issued on or about April 26, 2010. The Bond Act further authorizes the issuance of GO Bonds in the amount of up to $4,839,025,000, at any time and from time-to-time outstanding, for the purpose of refunding any outstanding GO Bonds. The Bond Act consolidated the authorization contained in prior bond acts into a single act. See "INDEBTEDNESS – GENERAL OBLIGATION BONDS" for a description of the authorized and previously issued GO Bonds under the Bond Act and prior bond acts.

The Bonds are being issued pursuant to authorization contained in Sections 3 and 5 of the Bond Act to provide funds for grants to school districts within the State for the acquisition, construction and repair of public school facilities, to finance certain of the State's transportation projects and to finance certain of the State's capital facilities, as described herein, and to pay costs of financing, including, but not limited to, the costs of issuance of the Bonds.

The amendments to the Bond Act, effective July 30, 2004 (the "Amendments"), placed certain restrictions on the issuance of GO Bonds. The Amendments include the following: (i) at least 25% of the GO Bonds issued within a fiscal year must be sold pursuant to notice of sale and public bid; (ii) GO Bonds must be issued with principal or mandatory redemption amounts in equal amounts in each fiscal year beginning the year following issuance and for a term not to exceed 25 years, with the first maturity issued occurring within the fiscal year in which the GO Bonds are issued or within the next succeeding fiscal year; and (iii) GO Bonds may not be issued if, after their issuance, in the next State fiscal year, the amount of debt service on all then-outstanding GO Bonds exceeds 7% of the General Funds (as described in Table 1 under the heading "STATE FINANCIAL INFORMATION") and Road Fund appropriations for the fiscal year immediately prior to the fiscal year of the issuance (the Illinois State Treasurer (the "Treasurer") and Illinois State Comptroller (the "Comptroller"), acting together, can waive this requirement). The amendments also require the Governor's Office of Management and Budget ("GOMB") to comply with the Business Enterprise for Minorities, Females, and Persons with Disabilities Act (30 ILCS 575/1, *et seq*.) in respect to procuring services for the issuance of GO Bonds.

THE OFFERING

DESCRIPTION OF BONDS

The Bonds will bear interest from their issue date and will mature on April 1, of each of the years and in the amounts set forth on the inside front cover page of this Official Statement. Interest on the Bonds is payable semiannually on the first days of April and October of each year, beginning on October 1, 2010, at the rates per annum for each maturity as set forth on the inside front cover page of this Official Statement. Interest payable on a date that is not a Business Day (as hereinafter defined) will be payable on the immediately succeeding Business Day.

Purchases of the Bonds will be made in denominations of $5,000 principal amount or any integral multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Principal of, premium, if any, and interest on the Bonds will be paid by the Treasurer, as bond registrar and paying agent (the "Bond Registrar"), to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "APPENDIX C—GLOBAL BOOK-ENTRY SYSTEM."

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year the annual debt service requirements (rounded to the nearest dollar) on the Bonds.

FISCAL YEAR	PRINCIPAL	SINKING FUND REQUIREMENT	INTEREST[1]	TOTAL
2011	$28,000,000	$ 0	$36,733,643	$64,733,643
2012	28,000,000	0	39,033,120	67,033,120
2013	28,000,000	0	38,422,160	66,422,160
2014	28,000,000	0	37,557,520	65,557,520
2015	28,000,000	0	36,420,160	64,420,160
2016	28,000,000	0	35,182,000	63,182,000
2017	28,000,000	0	33,840,800	61,840,800
2018	28,000,000	0	32,415,600	60,415,600
2019	28,000,000	0	30,932,440	58,932,440
2020	28,000,000	0	29,379,280	57,379,280
2021	28,000,000	0	27,775,720	55,775,720
2022	28,000,000	0	26,144,160	54,144,160
2023		28,000,000	24,479,000	52,479,000
2024		28,000,000	22,596,000	50,596,000
2025		28,000,000	20,713,000	48,713,000
2026		28,000,000	18,830,000	46,830,000
2027		28,000,000	16,947,000	44,947,000
2028		28,000,000	15,064,000	43,064,000
2029		28,000,000	13,181,000	41,181,000
2030		28,000,000	11,298,000	39,298,000
2031		28,000,000	9,415,000	37,415,000
2032		28,000,000	7,532,000	35,532,000
2033		28,000,000	5,649,000	33,649,000
2034		28,000,000	3,766,000	31,766,000
2035		28,000,000†	1,833,000	29,883,000

[1]Does not reflect the Subsidy Payments.
†Final Maturity

REDEMPTION

Optional Redemption

The Bonds are subject to redemption prior to maturity at the option of the State on any Business Day, in whole or in part, and if in part in integral multiples of $5,000, at a redemption price equal to the Make-Whole Redemption Price. The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Bonds to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 25 basis points with respect to the Bonds, plus accrued and unpaid interest on the Bonds to be redeemed on the redemption date.

The “Treasury Rate” is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. For purposes of this calculation, a “Business Day” means any day other than a Saturday or Sunday or legal holiday or a day on which banking institutions in the State are authorized by law or executive order to close.

Sinking Fund Redemption

The Bonds maturing April 1, 2035 (the “Term Bond”) is subject to redemption prior to its stated maturity date, in part, pro rata, from sinking fund payments made by the State, at a redemption price of 100% of the principal amount thereof plus accrued interest to the sinking fund payment date fixed for redemption, on April 1, of the years, and in the amounts, designated below:

Sinking Fund Payment Date (April 1)	Principal Amount
2023	$28,000,000
2024	28,000,000
2025	28,000,000
2026	28,000,000
2027	28,000,000
2028	28,000,000
2029	28,000,000
2030	28,000,000
2031	28,000,000
2032	28,000,000
2033	28,000,000
2034	28,000,000
2035†	28,000,000

†Final Maturity

If the Term Bond is called for optional redemption in part (see “THE OFFERING – REDEMPTION – *Optional Redemption*” and “THE OFFERING – REDEMPTION – *Extraordinary Optional Redemption*”), the remaining sinking fund installments for the Term Bonds shall be adjusted pro rata.

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

Extraordinary Optional Redemption

The Bonds are subject to redemption prior to maturity at the option of the State, on any Business Day, in whole or in part upon the occurrence of an Extraordinary Event (as defined below), at a redemption price (the "Extraordinary Redemption Price") equal to the greater of: (i) 100% of the principal amount of the Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 100 basis points; plus, in each case, accrued interest on such Bonds to be redeemed to the redemption date. The term "Extraordinary Event" means a change that has occurred to Section 54AA or Section 6431 of the Code, or to any guidance published by the Internal Revenue Service or the United States Treasury with respect to such sections or any other determination by the Internal Revenue Service or the United States Treasury, pursuant to which the Subsidy Payments with respect to interest paid on the Bonds is reduced or eliminated.

Redemption Procedure

Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. For purposes of any redemption of less than all of the outstanding Bonds, the particular Bonds or portions of Bonds to be redeemed from such maturities as may be selected by the State will be selected from the outstanding Bonds subject to such redemption on a "pro rata" basis with respect to each DTC Participant. For these purposes, "pro rata" means with respect to the allocation of the principal amount of Bonds of any maturity to be redeemed, the application of a fraction to such amount, the numerator of which is equal to the principal amount of such Bonds of such maturity held by the DTC Participant and the denominator of which is equal to the total principal amount of such Bonds of such maturity then outstanding and then rounding the product to the next lower integral multiple of $5,000. The Bond Registrar shall instruct DTC to provide for "pro rata" redemption from each DTC Participant using the foregoing method. Neither the State nor the Bond Registrar have any responsibility or obligation to the registered owners of the Bonds or the DTC Participants to insure that DTC will properly select such Bonds for redemption.

Notice of any redemption of Bonds will be sent by certified or first-class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books of the State maintained by the Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Bond Registrar. In addition to the notice described in the preceding sentence, the Bond Registrar shall notify the registered owners of the Bonds to be redeemed of the Make-Whole Redemption Price not later than the Business Day preceding the applicable redemption date.

Failure to give the notice of redemption required above as to any Bond, or any defect therein as to any Bond, will not affect the validity of the proceedings for the redemption of any other Bond. Any notice given as described above shall be conclusively presumed to have been given whether or not actually received by the appropriate addressee. With respect to an optional redemption of any Bonds, such notice may, at the option of the State, provide that said redemption is conditioned upon the receipt by the Bond Registrar on or prior to the date fixed for redemption of moneys sufficient to pay the applicable Make-Whole Redemption Price. If such moneys are not so received by the redemption date, such redemption notice will be of no force and effect, the State will not redeem such Bonds, the applicable Make-Whole Redemption Price will not be due and payable and the Bond Registrar will give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed. Unless the notice of redemption is made conditional as described above, on or prior to any redemption date, the State Treasurer shall provide for deposit with the Bond Registrar of an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

When notice of redemption and the redemption price have been given as hereinabove provided, the Bonds or portions of Bonds so to be redeemed shall on the date fixed for redemption become due and payable at the redemption price therein specified, and from and after such date, provided that funds are on deposit therefor, such Bonds or portions of Bonds shall cease to bear interest.

PLAN OF FINANCE

The net proceeds of sale of the Bonds will be used to provide funds for grants to school districts within the State for the acquisition, construction and repair of public school facilities, finance certain of the State's transportation projects, finance certain of the State's capital facilities and to pay costs of financing, including, but not limited to, the cost of issuance of the Bonds. See "THE OFFERING - APPLICATION OF BOND PROCEEDS."

APPLICATION OF BOND PROCEEDS

The Bond proceeds will be applied approximately as set forth below:

Sources:	
Principal Amount Issued	$700,000,000.00
Total Sources	$700,000,000.00
Uses:	
Deposit in the Project Fund	$695,880,000.00
Underwriters' Discount	3,615,000.00
Issuance Expenses	505,000.00
Total Uses	$700,000,000.00

SECURITY

DIRECT, GENERAL OBLIGATIONS

The Bonds, together with all other GO Bonds, are direct, general obligations of the State, and by law the full faith and credit of the State is pledged for the punctual payment of interest on the Bonds as the interest becomes due and for the punctual payment of the principal thereof at maturity, or any earlier redemption date, and premium, if any. The Bond Act provides that the sections of the Bond Act making such pledge are irrepealable until all GO Bonds issued under the Bond Act, including the Bonds, have been paid in full.

In order to pay its General Fund obligations, including without limitation, principal and interest on the Bonds, the State currently imposes various taxes and fees. See "STATE FINANCIAL INFORMATION – TAX STRUCTURE."

STATE FUNDING PAYMENTS

To provide for the manner of repayment of the Bonds, the Bond Act requires the Governor of the State (the "Governor") to include an appropriation in each annual State Budget of moneys in such amount as will be necessary and sufficient, for the period covered by such budget, to pay the interest, as it becomes payable, on all outstanding GO Bonds and to pay and discharge the principal and premium, if any, of such GO Bonds falling due during such period.

The Bond Act also creates a separate fund in the State Treasury called the "General Obligation Bond Retirement and Interest Fund" (the "GOBRI Fund") to be used for such repayment. The Bond Act requires the General Assembly annually to make appropriations to pay the principal of, interest on and premium, if any, on outstanding GO Bonds from the GOBRI Fund. The State intends to deposit the full amount of interest payable on the Bonds, with no deduction or offset for Subsidy Payments expected to be received as described under "INTRODUCTION", together with the principal of and premium, if any, on the Bonds in the GOBRI Fund.

If for any reason there are insufficient funds in the General Revenue Fund, or with respect to bonds issued for Transportation A-Highway purposes (or bonds issued to refund bonds issued for such purposes) in the Road Fund, to make transfers to the GOBRI Fund as required by the Bond Act, or if for any reason the General Assembly fails to make appropriations sufficient to pay the principal of, interest on and premium, if any, on the GO Bonds, when due, the Bond Act constitutes an irrevocable and continuing appropriation of all amounts necessary for that purpose, and the irrevocable and continuing authority for and direction to the Treasurer and the Comptroller to make the necessary transfers, as directed by the Governor, out of and disbursements from the revenues and funds of the State.

Upon delivery of the Bonds, the Bond Act requires the Comptroller to compute and certify to the Treasurer the total amount of principal of and interest on the Bonds that will be payable in order to retire such Bonds and the amount of principal of and interest on such Bonds that will be payable on each payment date during the then current and each succeeding fiscal year.

On or before the last day of each month, the Bond Act requires the Treasurer and Comptroller to transfer from the General Revenue Fund, or with respect to GO Bonds issued for Transportation A-Highway purposes (or GO Bonds issued to refund GO Bonds issued for such purposes) the Road Fund, to the GOBRI Fund an amount sufficient to pay the aggregate of the principal of and interest on such GO Bonds payable by their terms on the next payment date divided by the number of full calendar months between the date of the GO Bonds and the first such payment date, and thereafter, divided by the number of months between each succeeding payment date after the first payment date. This transfer of moneys is not required if moneys in the GOBRI Fund are more than the amount otherwise to be transferred as hereinabove provided, and if the Governor or his authorized representative notifies the Treasurer and Comptroller of such fact in writing.

Except as described in the next paragraph, moneys in the GOBRI Fund are used only for the payment of the principal of and interest on all GO Bonds issued under the Bond Act and for the payment of the principal of and interest on short-term cash flow obligations issued from time to time as described under the heading "INDEBTEDNESS – SHORT-TERM DEBT". However, moneys deposited into the GOBRI Fund to provide for the payment of short-term debt certificates are excluded from any calculation used in determining the ability of the State to suspend transfers to the GOBRI Fund for the payment of the Bonds as described above.

INVESTMENT OF FUNDS

The Treasurer may, with the Governor's approval, invest and reinvest any money in the GOBRI Fund which is not needed for current expenditures due or about to become due from such Fund in securities constituting direct obligations of the United States government, or obligations the principal of and interest on which are guaranteed by the United States government, or certificates of deposit of any state or national bank or savings and loan association. For amounts not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or their lawful successors, as security the Treasurer is required to accept securities constituting direct obligations of the United States government, or obligations the principal of and interest on which are guaranteed by the United States government. Earnings received from such investments will be paid into the GOBRI Fund.

STATE OF ILLINOIS

ORGANIZATION

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

The Illinois Constitution provides that all elected officials of the Executive Branch of the State government hold office for four-year terms. Pursuant to the State Constitution, these officials were elected at a general election in November 2006 and took office as of January 8, 2007. The current Governor, Pat Quinn, was elected Lieutenant Governor in such election, took office as Lieutenant Governor on January 8, 2007, and took office as Governor on January 30, 2009, after Rod R. Blagojevich was removed from such office by the State Senate. The next State general election will be held on November 2, 2010.

The legislative power of the State is vested in the General Assembly, which is composed of the Senate and the House of Representatives. Both the Senate and the House of Representatives meet in annual sessions to enact, amend or repeal laws and to adopt appropriation bills.

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

CONSTITUTIONAL PROVISIONS RELATING TO REVENUES AND EXPENDITURES

Article VIII, Section 2 of the State Constitution requires the Governor to prepare and submit to the General Assembly, at a time prescribed by law, a State budget for the ensuing fiscal year. Proposed expenditures may not exceed funds estimated to be available for the fiscal year as shown in the budget. Article VIII, Section 2 also requires the General Assembly to review the proposed budget and make appropriations for all expenditures of public funds by the State, which appropriations for a fiscal year may not exceed funds estimated by the General Assembly to be available during that fiscal year.

Article IV, Section 9 of the State Constitution provides that the Governor may reduce or veto any item of appropriations in a bill passed and presented to him by the General Assembly. Portions of a bill not reduced or vetoed become law. An item vetoed is returned to the house in which it originated and may become law upon approval of three-fifths of the members of each house. An item reduced in amount may be restored to the original amount upon approval of a majority of the members elected to each house.

CONSTITUTIONAL PROVISIONS RELATING TO LONG-TERM BORROWING

Section 9(a) of Article IX of the State Constitution defines the term “State debt” as “bonds or other evidences of indebtedness which are secured by the full faith and credit of the State or are required to be repaid, directly or indirectly, from tax revenue .... ”

Section 9(b) of Article IX of the State Constitution, pursuant to which the Bond Act was enacted, provides:

> (b) State debt for specific purposes may be incurred or the payment of State or other debt guaranteed in such amounts as may be provided either in a law passed by the vote of three-fifths of the members elected to each house of the General Assembly or in a law approved by a majority of the electors voting on the question at the next general election following passage. Any law providing for the incurring or guaranteeing of debt shall set forth the specific purposes and the manner of repayment.

Constitutional Provisions Relating to Refundings

Section 9(e) of Article IX of the State Constitution provides the constitutional authority to refund State debt, by providing the following:

(e) State debt may be incurred by law to refund outstanding State debt if the refunding debt matures within the term of the outstanding State debt.

Constitutional Provisions Relating to Short-Term Borrowing

Section 9(c) and 9(d) of Article IX of the State Constitution, pursuant to which the Short Term Borrowing Act was enacted, states:

(c) State debt in anticipation of revenues to be collected in a fiscal year may be incurred by law in an amount not exceeding 5% of the State's appropriations for that fiscal year. Such debt shall be retired from the revenues realized in that fiscal year.

(d) State debt may be incurred by law in an amount not exceeding 15% of the State's appropriations for that fiscal year to meet deficits caused by emergencies or failures of revenue. Such law shall provide that the debt be repaid within one year of the date it is incurred.

In May 2009, General Obligation Certificates in the amount of $1,000 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(d) of Article IX of the State Constitution as set forth above. The May 2009 General Obligation Certificates are to be paid in two maturities in April 2010 and May 2010. In August 2009, General Obligation Certificates in the amount of $1,250 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(d) of Article IX of the State Constitution as set forth above. $500 million of the August General Obligation Certificates was paid in March 2010 and the balance is payable in two maturities in April 2010 and June 2010. See "INDEBTEDNESS – SHORT-TERM DEBT."

Governor's Office of Management and Budget

GOMB was created in 2003 by the Governor's Office of Management and Budget Act (20 ILCS 3005/1 *et seq*.). GOMB's predecessor in managing State debt was the Bureau of the Budget, created in 1969 by act of the General Assembly. GOMB is headed by the Director, who is appointed by the Governor. In addition to assisting the Governor in developing the State's annual operating and capital budgets, GOMB provides financial and other information regarding the State to securities investors, the Municipal Securities Rulemaking Board under EMMA and others as required by federal securities rules. See "CONTINUING DISCLOSURE" and "APPENDIX D – CONTINUING DISCLOSURE UNDERTAKING."

STATE FINANCIAL INFORMATION

The tables that follow present pertinent financial information about the State. Data is for the State's fiscal years which run from July 1 through June 30. Tables 1, 1A, 2, 4A and 6 of this section, unless otherwise noted, are based on information contained in detailed annual reports or records of the Office of the Comptroller. The Fiscal Year 2008 Consolidated Annual Financial Report ("CAFR") may be found at: *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2008.pdf*. The audited *Comprehensive Annual Financial Report* for Fiscal Year 2009 has not been completed as of this offering. When the Fiscal Year 2009 CAFR is released, it may be found at www.ioc.state.il.us/library/cr.cfm. Tables 3, 4 and 5 are based on records of the GOMB, though Tables 4 and 5 also include information drawn from various reports or records of the Comptroller. For purposes of Tables 1 and 2 of this section, expenditures are deemed to be recognized when payment warrants are issued.

Table 1

RECEIPTS AND DISBURSEMENTS[1], GENERAL FUNDS[2]
FISCAL YEARS 2005-2009
($ IN MILLIONS)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Available Balance, Beginning	**$182**	**$497**	**$590**	**$642**	**$141**
Receipts					
State Revenues					
Income Tax	$9,151	$10,063	$11,158	$12,180	$10,933
Sales Tax	$6,595	$7,092	$7,136	$7,215	$6,773
Public Utility Tax	$1,056	$1,074	$1,131	$1,157	$1,168
Cigarette Tax	$450	$400	$350	$350	$350
Inheritance Tax	$310	$272	$264	$373	$288
Liquor Gallonage Tax	$147	$152	$156	$158	$158
Insurance Tax & Fees	$342	$317	$310	$298	$334
Corporate Franchise Tax	$181	$181	$193	$225	$201
Investment Income	$73	$153	$204	$212	$81
Intergovernmental Transfers	$433	$350	$307	$302	$253
Other	$652	$479	$482	$474	$445
Total, State Revenues	**$19,390**	**$20,533**	**$21,691**	**$22,944**	**$20,984**
Federal Revenues					
Medicaid & Social Services[3]	$4,257	$4,725	$4,703	$4,815	$6,567
Transfers In					
From Other State Funds[4]	$2,513	$2,101	$2,246	$1,900	$1,593
Hospital Provider Fund[5]	$3	-	-	-	-
Total Revenues	**$26,163**	**$27,359**	**$28,640**	**$29,659**	**$29,144**
Short-Term Borrowing	$765	$1,000	$900	$2,400	$2,400
Total Cash Receipts[6]	**$26,928**	**$28,359**	**$29,540**	**$32,059**	**$31,544**
Cash Disbursements					
Expenditures for Appropriations (See Table 1A)	$22,187	$24,193	$25,604	$26,959	$26,982
Transfers Out					
Short-Term Borrowing[7]	$768	$1,014	$911	$2,400	$1,424
Debt Service Funds[6]	$852	$1,026	$1,064	$1,132	$1,102
Other State Funds[3]	$2,806	$2,033	$1,910	$2,069	$1,897
Total Cash Disbursements	**$26,613**	**$28,266**	**$29,489**	**$32,560**	**$31,405**
Cash Balance, Ending	**$497**	**$590**	**$642**	**$141**	**$280**

[1] Based on information from the Office of the Comptroller.

[2] General Funds include the General Revenue Fund, Common School Fund, General Revenue-Common School Special Account Fund and the Education Assistance Fund.

[3] In Fiscal Year 2009, the State received $1.566 billion under the ARRA, of which $527 million was for reimbursement of Medicaid payments and $1.039 billion for educational purposes.

[4] Excludes transfers to and from the Budget Stabilization Fund that by statute must be replenished by the end of the fiscal year during which such cash flows borrowings are made.

[5] For Fiscal Year 2005, Transfers In reflects the net amount between $982 million received and the $979 million transferred out to the Hospital Provider Fund.

[6] See "INDEBTEDNESS" section for additional information.

[7] Includes debt service on GO Bonds.

TABLE 1A
CASH EXPENDITURES BY CATEGORY[1]
FISCAL YEARS 2005-2009
($ IN MILLIONS)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Cash Expenditures					
Operations	$6,347	$6,390	$6,656	$6,906	$7,332
Awards and Grants	16,184	17,616	18,695	20,247	22,035
Permanent Improvements	10	11	10	10	5
Refunds	23	16	20	18	15
Vouchers Payable Adjustments	(401)	170	234	(208)	(2,392)
Prior Year Adjustments	25	(10)	(11)	(14)	(14)
Total Expenditures for Appropriations	**$22,188**	**$24,193**	**$25,604**	**$26,959**	**$26,982**

[1] Based on information from the Office of the Comptroller

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TABLE 2
RECEIPTS AND DISBURSEMENTS[1] - ROAD FUND
FISCAL YEARS 2005-2009
($ IN MILLIONS)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Available Balance, Beginning	**$142**	**$312**	**$777**	**$421**	**$388**
Receipts					
State Revenues					
Motor Vehicle & License Fees	585	770	746	747	772
Certificates of Title	155	91	88	85	77
Property Sales (City & County)	70	58	64	72	68
Miscellaneous	42	63	93	73	124
Total, State Revenues	**851**	**982**	**991**	**978**	**1041**
Federal Revenues	868	1024	1020	1257	1234
Transfers In					
Motor Fuel Fund	337	337	385	335	317
Other Funds	-	-	-	-	-
Total Receipts **(Revenues + Transfers In)**	**$2,056**	**$2,343**	**$2,396**	**$2,570**	**$2,593**
Disbursements					
Expenditures for Appropriations	1,614	1,592	2,428	2,312	2,285
Transfers Out					
Debt Service Funds[2]	249	249	255	258	245
Other State Funds	24	37	69	32	35
Total Transfers Out	**273**	**286**	**324**	**291**	**279**
Total Disbursements **(Expenditures + Transfers Out)**	**$1,887**	**$1,878**	**$2,752**	**$2,602**	**$2,564**
Cash Balance, Ending	**$312**	**$777**	**$421**	**$388**	**$418**

[1] Based on information from the Office of the Comptroller

[2] Reflects debt service on General Obligation Bonds

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TABLE 3
GENERAL FUNDS APPROPRIATIONS[1]
FY 2009 VS. FY 2010 ADOPTED BUDGET[2]
($ IN MILLIONS)

Category	FY09	FY10 Adopted Budget	$ Change	% Change
Elementary & Secondary Education	$7,445	$7,308	-$137	-1.8%
Higher Education	$2,466	$2,002	-$464	-18.8%
Healthcare & Family Services (Public Aid)	$9,642	$7,809	-$1,834	-19.0%
Revenue	$164	$143	-$22	-13.1%
Human Services	$4,228	$3,992	-$236	-5.6%
Corrections	$1,351	$1,147	-$204	-15.1%
Children & Family Services	$914	$865	-$49	-5.4%
Central Management Services	$76	$90	$14	18.4%
State Police[3]	$28	$287	$259	926.1%
Other Agencies	$3,969	$2,442	-$1,527	-38.5%
Budgeted Appropriations	**$30,283**	**$26,085**	**-$4,199**	**-13.9%**
Unspent Appropriations (Salvage)	-$322	-$951	-$629	195.4%
Net Appropriations (Spending)	**$29,961**	**$25,133**	**-$4,828**	**-16.1%**

1 Based on information from the Office of the Comptroller and GOMB.

2 FY 2009 appropriation amounts include state pension contributions, while FY2010 appropriations amounts do not.

3 Prior to FY2010, the majority of State Police funding was appropriated and expended through the Road Fund.

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TABLE 4
GENERAL FUNDS CASH RECEIPTS[1]
FY 2008 ACTUAL VS. FY 2009 BUDGET & ACTUAL
($ IN MILLIONS)

	FY 2008 Actual	FY 2009 Enacted	FY 2009 Actual	FY 2009 vs. 2008	Percent Change
Cash Receipts					
State Sources, Cash Receipts:					
Net Individual Income Tax	$10,320	$9,228	$9,223	($1,097)	-10.63%
Net Corporate Income Tax	$1,860	$1,635	$1,710	($150)	-8.06%
Net Income Taxes	**$12,180**	**$10,863**	**$10,933**	**($1,247)**	**-10.24%**
Sales Taxes	**$7,215**	**$6,715**	**$6,773**	**($442)**	**-6.13%**
Other Sources					
Public Utility Taxes	$1,157	$1,159	$1,168	$11	0.95%
Cigarette Taxes	$350	$350	$350	$0	0.00%
Inheritance Tax (gross)	$373	$275	$288	($85)	-22.79%
Liquor Gallonage Taxes	$158	$161	$158	$0	0.00%
Insurance Tax and Fees	$298	$325	$334	$36	12.08%
Corporation Franchise Tax & Fees	$225	$205	$201	($24)	-10.67%
Investment Income	$212	$80	$81	($131)	-61.85%
Cook County IGT	$302	$253	$253	($49)	-16.31%
Riverboat Gambling Taxes	$0	$0	$0	($0)	
Other	$474	$452	$445	($29)	-6.20%
Total: Other State Sources	**$3,550**	**$3,260**	**$3,278**	**($272)**	**-7.66%**
Total: State Revenues	**$22,945**	**$20,838**	**$20,984**	**($1,961)**	**-8.55%**
Transfers In:					
Lottery Fund	$657	$625	$625	($32)	-4.82%
State Gaming Fund	$564	$470	$430	($134)	-23.71%
Other Funds	$679	$775	$537	($142)	-20.91%
Total: State Transfers In	**$1,900**	**$1,870**	**$1,593**	**($307)**	**-16.18%**
Total: State Sources	**$24,845**	**$22,708**	**$22,577**	**($2,268)**	**-9.13%**
Federal Sources					
Cash Receipts	$4,815	$7,123	$6,567	$1,752	36.39%
Total: Federal Sources	**$4,815**	**$7,123**	**$6,567**	**$1,752**	**36.39%**
Total Revenues and Transfers In	**$29,660**	**$29,831**	**$29,144**	**($516)**	**-1.74%**
Short-Term borrowing	$2,400	$0	$2,400	$0	0.00%
Transfer from Budget Stabilization Fund	$276	$0	$576	$300	108.70%
Hospital Provider Fund	$1,504	$0	$0	($1,504)	-100.00%
Total: Cash Receipts	**$33,840**	**$29,831**	**$32,120**	**($1,720)**	**-5.08%**

[1] Source: Office of the Comptroller

TABLE 4A
FISCAL YEAR END CASH BALANCES BY FUND CATEGORY: FY2000 TO FY 2010
(AMOUNTS IN MILLIONS)

FUND CATEGORY	FY2000	FY2001	FY2002	FY2003 *	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
General Funds	$ 1,517	$ 1,126	$ 256	$ 317	$ 182	$ 497	$ 590	$ 642	$ 141	$ 280	
Highway Funds	$ 1,014	$ 1,310	$ 1,198	$ 701	$ 522	$ 733	$ 926	$ 747	$ 814	$ 688	
Special State Funds	$ 2,297	$ 2,153	$ 2,180	$ 1,924	$ 2,618	$ 2,327	$ 2,433	$ 2,734	$ 2,741	$ 2,574	
Bond Financed Funds	$ 569	$ 494	$ 269	$ 252	$ 199	$ 228	$ 533	$ 203	$ 77	$ 68	
Debt Service Funds	$ 458	$ 436	$ 487	$ 1,050	$ 624	$ 648	$ 626	$ 638	$ 649	$ 654	
Revolving Funds	$ 60	$ 43	$ 47	$ 48	$ 127	$ 91	$ 69	$ 63	$ 63	$ 29	
State Trust Funds	$ 1,369	$ 1,344	$ 1,335	$ 1,301	$ 1,356	$ 1,619	$ 1,944	$ 2,220	$ 2,520	$ 2,357	
June 30th amounts	**$ 7,283**	**$ 6,906**	**$ 5,773**	**$ 5,592**	**$ 5,628**	**$ 6,142**	**$ 7,122**	**$ 7,247**	**$ 7,005**	**$ 6,650**	**N/A**
January 30th amounts	**$ 5,575**	**$ 5,889**	**$ 5,120**	**$ 5,021**	**$ 6,361**	**$ 5,246**	**$ 6,151**	**$ 6,226**	**$ 6,718**	**$ 6,355**	**$ 6,611**

* Excludes proceeds of 2003 Pension Bonds for comparability purposes.

Fiscal Year 2009 Overview

The Fiscal Year 2009 results are presented in Tables 1 and 1A on a cash basis (receipts and disbursements) with comparative data for Fiscal Years 2005 - 2008 for the General Funds. Table 2 provides similar cash basis results for the Road Fund. Table 3 provides a comparison of appropriations for Fiscal Year 2009 and Fiscal Year 2010 Adopted Budget for the General Funds. Table 4 compares General Funds cash receipts for Fiscal Years 2008 and 2009 (budget and actual). Table 4A provides a ten-year history of all state funds, by major fund category, that are available to support the general obligation pledge.

Fiscal Year 2009 Results

As illustrated in Table 5, State Source Revenues for the General Funds totaled \$20,984 million in Fiscal Year 2009, a \$1,960 million or 8.5% decrease from Fiscal Year 2008. The State recognizes all revenues on a cash basis, which are receipts collected during the fiscal year. The Fiscal Year 2009 decrease was primarily related to the economically sensitive income and sales taxes that collectively decreased by \$1,689 million or 8.7%, corresponding to the national recession that began in 2007. Federal Source Revenues totaled \$6,567 million, a \$1,752 million or 36.4% increase from Fiscal Year 2008, reflecting additional receipts of \$1,566 million from the American Recovery and Reinvestment Act of 2009 ("ARRA"). Statutory transfers in were \$1,593 million, which was a \$307 million or 16.1% decrease from Fiscal Year 2008 results, primarily reflecting year-to-year timing differences in such cash transfers, as well as the lack of special fund transfers to the General Funds. In the aggregate, total resources (revenues plus statutory transfers in) decreased by \$515 million or 1.7% in Fiscal Year 2009 to a total of \$29,144 million.

General Funds appropriations for Fiscal Year 2009, exclusive of pension contributions, increased by \$2,068 million or 8%, to \$27,796 million over the comparable Fiscal Year 2008 amount. Pension appropriations were \$2,486 million, a \$677 million or a 37.4% increase over Fiscal Year 2008. Medicaid appropriations were increased by approximately \$1,491 million through a supplemental appropriation, as further described below. Fiscal Year 2009 appropriations for elementary and secondary education grants increased by approximately \$340 million over Fiscal Year 2008 levels. Estimated net appropriations expended increased to \$29,775 million, which was approximately \$2,622 million or 9.7% greater than expended appropriations in Fiscal Year 2008.

Reflecting the provisions of ARRA and the ability to receive the incremental Medicaid reimbursements associated with an increased Federal Medical Assistance Program ("FMAP") "match" to approximately 60.5% of state expenditures (versus the base amount of 50.3%), the State appropriated a supplemental Medicaid amount of \$1,491 million in Fiscal Year 2009. The additional appropriation was necessary as authorization for Medicaid payments sufficient to comply with the ARRA requirement that the State be current (i.e., 30 days or less) as of June 1, 2009 for nursing home, hospital and physician payments (to generate the additional federal matching dollars). In addition, the Governor's Fiscal Year 2009 Revised Budget (May) reflected use of the enhanced federal FMAP match to bring all Medicaid provider accounts to current status, or receiving reimbursement within approximately 30 days. Without the additional Medicaid reimbursements, the State's backlog of Medicaid-related bills would have increased to approximately 90 days by the end of Fiscal Year 2009.

The final net appropriations amount is not determined until subsequent to the end of the "Lapse Period," which is statutorily set at 60 days after the June 30th fiscal year end date, as well as completion of the audit of the budget basis financial statements for fiscal 2009. Any Fiscal Year 2009 liability incurred by the State prior to June 30 that is presented to the State during the Lapse Period and for which an available appropriation remains for that fiscal year, is deemed a Lapse Period Expenditure and charged to the Fiscal Year 2009 appropriation.

Statutory transfers out for Fiscal Year 2009 were $3,184 million, an $18 million decrease or -0.6% versus Fiscal Year 2008.

In sum, for Fiscal Year 2009, total spending (expenditures plus statutory transfers out) was $32,959 million, an increase of $2,604 million or 8.6% versus Fiscal Year 2008.

In anticipation of a Fiscal Year 2009 budgetary deficit associated with revenue shortfalls, and based upon the State's ability to borrow across fiscal years under such revenue shortfalls, the Governor proposed a $2,250 million Fiscal Year 2009 General Obligation Certificate borrowing at the time the Fiscal Year 2010 budget was introduced on March 18, 2009. The first series of $1,000 million was issued in May 2009 and the second series of $1,250 million was issued in August 2009. Both series are to be retired in Fiscal Year 2010.

Reflecting actual Fiscal Year 2009 revenues plus statutory transfers in, as well as actual Fiscal Year 2009 expenditures plus statutory transfers out, the General Funds budget basis operating deficit for Fiscal Year 2009 is $3,815 million. The operating deficit was partially financed through the issuance of the above-mentioned $1,000 million in General Obligation Certificates in May under the statutory provision permitting inter-year borrowings to fund unanticipated revenue shortfalls. Reflecting that borrowing, net of an intra-year cash flow financing of $1,400 million General Obligation Certificates issued in December 2008 and fully retired with interest costs of approximately $24 million prior to June 30, 2009, resulted in a budget basis fund balance deficit of $3,673 million including the accumulated deficit of $834 million carried over from Fiscal Year 2008.

The Fiscal Year 2009 budget basis deficit of $2,839 million was financed by an increase in accounts payable of $2,978 million to a projected $3,953 million at the end of Fiscal Year 2009, including $185 million of interfund transfers payable. General Funds cash increased by $139 million to $280 million at June 30, 2009, reflecting an increase in accounts payables in excess of the Fiscal Year 2009 budget basis deficit. Total General Funds operating cash, including the Budget Stabilization Fund of $276 million, was $556 million.

The audited *Traditional Budgetary Financial Report* for Fiscal Year 2009 was posted by the Illinois Office of the Comptroller (IOC) on March 4, 2010 at http://www.ioc.state.il.us/Library/cr.cfm along with budget basis financial reports of prior fiscal years. The audited *Comprehensive Annual Financial Report* for Fiscal Year 2009 has not been completed as of this Offering. However, the IOC issued Financial Highlights for Fiscal Year 2009 on January 12, 2010 which includes Unaudited Preliminary Information (see: http://www.ioc.state.il.us/ioc-pdf/Summary_of_Financial_Highlights_FY_09.pdf). That unaudited information reports that the GAAP-basis fund balance deficit for the General Funds was $8,187 million as of June 30, 2009 which compares to the Fiscal Year 2008 deficit of $3,934 million. Prior fiscal years' audited CAFR's can be found at http://www.ioc.state.il.us/Library/cr.cfm.

FISCAL YEAR 2009 CAPITAL BUDGET

The Fiscal Year 2009 Capital Budget contains total appropriations of $13,937 million, an increase of $5,058 million or 57% versus the Fiscal Year 2008 Capital Budget. The emphasis on investment in existing State facilities and assets to achieve maintenance cost efficiencies remained a priority in the Fiscal Year 2009 Capital Budget. Within limitations considered by debt affordability analysis, the total GO Bond sales for Fiscal Year 2009 were approximately $150 million.

Total bond-financed capital appropriations in the Fiscal Year 2009 Capital Budget were $3,752 million, not all of which have corresponding bond authorization, but which provide implementation flexibility between new and re-appropriated projects during Fiscal Year 2009.

Total capital funded out of current revenues is $9,420 million. The Fiscal Year 2009 Capital Budget included $1,945 million in new pay-as-you-go Road Program appropriations and $2,556 million in

Federal Recovery funds, the primary purpose of which is to maintain existing roads and bridges. Investment in transportation infrastructure was further emphasized in the passage of the "Jump Start" capital bill which provides $3 billion in state bond funds for critical improvements for roads, bridges and transit.

FISCAL YEAR 2010 BUDGET

The Governor introduced the Fiscal Year 2010 proposed operating budget on March 18, 2009. The General Assembly passed a series of appropriation bills by May 31, 2009, the statutory deadline for adoption of a budget with a simple majority. Subsequently, the Governor vetoed several of those appropriation bills. The General Assembly on July 15, 2009 passed by a super-majority (statutorily required of at least 60%) a new bill that was signed by the Governor on that same date. The approved Fiscal Year 2010 Adopted Budget is reflected in Table 5 as well as a subsequent revision reflected in this offering and hereafter referred to as the Fiscal Year 2010 Revised Budget.

The Fiscal Year 2010 Adopted Budget, as originally adopted in July 2009, projected total State source revenues of $19,947 million, which was $1,037 million or 4.9% lower than Fiscal Year 2009 Revenues. The Fiscal Year 2010 revenue forecast in the Fiscal Year 2010 Adopted Budget reflected the deepening and continuing recession and projected the following changes in economically-sensitive base revenues: (1) Individual Income Tax (net of estimated refunds) of $9,206 million which was an $18 million or 0.2% reduction from actual Fiscal Year 2009 revenues, (2) Corporate Income Tax (net of estimated refunds) of $1,133 million, a $577 million or 33.7% reduction from the actual Fiscal Year 2009 amount, and (3) Sales Tax of $6,394 million, a $379 million or 5.6% reduction from the actual Fiscal Year 2009 collections. The Fiscal Year 2010 Adopted Budget maintains the same Refund Fund Rates for income taxes (as discussed in the "TAX STRUCTURE" section that follows below) as utilized in the Fiscal Year 2009 budget, resulting in an estimated balance in the Refund Fund backlog for income tax refunds of approximately $800 million by the end of Fiscal Year 2010. Beyond these reductions in economically sensitive taxes, the Fiscal Year 2010 Adopted Budget projected an increase of $564 million in Federal Revenues, an 8.6% increase over the estimated Fiscal Year 2009 amount. The increased revenue reflected an increase in Fiscal Year 2010 Medicaid receipts as well as approximately $374 million in Federal stimulus receipts available for any General Funds purpose. In addition, Transfers In reflected $352 million of excess balances from other state Special Funds as well as $245 million of increased revenue to support the capital program that will be transferred to the General Funds to cover expenses that were shifted to the General Revenue Fund. Reflecting those non-recurring amounts, Transfers In for Fiscal Year 2010 were projected to be $2,221 million which is a $628 million or 39.4% increase over the estimated Fiscal Year 2009 amount.

The Fiscal Year 2010 Adopted Budget projected total General Funds spending (i.e., net appropriations plus transfers out) of $27,975 million, which was $4,984 million or 15.1% less than the projected Fiscal Year 2009 spending as of that date. The estimated net decrease was primarily due to the following factors: (1) an approximately $1,100 million increase over Fiscal Year 2009 General Funds pension contributions, reflecting both actuarial losses incurred in Fiscal Year 2008 as well as the final year of the statutorily-mandated increase called for in Public Act 88-593; (2) $3,466 million in Fiscal Year 2010 pension contributions were not appropriated in the General Revenue Fund but instead were to have been financed through issuance of the 2010 Pension Bonds (see "PENSION SYSTEMS – ISSUANCE OF PENSION BONDS AND ALLOCATION OF PROCEEDS") which include and reflect the aforementioned $1,100 million increase over Fiscal Year 2009 contributions; (3) approximately $1,500 million in supplemental Medicaid appropriations in Fiscal Year 2009, used as a onetime reduction of payment backlog in that fiscal year, are not appropriated in Fiscal Year 2010; (4) minimal Fiscal Year 2010 appropriation increases; and (5) a net reduction in transfers out primarily associated with debt restructuring net of new debt service including the issuance of the Bonds.

Subsequent to the adoption of the Fiscal Year 2010 budget and in conjunction with the preparation of the Budget prepared for Fiscal Year 2011, additional facts and information were identified that are reflected in the Fiscal Year 2010 Revised Budget illustrated in Table 5. These facts and information include the following:

- Individual income tax collections have been adjusted downward to $8,460 million, a $746 million or a -8.1% reduction from the Adopted Budget amount, after reflecting the diversion of 9.75% to the Income Tax Refund Fund. Corporate income tax collections have been revised upward to $1,310 million, a $177 million or 15.6% increase from the Adopted Budget amount, after reflecting the diversion of 17.5% to the Income Tax Refund Fund. Sales tax collections were revised downward to $6,200 million, a $194 million or -3% decrease from the adopted budget. The revised amounts were based upon estimated income tax payments due and paid by September 15, 2009 and January 15, 2010, sales tax collections through January 31st, as well as upon the advice of the Governor's Council of Economic Advisors after its review of those collections and other economic data. In sum, the three largest economically sensitive taxes have been adjusted downward by $763 million or -4.6% from the Adopted Budget.

- Gaming Tax collections have been adjusted downward by $50 million due to the recessionary impact on discretionary income, as well as the temporary closure of one riverboat gaming facility caused by a fire, which has subsequently re-opened.

- Public utility taxes have been adjusted downward by $35 million or -3% from the Adopted Budget reflecting both economic conditions as well as milder weather compared to historical averages.

- Debt Service budgetary savings of approximately $561 million incorporated in the Adopted Fiscal Year 2010 Budget associated with proposed refunding of Build Illinois and general obligation bonds yielded only $26 million due to structural issues not originally anticipated.

- Medicaid appropriations will be reduced by approximately $300 million and Group Health Insurance appropriations will be increased by that same amount. The reduction in Medicaid appropriations will result in a downward revision of $180 million in Federal Revenues in the General Funds.

- Unanticipated Federal Revenues from reimbursement claims of prior years for the Family Care program are estimated to range from $350 million to $435 million. These revenues will be deposited into the Healthcare Provider Relief Fund (pursuant to Public Act 96-820) and will support from $900 million to $1,100 million in Medicaid payments including the $300 million in Medicaid invoices originally appropriated in the General Funds, as described immediately above.

- Federal revenues have been further reduced by $208 million reflecting a slower payment cycle than originally anticipated for Medicaid spending not subject to ARRA restrictions resulting in lower Federal reimbursements during Fiscal Year 2010. This effect is a revenue recognition timing difference since those reimbursements will occur when the payments are made in Fiscal Year 2011. In conjunction with the above mentioned reduction in Medicaid appropriations and accompanying Federal revenues, as well as the timing difference, the total reduction in Federal revenues is $388 million or -5.4% from the Adopted Budget resulting in the revised amount of $6,743 million.

- Interest revenue has been adjusted downward to $35 million, a $45 million or -56% reduction reflecting lower cash balances than originally anticipated as well as historically low interest rates.

- Unspent Appropriations ("Salvage") has been reduced to $400 million, a reduction of $551 million, based upon a revised estimate of appropriations that will not be spent through the end of Fiscal Year 2010, including the Lapse Period of July and August of 2010. The revised estimate also reflected actual amounts of Salvage from the past two fiscal years of $385 million and $507 million in Fiscal Years 2008 and 2009 respectively.

- The estimated balance in the Refund Fund backlog for income tax refunds is increased by $200 million to approximately $1,000 million by the end of Fiscal Year 2010, reflecting smaller transfers in to that fund and larger refunds being filed.

Based upon the above revisions, total Fiscal Year 2010 State Source Revenues are now estimated as $19,085 million, which is $1,899 million or -9.1% below Fiscal Year 2009 results. State Transfers In are now estimated to be $524 million or 32.9% higher than the Fiscal Year 2009 results. Federal Revenues are now estimated to be $176 million or 2.7% higher in Fiscal Year 2010 than Fiscal Year 2009 results. Total Revenues and Transfers In from all sources are now estimated to be $1,149 million or -4.6% below Fiscal Year 2009 results.

Also reflecting the above revisions, the Fiscal Year 2010 appropriations currently total $26,309 million, which is $3,974 million or 13.1% below final Fiscal Year 2009 appropriations. Unspent Fiscal Year 2010 appropriations are now estimated to be $400 million, which is $107 million or 13.1% less than the Fiscal Year 2009 amount of $507 million. Fiscal Year 2010 Transfers Out are now estimated at $3,236 million, which is $52 million or 1.6% above Fiscal Year 2009 transfers. Taken together, net appropriation spending and Transfers Out for Fiscal Year 2010 are now estimated at $29,145 million, which is $3,814 million or -11.6% below the Fiscal Year 2009 amount, reflecting reduced amounts in the Adopted Fiscal Year 2010 Budget and subsequent revisions described above.

As detailed in Table 5 and reflecting the above changes in forecasted amounts, the Fiscal Year 2010 Revised Budget projects a budget basis operating deficit of $1,150 million. Taking into account the net repayment of general obligation certificates used for short-term borrowing purposes and issued in May and August of 2009 that will be repaid prior to the end of Fiscal Year 2010, the budget basis deficit is now estimated to be $2,195 million resulting in a projected General Funds budget basis fund balance deficit of $5,868 million as of June 30, 2010.

The current expectation is that the Fiscal Year 2010 deficit will be financed by combination of new borrowings and an anticipated increase in budget basis accounts payable. See "INDEBTEDNESS - FUTURE FINANCINGS." The exact amount of each is to be determined. To present the most conservative perspective, Table 5 assumes that no borrowings are completed prior to fiscal year end, resulting in an ending budget basis accounts payable of $6,148 million. To the extent that borrowings do occur, anticipated budget basis accounts payable will be reduced accordingly. (Budget basis accounts payable equals approved vendor invoices ("vouchers") on hand at June 30th plus invoices received, approved and charged to Fiscal Year 2010 appropriations during the Fiscal Year 2010 Lapse Period ending approximately August 31st 2010.)

General Funds cash is assumed to remain unchanged from Fiscal Year 2009 at $280 million, and the Budget Stabilization Fund is projected as unchanged at $276 million.

Budget estimates, projections and forecasts are based solely on information available as of the date of this Offering and may differ from actual Fiscal Year 2010 year-end results.

FISCAL YEAR 2010 CAPITAL BUDGET

Illinois Jobs Now!, the State's first capital bill in over 10 years, is a $31 billion multi-year program that emphasizes job creation and retention, economic stimulus and accessing federal ARRA dollars while making crucial investments in the State's schools, roads, bridges, airports and transit system. The major Fiscal Year 2010 components of Illinois Jobs Now! are: $14,299 million of road and bridge projects; $3,621 million for school construction; and $5,660 million for state-wide mass transit. The Illinois Jobs

Now! program provides access to over \$3.7 billion in ARRA funds, including funding for roads and bridges, airports, transit, rail and waste water and drinking water infrastructure.

Funding for Illinois Jobs Now! is comprised of monies from Federal, State and Local sources, with the State's share of approximately \$13.5 billion to be funded through the issuance of General Obligation and Build Illinois Bonds over the length of the program. The debt service on the State's portion will be supported by the following: (1) an increase in the motor vehicle title fees generating \$122 million annually; (2) an increase in license plate fees generating \$180 million annually; (3) revenues from new sales tax on candy, sweet tea, coffee, grooming and hygiene products; (4) an increase in wine and spirits taxes generating \$162 million annually; (5) establishing a new licensing and taxation program for video gaming terminals generating \$300 million annually; and (6) using existing monies deposited into the Road Fund to provide \$150 million per year for the payment of debt service. All annual amounts reflect revenues generated once fully implemented. See "LITIGATION – Tax Protest Litigation" for a description of a lawsuit that has been filed which challenges certain of the taxes described above.

The remainder of the Fiscal Year 2010 Capital Budget contains prior year re-appropriations consisting of both bond funded and current revenue sources totaling \$9,695 million. The total bond-financed re-appropriations included in the Fiscal Year 2010 Capital Budget are \$2,127 million, which includes General Obligation bonded in the amount of \$1,491 million and Build Illinois bonded in the amount of \$636 million. Total capital re-appropriations funded out of current revenues is \$6,924 million, and total prior federally funded is \$644 million.

FISCAL YEAR 2011 BUDGET

As required by the State Budget Law, as amended, the Governor introduced the Fiscal Year 2011 proposed operating budget on March 10, 2010, which can be found at http://www2.illinois.gov/budget, and is incorporated into Table 5. Total revenues from all sources and transfers in are forecast at \$27,444 million, a 2% decrease from the Fiscal Year 2010 Revised Budget. Total state source revenues are forecast to increase by \$599 million or 3.1% above the revised 2010 amount reflecting a \$226 million increase or 2.7% in net individual income taxes, \$260 million or 19.8% in net corporate income taxes and a \$90 million or 1.5% increase in sales tax. Diversion rates to the Income Tax Refund Fund will remain at the Fiscal Year 2010 levels of 9.75% of individual income tax collections and 17.5% of corporate income taxes, which are projected to result in a refund backlog of approximately \$1,370 million by the end of fiscal 2011. All other state source revenues, excluding transfers in, were basically flat increasing by \$26 million or 0.7% over the revised 2010 forecast.

State transfers in are forecast to decrease by \$439 million or -20.3% primarily reflecting non-recurring fund transfers of excess balances in Other State Funds ("sweeps") of \$373 million as well as approximately \$31 million of reduced Lottery and Gaming transfers reflecting both economic conditions and a "cap" on Lottery transfers to the General Fund of \$625 million in Fiscal 2010 plus an annual inflation factor for a total of \$636 million in Fiscal 2011. Actual Lottery receipts in excess of the cap are used to fund the capital program in conjunction with the estimated incremental revenues from video gaming. Gaming transfers are forecast to decline by \$42 million in Fiscal Year 2011 primarily reflecting a \$50 million onetime fee for a tenth gaming license in Fiscal Year 2010.

Federal revenues for Fiscal Year 2011 are forecast to decrease by \$711 million or -10.5% primarily reflecting the scheduled conclusion of ARRA funding for the educational and discretionary components of the Federal stimulus program on December 31, 2010. However, the state is assuming the extension of the Medicaid component through Fiscal Year 2011 which results in approximately \$479 million of additional Federal revenues beyond the amount through the December 31st termination date.

Total spending from net appropriations and transfer out are forecast to increase by \$2,972 million, a 10.2% increase over the revised Fiscal Year 2010 amount. Total appropriations excluding pensions are proposed to be $1,532 million or -5.8% lower reflecting reduced appropriations for education of $1,159 million or -12.2%, $135million or -2.7% for human services, and $375 million or -11.8% for all other appropriations excluding health care which increased by $136 million or 1.6%, all when compared to Fiscal Year 2010 Revised Budget appropriations. Unspent Appropriations ("Salvage") for Fiscal 2011 are estimated at two percent of total 2011 appropriations or $496 million which represents a $96 million over the 2010 estimate. The 2% estimate reflects historical experience in recent years.

Pension appropriations are $4,157 million before estimated reductions of $267 million associated with various "pension stabilization" proposals that are being pursued for new employees. The Fiscal Year 2011 pension appropriation also reflects an amortization of actuarial losses incurred in Fiscal Year 2009, as further discussed in the Pension Systems section which follows. As previously described, Fiscal Year 2010 pension contributions associated with the General Fund were not appropriated in that fund but were paid through issuance of the $3,466 million General Obligation Bonds, Taxable Series of January 2010. As discussed under "PENSION SYSTEMS – RECENT PENSION REFORM LEGISLATION", significant legislation has been enacted by the Illinois General Assembly and presented to the Governor for his signature which is expected to result in significant reductions in unfunded pension liabilities and current year pension contributions.

Transfer out increased by $710 million or 21.9% over Fiscal Year 2010 amounts. That increase is primarily associated with approximately $1,145 million of debt service on the January 2010 bonds used for Fiscal Year 2010 pension contributions, as well as a proposed reduction of $308 million to local governments reflecting a reduced percentage to 7% versus the current 10% of all net income tax receipts.

As illustrated in Table 5, the Budget Basis Operating Deficit is forecast as $4,672 million. The Governor has proposed various borrowing options to finance that deficit which may include the issuance of additional pension funding General Obligation bonds, or other instruments which have been collectively referred to as "Voucher payment notes" in Table 5. On the assumption of such instrument(s), the budget basis accounts payable as of June 30, 2011 would remain unchanged at $6,148 million, as would ending cash balance in the General Fund and Budget Stabilization Fund of $280 million and $275 million, respectively, for a total of $556 million at that date.

In the Governor's speech to the General Assembly on March 10, 2011, the Governor also proposed a 1% surcharge as a permanent increase in both individual and corporate income tax rates to 4% and 5.8%, respectively. If approved by the General Assembly, this surcharge is projected to increase revenues by $2.8 billion which will be dedicated to funding education (K-12 and Higher Education) within the State. This proposal is not reflected in Table 5.

The General Assembly must approve a Fiscal Year 2011 Budget for the State and the final Budget approved by the General Assembly may differ from the budget as proposed by the Governor and such differences may be material.

BUDGETARY EFFECTS OF $246,095,000 GENERAL OBLIGATION BONDS, SERIES OF APRIL 2010

The State issued on April 12, 2010 its $246,095,000 General Obligation Bonds, Series of April 2010. These bonds will mature on March 31, 2011. Proceeds of these bonds will be deposited into the Healthcare Provider Relief Fund for the exclusive purposes of funding Medicaid services subject to the enhanced federal participation due to expire on December 31, 2010, as well as associated costs of issuance.

Pursuant to statutory requirements for general obligation bonds, monthly payments of one twelfth of the principal due in the subsequent year are to be transferred from the General Revenue Fund to the GOBRI Fund, consistent with the required procedures further described in this Official Statement. See "THE OFFERING – SECURITY - State Funding Payments." Similarly, monthly payments equal to one sixth of the next scheduled interest payment are also transferred to the GOBRI Fund. As a result of those statutory provisions and the April 12, 2010 issuance date, transfers of principal will begin in Fiscal Year 2010 and end in Fiscal Year 2011, prior to maturity. Interest payment transfers will begin in Fiscal Year 2011, starting in October of 2010.

Based upon the above provisions and dates, approximately $68.3 million will be transferred from the General Revenue Fund to the GOBRI Fund in Fiscal Year 2010 and approximately $183.3 million in Fiscal Year 2011. Neither of these debt service transfers have been reflected in Table 5 nor the accompanying budget narratives for each Fiscal Year.

The effects of these transfers includes the following:

- Estimated transfers out to the GOBRI Fund would be increased by these approximate amounts in each of the two respective fiscal years.
- Estimated budget basis operating deficits would likewise be increased, resulting in an estimated deficit amount of $1,218 million in Fiscal Year 2010 and $4,855 million in Fiscal Year 2011.
- Estimated accounts payable at the end of Fiscal Year 2010 (June 30, 2010) would increase to $6,216 million, remaining at that amount through the end of Fiscal Year 2011.
- "Voucher payment notes" identified as an Other Financing Source in Table 5 for Fiscal Year 2011 would increase to an estimated $4,855 million.

FISCAL YEAR 2011 CAPITAL BUDGET

The Governor introduced the Fiscal Year 2011 proposed capital budget on March 10, 2010, which can be found at: http://www2.illinois.gov/budget

The Fiscal Year 2011 Capital Budget is a continuation and extension of the Illinois Jobs Now!, the State's first capital bill in over 10 years. That bill authorized a $31 billion multi-year program that emphasizes job creation and retention, economic stimulus and accessing federal ARRA dollars while making crucial investments in the State's schools, roads, bridges, airports and transit system.

For Fiscal Year 2011, the Governor proposed an expansion of Illinois Jobs Now! to, among other things, allocate $250 million in state funds to create the School Consolidation Construction Program to encourage smaller school districts to consolidate and save administration costs. The Governor's proposal makes an additional $396 million available for capital improvements and repairs to the state's public universities ($268 million) and to the state's community colleges ($128 million). The expansion would also provide $55.1 million to communities around Illinois for a wide range of economic and workforce development programs including green business development, and new industries and technologies. An additional $534.4 million is proposed for repairs and upgrades to Illinois state owned facilities, and to promote energy efficient and environmentally friendly facilities. Similarly, an additional $224.7 million would fund environment, energy and technology programs in Illinois. These programs are intended to protect and improve Illinois' environment and natural assets as well as to enhance the technology infrastructure in Illinois.

Beyond the proposed expansion, new appropriations of $2,337.7 million are proposed for highway, road, bridge, rail and airport construction, as well as $502.9 million for environmental, energy and technology projects, as proposed in the original program. Collectively, total new appropriations for Fiscal Year 2011 are $4,320.6 million.

The remainder of the Fiscal Year 2011 Capital Budget contains prior year re-appropriations consisting of both bond funded and current revenue sources totaling $26,151 million.

The total bond-financed re-appropriations included in the Fiscal Year 2011 Capital Budget are $16,779 million, which includes General Obligation bonded in the amount of $13,853.2 million and Build Illinois bonded in the amount of $2,925.8 million. Total capital re-appropriations funded out of current revenues is $8,152.9 million, and total prior federally funded is $1,218.5 million.

BUDGET STABILIZATION FUND

Legislation enacted in 2000 required the State to transfer any unencumbered balance in the Tobacco Settlement Recovery Fund as of June 30, 2001 to the newly-created Budget Stabilization Fund. The State transferred $225 million to the Budget Stabilization Fund in July 2001. Public Act 92-11 authorized the Comptroller to direct the transfer of money from the Budget Stabilization Fund to the General Revenue Fund to meet short-term cash flow needs, with the requirement that all money so transferred must be repaid within the same fiscal year. The Fiscal Year 2004 budget included an additional $50 million contribution to the Budget Stabilization Fund, bringing the end of year balance to $276 million, where it remained at June 30, 2009. The Fiscal Year 2010 and 2011 Operating Budgets assume the Budget Stabilization Fund will be maintained at that same level.

BASIS OF ACCOUNTING

The Comptroller is responsible for the maintenance of the State's fiscal accounting records. The Comptroller provides accounting control over the cash on hand in a specific fund or funds (the "Cash Balances") for which the Treasurer is accountable, control over the issuance of warrants for payments of agencies' expenditures and control to ensure that State payments do not exceed legal appropriations and available fund balances. The Comptroller's records are kept on a basis of accounting wherein receipts are recognized at the time cash funds are ordered into the State Treasury by the Comptroller. Prior to Fiscal Year 1998, disbursements were recognized when payment warrants were issued. Since Fiscal Year 1998, disbursements have been recognized when vouchers have been approved and released for payment.

As the fiscal control officer of the State, the Comptroller issues an Annual Report detailing receipts and expenditures for each year. Since 1981 the Comptroller has issued a Comprehensive Annual Financial Report ("CAFR"), which includes General Purpose Financial Statements prepared according to Generally Accepted Accounting Principles ("GAAP") and statements of budgetary fund balances and changes in budgetary fund balances for all fund groups.

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TABLE 5
BUDGET PLAN - GENERAL FUNDS
FY 2009 TO 2011
($ IN MILLIONS)

TABLE 5: GENERAL FUNDS - BUDGET RESULTS & BUDGET PLANS FY2009-FY2011

3/12/2010

	Fiscal Year2009 Actual		Fiscal Year 2010 Adopted Budget		Fiscal Year 2010 Revised Budget (3/10/10)		Fiscal Year 2011 Introduced Budget	
OPERATING REVENUES PLUS TRANSFERS IN								
REVENUES								
State Sources	$ 20,984		$ 19,947		$ 19,085		$ 19,684	
Federal Sources	$ 6,567		$ 7,131		$ 6,743		$ 6,032	
TOTAL REVENUES		**$ 27,551**		**$ 27,078**		**$ 25,828**		**$ 25,716**
STATUTORY TRANSFERS IN								
Statutory Transfers In	$ 1,593		$ 2,221		$ 2,167		$ 1,728	
TOTAL TRANSFERS		**$ 1,593**		**$ 2,221**		**$ 2,167**		**$ 1,728**
TOTAL OPERATING REVENUES PLUS TRANSFERS IN		**$ 29,144**		**$ 29,299**		**$ 27,995**		**$ 27,444**
OPERATING EXPENDITURES AND TRANSFERS OUT								
CURRENT YEAR EXPENDITURES								
APPROPRIATIONS (Total Budget) [1]	$ 27,796		$ 26,085 [#]		$ 26,309 [1]		$ 24,777	
Less: **Unspent Appropriations** (Unspent Budget plus Uncashed Checks)	($507)		($951)		($400)		($496)	
NET APPROPRIATIONS BEFORE PENSION CONTRIBUTIONS	$ 27,289		$ 25,134		$ 25,909		$ 24,281	
PENSION CONTRIBUTIONS	$ 2,486		$ - [#]		$ - [1]		$ 4,157	
Less: Savings from Pension Stabilization	$ -		$ -		$ -		($267)	
Equals: **CURRENT YEAR EXPENDITURES** (Net Appropriations Spent)		**$ 29,775**		**$ 25,134**		**$ 25,909**		**$ 28,171**
STATUTORY TRANSFERS OUT								
Legislatively Required Transfers (Diversions to Other Funds) [2]	$ 2,082 [2]		$ 1,651		$ 2,002		$ 2,004	
Pension Obligation Bond Debt Service (includes FY10 Pension Funding Bonds)	$ 466		$ 520		$ 564		$ 1,611	
Debt Service Transfers for Capital Projects	$ 636		$ 670		$ 670		$ 638	
Less: Reduced Transfer to Local Government Distributive Fund	$ -		$ -		$ -		($308)	
TOTAL TRANSFERS OUT		**$ 3,184**		**$ 2,842**		**$ 3,236**		**$ 3,946**
TOTAL OPERATING EXPENDITURES AND TRANSFERS OUT		**$ 32,959**		**$ 27,975**		**$ 29,145**		**$ 32,117**
BUDGET BASIS FINANCIAL RESULTS AND BALANCE								
BUDGET BASIS OPERATING SURPLUS (DEFICIT) [Receipts less Payments]		**($3,815)**		**$1,324**		**($1,150)**		**($4,672)**
OTHER FINANCIAL SOURCES (USES)								
Short-Term Borrowing Proceeds	$2,400		$1,250		$1,250		$0	
Repay Short-Term Borrowing (including interest)	($1,424)		($2,295)		($2,295)		$0	
Voucher payment notes [3]	$0		$0		$0		$4,672 [3]	
TOTAL OTHER FINANCIAL SOURCES (USES)		**$976**		**($1,045)**		**($1,045)**		**$4,672**
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		**($2,839)**		**$279**		**($2,195)**		**$0**
Plus: Budget Basis Fund Balance at Beginning of the Fiscal Year		**($834)**		**($3,673)**		**($3,673)**		**($5,868)**
BUDGET BASIS FUND BALANCE (DEFICIT) AT END OF FISCAL YEAR		**($3,673)**		**($3,394)**		**($5,868)**		**($5,868)**
CASH BASIS FINANCIAL RESULTS								
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		**($2,839)**		**$279**		**($2,195)**		**$0**
Change in Accounts Payable (Change in Lapse Period Amounts)								
Accounts Payable at End of Prior Fiscal Year [2]	**$975**		**$3,953**		**$3,953** [2]		**$6,148**	
Less: Accounts Payable at End of Current Fiscal Year [2]	**($3,953)** [2]		**($3,674)**		**($6,148)**		**($6,148)**	
Equals: **Increase/(Paydown) of Accounts Payable During Fiscal Year**		**$2,978**		**($279)**		**$2,195**		**$0**
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR [4]		**$139**		**$0**		**$0**		**$0**
CASH POSITION								
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		**$139**		**$0**		**$0**		**$0**
Plus: **Cash Balance in General Funds at Beginning of Fiscal Year**		**$ 141**		**$ 280**		**$ 280**		**$ 280**
Equals: **Cash Balance in General Funds at End of Fiscal Year**		**$ 280**		**$ 280**		**$280**		**$280**
Plus: **Cash Balance in Budget Stabilization Fund at End of Fiscal Year**		**$ 276**		**$ 276**		**$ 276**		**$ 276**
Equals: **Total Cash at End of Fiscal Year**		**$ 556**		**$ 556**		**$ 556**		**$ 556**

[1] **FY2010 appropriations do not reflect the FY2010 statutory pension contribution for the General Funds. That amount will be financed and paid through issuance of approximately $3,466 million in General Obligation Pension Funding Bonds during the fiscal year.**

[2] **FY2009 Transfers Out and FY2009 Accounts Payable reflects $185 million of Transfers Payable as of June 30, 2009, per the audited financial statements.**

[3] **A series of notes to pay specific vouchers during the fiscal year.**

[4] **Cash Basis Surplus (Deficit) equals Budget Basis Surplus (Deficit) minus (plus) Other Cash Uses (Sources) relating to changes in Accounts Payable during the fiscal year.**

TABLE 6
STATE OF ILLINOIS
GENERAL FUNDS RECONCILIATION
FISCAL YEAR 2008
($ IN MILLIONS)

	Cash Basis	Adjustments for Budgetary Basis	Budgetary Basis	Adjustments for GAAP	GAAP Basis
Revenues:					
Income Taxes (net)	$12,180	$ -	$12,180	$ 80	$12,260
Sales Taxes (net)	7,208	7	7,215	208	7,423
Public Utility Taxes (net)	1,157	-	1,157	40	1,198
Federal Government (net)	4,700	-	4,700	2,725	7,425
Other (net)	2,384	(7)	2,377	2,561	4,938
Total Revenues	**27,629**	**0**	**27,629**	**5,615**	**33,244**
Expenditures:					
Current:					
Health and Social Services	13,751	1	13,753	3,205	16,958
Education	10,164	190	10,355	484	10,839
General Government	698	(20)	678	134	813
Employment and Economic Development	153	25	177	(9)	168
Transportation	133	(11)	122	(3)	120
Public Protection and Justice	1,898	13	1,910	290	2,200
Environment and Business Regulation	115	0	115	24	138
Debt Service:					
Principal	-	-	-	2	2
Interest	-	-	-	1	1
Capital Outlays	29	0	29	(21)	8
Total Expenditures	**26,941**	**198**	**27,140**	**4,107**	**31,247**
Excess of Revenues Over Expenditures	**688**	**(198)**	**489**	**(1,507)**	**1,997**
Other Sources (Uses) of Financial Resources:					
Operating Transfers In	6,957	-	6,957	(2,973)	3,983
Operating Transfers Out	(10,546)	-	(10,546)	4,805	(5,741)
Proceeds from short-term borrowings	2,400		2,400	(2,400)	-
Proceeds from Capital Lease Financing		-	-	1	1
Net Other (Uses) of Financial Resources	**(1,189)**	**-**	**(1,189)**	**(567)**	**(1,756)**
Excess of Revenues Over Expenditures and Net Other (Uses) of Financial Resources	**(501)**	**(198)**	**(700)**	**940**	**(241)**
Fund Balances (Deficit) July 1, 2007	642	(777)	(135)	(3,693)	(3,828)
Restatement	-	-	-	(344)	(344)
Fund balances (Deficit) July 1, 2007, as restated	642	(777)	(135)	(4,036)	(4,171)
Increase (decrease) for changes in inventories	-	-	-	(4)	(4)
Fund Balances (Deficit) June 30, 2008	**141**	**(975)**	**(834)**	**(3,100)**	**(3,934)**

Source: Based on information from the Comptroller and derived from the State's Comprehensive Annual Financial Report, which may be found at: *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2008.pdf*).

Note: Columns may not add due to rounding.

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GAAP FINANCIAL REPORT

The complete General Purpose Financial Statements for Fiscal Year 2008, prepared in accordance with GAAP, have been filed with each nationally recognized municipal securities information repository (each, a "NRMSIR") and are incorporated herein by reference thereto. Such Statements are also available upon request from the Comptroller at (217) 782-6000 or from the Comptroller's webpage at www.illinoiscomptroller.com. These statements were prepared by the Comptroller and examined and certified by the State Auditor General. For Fiscal Year 2008 the Auditor General has expressed an unqualified opinion on the General Purpose Financial Statements.

Note 1 – Cash/Budget to GAAP Perspective Difference

On the GAAP basis, the Medicaid Provider Assessment Program Funds and the Income Tax Refund Fund are reported as part of the General Fund; whereas, they are not considered part of the General Fund on the budgetary basis or the cash basis.

Note 2 – Cash to Budget Adjustments (amounts in $ thousands)

The budgetary basis fund balance deficit of $834,491 equals the June 30, 2008 cash balance of $140,541 less cash lapse period expenditures of $975,032. Adjustments from the cash basis of accounting for Fiscal Year 2008 to the budgetary basis include adding Fiscal Year 2008 lapse period spending (July 1 – August 31, 2008) and subtracting Fiscal Year 2007 lapse period spending (July 1 – August 31, 2007). Lapse period expenditures are payments between July 1 – August 31 for services received and for goods "encumbered" (ordered or contracted for) on or before June 30 and received no later than August 31 which are paid from Fiscal Year 2007 "lapsing accounts." These expenditures include refunds which have been netted against the related revenue.

Note 3 – Budget to GAAP Adjustments

A detail of the reconciliation of the budgetary basis versus GAAP is presented in the Notes to Required Supplemental Information in the Comprehensive Annual Financial Report. Significant differences noted in the financial statements include recording accounts receivable, deferred revenue and accounts payable at year-end. Accounts payable include liabilities which will be paid from future year appropriations (e.g., income tax refunds, Public Aid medical reimbursements and payments to local school boards for State Board of Education reimbursement programs).

There were also classification differences between the budgetary basis and GAAP. Interest paid on income tax refunds is reported as general government expenditures for GAAP reporting purposes and as a reduction of revenues in the budgetary presentation. In addition, transfers from the General Revenue Fund to the Common School Fund and from the Common School Special Account to the Common School Fund, which are reported on the budgetary basis, have been eliminated for GAAP reporting purposes.

Note 4 – Restatement (amounts in $ thousands)

The June 30, 2007 fund balance for the General Fund has been restated $343,582 from a deficit of $3,827,544 to a deficit of $4,171,126. The restatement was due to the accumulation of reporting errors from prior years which resulted in an understatement of unearned income taxes.

TAX STRUCTURE

GENERAL FUNDS

The General Funds receive the major share of tax revenues from the following five sources:

Personal Income Tax: The personal income tax liability is 3.0 percent of each taxpayer's Illinois net income with a $2,000 exemption allowed for the taxpayer, the taxpayer's spouse, and each dependent claimed on their federal return. There are also additional $1,000 exemptions for the elderly and for the blind.

The Income Tax Refund Fund (the "Refund Fund") was created in 1989. Both corporate and personal income tax refunds are paid from the Refund Fund rather than the General Revenue Fund. The annual percentage of corporate or personal income tax collections deposited into the Refund Fund (the "Refund Fund Rate") is set by statute for some years and for other years is determined by a formula, the numerator of which is the prior year income tax refunds paid or approved for payment, and the denominator is the prior year income tax collections. For Fiscal Year 2010 and proposed for Fiscal Year 2011, the state has maintained the same Refund Fund Rates (described below) as utilized in Fiscal Year 2009, resulting in an estimated increase in the Refund Fund backlog for corporate income tax refunds to an estimated balance of approximately $1,000 million by the end of Fiscal Year 2010 and $1,370 million by the end of Fiscal Year 2011.

The Refund Fund rate for personal income taxes was statutorily set at 7.1 percent for Fiscal Years 1999 - 2001 to accommodate increases to the personal exemption. In Fiscal Year 2002, the Refund Fund rate for personal income taxes was determined by the statutory formula, with a cap of 7.6 percent. In Fiscal Year 2003, the Refund Fund rate for personal income taxes was set at 8.0 percent. The Refund Fund rate for Fiscal Year 2004 for personal income taxes was set at 11.7 percent. The statutory rates were set at 10% for Fiscal Year 2005, and 9.75% through Fiscal Year 2007. The Fiscal Year 2008 and Fiscal Year 2009 budget adopted a 7.75% and 9.75% rate respectively. The Fiscal Year 2010 budget adopted a 9.75% rate, which is also proposed for Fiscal Year 2011.

7.3% of all personal income tax collections not deposited into the Refund Fund is deposited into the Education Assistance Fund. All personal income tax collections, not deposited into the Education Assistance Fund or the Refund Fund, are deposited into the General Revenue Fund. In addition, 10% of all personal income tax collections not deposited into the General Revenue Fund is transferred to the Local Government Distributive Fund. The Fiscal Year 2011 Budget proposes reducing that rate to 7%.

Corporate Income Tax: The corporate income tax liability is 4.8 percent of each corporation's net income. The State Constitution requires that the basic corporate income tax rate not exceed the personal income tax rate by more than a ratio of 8:5. Multi-state corporations have corporate income apportioned to Illinois using a fraction equal to their sales attributable to Illinois divided by their total sales.

The Refund Fund rate for corporate income taxes was statutorily set at 19.0 percent for Fiscal Years 1999 - 2001 to accommodate the changes to the apportionment formula. In Fiscal Year 2002, the Refund Fund rate for corporate income taxes was determined by the statutory formula, with a cap of 23.0 percent. In Fiscal Year 2003, the Refund Fund rate for corporate income taxes was set at 27.0 percent. The Refund Fund rate for Fiscal Year 2004 for corporate income taxes was set at 32 percent. The statutory rates were set at 24%, 20% and 17.5% for Fiscal Years 2005, 2006 and 2007, respectively. The Fiscal Year 2008 and Fiscal Year 2009 budget adopted a 15.5% and 17.5% rate respectively. The Fiscal Year 2010 budget adopted a 17.5% rate, which is also proposed for Fiscal Year 2011.

7.3% of all corporate income tax collections not deposited into the Refund Fund is deposited into the Education Assistance Fund. All corporate income tax collections, not deposited into the Education Assistance Fund or the Refund Fund, are deposited into the General Revenue Fund. In addition, 10% of all corporate income tax collections not deposited into the General Revenue Fund is transferred to the Local Government Distributive Fund. The Fiscal Year 2011 Budget proposes reducing that rate to 7%. Corporations are also subject to a Personal Property Tax Replacement Income Tax at a rate of 2.5 percent (1.5 percent for a partnership, trust, or Subchapter S corporation), imposed to replace for local governments the corporate personal property tax which was abolished on January 1, 1979. The replacement income tax is distributed to local governments by the State.

Sales Tax: The State levies a sales and use tax on retail sales of tangible personal property, subject to certain exemptions. Food for human consumption that is to be consumed off the premises where sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption), as well as prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use are taxed at the reduced State rate of 1%. Revenues on these latter items are distributed to local jurisdictions.

On and after September 1, 2009, however, "candy" is taxed at the rate of 6.25%, rather than as a food at 1%. In addition, "grooming and hygiene products," some of which were previously taxed as medicines at 1%, are now taxed at the rate of 6.25%. Also, effective September 1, 2009, the definition of "soft drink" changed. As a result, beverages that were previously not considered to be soft drinks are now included in the definition of "soft drinks" and are taxed at the 6.25% rate (for example, sweetened tea). Beginning October 1, 2009, each month the Department of Revenue must pay into the Capital Project Fund an amount that is equal to an amount estimated by the Department of Revenue to represent 80% of the net revenue realized for the preceding month from the sale of candy, grooming and hygiene products, and soft drinks that had been taxed at the 1% rate prior to September 1, but which are taxed at 6.25% on and after September 1, 2009.

The sales and use tax rate on general merchandise is 6.25 percent, comprised of the State's portion of 5.0 percent and the local government's portion of 1.25 percent. As noted above, a reduced rate applies to qualifying food and drugs (revenues are distributed to local jurisdictions). The 6.25 percent tax is applied to a standard base, meaning counties and municipalities must tax the same items as the State. The State also imposes a tax on tangible personal property transferred incident to sales of service. This tax (as well as a corresponding Service Use Tax) is imposed at the rate of 6.25% and generally contains exemptions identical to those in the retail tax. Revenues from the State's 5% percent are distributed 25% percent into the Common School Fund and 75% into the General Revenue Fund after a series of transfers into other State funds (including the Build Illinois Fund and the Illinois Tax Increment Fund).

Public Utility Taxes: Public utility tax receipts are comprised of taxes on electricity, natural gas, and telecommunications. In Fiscal Year 2006, public utility taxes provided 3.9 percent of General Fund revenues. The Gas Revenue Tax is imposed on gas utilities at the lesser of 5.0 percent of gross receipts or 2.4 cents per therm. Revenues from the Gas Revenue Tax are deposited into the General Revenue Fund. The Gas Use Tax is imposed upon users for gas purchased out of state, and is imposed at the same rate as the Gas Revenue Tax (5% of the purchase price or 2.4 cents per therm). Revenues from the Gas Use Tax are deposited into the General Revenue Fund. The tax on electricity is a per kilowatt hour tax on end-user usage, with the marginal tax rate declining as usage increases during the month. Any purchasers for non-residential electric use may opt to be "self-assessing purchasers" and pay at the rate of 5.1 percent of purchase price of the electricity that is used or consumed in a month. Three percent of the revenues from the Electricity Excise Tax is deposited into the Public Utility Fund (less $416,667 per month, which is paid into the General Revenue Fund); the remainder is deposited into the General Revenue Fund.

The Telecommunications Excise Tax Act was amended in 1998 to raise the tax on the privilege of originating or receiving telecommunications from 5.0 to 7.0 percent of gross receipts charged to a taxpayer's service address in Illinois. One half of the additional revenue is deposited into the Common School Fund, and one-half is deposited into the School Infrastructure Fund. The remainder is deposited into the General Revenue Fund. Transfers from the School Infrastructure Fund are made to the GOBRI Fund as a supplementary source for debt service on school construction bonds issued under Section 5(e) of the Bond Act.

Cigarette Tax: The cigarette tax is 49 mils per cigarette (98 cents per package of 20 cigarettes) and was last increased by 20 mils (40 cents per package of 20 cigarettes) effective July 1, 2002. From the total tax collected $29.2 million a month is deposited into the General Revenue Fund and $5 million a month is deposited into the School Infrastructure Fund for debt service payments on an expansion of the school construction grant program. Remaining cigarette tax revenues are deposited into the Long Term Care Provider Fund.

ROAD FUND

The Road Fund receives the bulk of its State revenues from motor fuel taxes and vehicle registration fees.

Motor Fuel Tax: The State imposes the following taxes on the privilege of operating motor vehicles on the public highways and recreational-type watercraft upon the waterways of the State:

- Motor fuel tax of 19 cents per gallon;
- Additional motor fuel tax on diesel fuel of 2.5 cents per gallon (21.5 cents per gallon on diesel fuel);
- Leaking Underground Storage Tank (LUST) tax of 0.3 cents per gallon and Environmental Impact Fee (EIF) ($60 per 7500 gallons of fuel, equivalent to 8/10 of a cent per gallon) for a total of 1.1 cents per gallon on fuel received in Illinois; and
- Motor Fuel Use Tax is imposed upon the use of motor fuel upon highways in the State by commercial motor vehicles. The tax is comprised of 2 parts. Part (a) is comprised of the motor fuel tax (19 cents per gallon or 21.5 cents per gallon for diesel fuel); Part (b) is the rate established by the Department of Revenue as of January 1 of each year using the average selling price per gallon of motor fuel sold in Illinois during the previous 12 months, multiplied by 6.25% to determine the cents per gallon rate.

Motor fuel tax receipts (except for LUST taxes and Environmental Impact Fees) are deposited into the Motor Fuel Tax ("MFT") Fund. The revenues from the MFT Fund are split between the State and local government units after certain administrative expenses and a series of transfers out to other State funds. These revenues are split 45.6 percent to the State and 54.4 percent to the local governments. Of the State's share, 37 percent is deposited into the State Construction Account Fund and 63 percent is deposited into the Road Fund. The local share of receipts is awarded as grants to municipalities, counties, townships and road districts.

The revenues from the additional diesel tax are transferred into the State Construction Account Fund which is used for highway construction. The revenues from the 1.1 cents per gallon LUST/EIF tax are transferred into the Underground Storage Tank Fund until January 1, 2013 (Public Act 96-0161, effective August 10, 2009 extends the LUST/EIF tax until January 1, 2025).

Motor Vehicle Fees: Revenue from motor vehicle fees is derived primarily from vehicle registrations, with fees from operators' and chauffeurs' licenses and vehicle titles representing a smaller portion of the total. Approximately 60 percent of these fees are paid into the Road Fund, and the remainder is paid into the State Construction Account Fund and other smaller funds. Motor vehicle registration fees are $98 annually and large truck and trailer registration fees were on a scale ranging from $135 for an 8,000 pound truck to $2,790 for an 80,000 pound truck. Certificate of title fees are $95. Since calendar year 2000, $48 of each title fee increase has been deposited into the Road Fund and the remaining $4 has been deposited into the Motor Vehicle License Plate Fund. Starting January 1, 2010, $30 of each title fee increase will be deposited into the Capital Projects Fund.

TAX BURDEN

According to two commonly cited measures of tax burden, tax receipts per capita and tax receipts per $1,000 of personal income, Illinois has an average state tax burden. In 2008, the State's tax collections per capita of $2,472 ranked 25th among the states, below the national average of $2,593.

When taking into consideration the wealth of states in the United States, the State's 2008 state tax collections per $1,000 of personal income of $58 was below the national average of $65.

Data on state revenues comparison comes from the Census Bureau, State Government Finances: 2008. Total general revenue collections include state taxes, intergovernmental revenue, current charges and other miscellaneous general revenue. State tax collections include sales and gross receipts, corporate income, personal income and other taxes.

MONEY PAID TO THE STATE UNDER PROTEST

Money paid to the State under protest is required to be placed by the Treasurer in a special fund known as the Protest Fund. Corporate income tax, personal property replacement tax, liquor tax and Insurance Privilege Tax comprise approximately 70% of the receipts into this fund. After 30 days from the date of payment into the Protest Fund, the money is to be transferred from the Protest Fund to the appropriate fund in which it would have been deposited had there been no protest. However, the party making the payment under protest may, within that 30-day period, file a complaint and secure a temporary injunction restraining the transfer from the Protest Fund. Under the injunction, the money is to remain in the Protest Fund until a final order or decree of a court determines the proper disposition of the money. As of February 1, 2010, the total Protest Fund balance was $325 million.

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INDEBTEDNESS

SHORT-TERM DEBT

Pursuant to the Illinois Constitution and the Short Term Borrowing Act, the Governor, Comptroller and Treasurer are authorized (i) to borrow an amount not exceeding 5% of the State's appropriations for any fiscal year in anticipation of revenues to be collected in that fiscal year, which borrowing is to be repaid by the close of that fiscal year and (ii) to borrow an amount not exceeding 15% of the State's appropriations for any fiscal year to meet failures in revenues, which borrowing is to be repaid within one year.

The Short Term Borrowing Act constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the principal and interest on short-term certificates issued pursuant to such Act.

The following table summarizes the State's history of issuing short-term debt.

TABLE 7
SHORT-TERM CERTIFICATES ISSUED
($ IN MILLIONS)

Date Issued	Amount Issued	Final Maturity
August 2009	$ 1,250	June 2010
May 2009	1,000	May 2010
December 2008	1,400	June 2009
April 2008[1]	1,200	June 2008
September 2007[1]	1,200	November 2007
February 2007[1]	900	June 2007
November 2005	1,000	June 2006
March 2005[1]	765	June 2005
June 2004	850	October 2004
May 2003	1,500	May 2004
July 2002	1,000	June 2003
August 1995	500	June 1996
August 1994	687	June 1995
August 1993	900	June 1994
October 1992	300	June 1993
August 1992	600	May 1993
February 1992	500	October 1992
August 1991	185	June 1991
February 1987	100	February 1988
June-July 1983	200	May 1984

[1] Hospital Assessment Conduit Financings

GENERAL OBLIGATION BONDS

GO Bonds of the State may be authorized by a vote of three-fifths of the members of each house of the General Assembly or by a majority of the voters at a general election. The Bond Act consolidated the authorization contained in prior bond acts into a single act and currently authorizes the issuance of multiple purpose GO Bonds in the aggregate amount of $22,770,777,443, excluding general obligation refunding bonds, for capital purposes and $13,466,000,000 of GO Bonds for pension funding purposes.

In addition, GO Bond authorization was increased (i) by $3 billion dollars for certain transportation projects pursuant to Public Act 96-5 and (ii) in various categories pursuant to Public Act 96-36. The increases described in clauses (i) and (ii) were made in connection with the passage of the Illinois Jobs Now! capital program.

The Bond Act was further amended, pursuant to Public Act 96-18, effective June 26, 2009, to increase the General Obligation refunding bonds authorization by $2 billion.

The following table shows the statutory general obligation bond authorization and all GO Bonds outstanding as of April 20, 2010.

TABLE 8
GENERAL OBLIGATION BONDS

Authorization Category	Amount Authorized[3]	Amount Issued	Authorized Unissued	Amount Outstanding
Authorized under Prior Bond Acts[1]				
Anti-Pollution	$ 599,000,000	$ 599,000,000	$ -	$ -
Capital Development	1,737,000,000	1,737,000,000	-	-
Coal and Energy Development	35,000,000	35,000,000	-	-
School Construction	330,000,000	330,000,000	-	-
Transportation Series A	1,326,000,000	1,326,000,000	-	-
Transportation Series B	403,000,000	403,000,000	-	-
Total	$4,430,000,000	$4,430,000,000	$ 0	$ 0
Authorized under Current Bond Act[2]				
Multi-purpose	22,770,777,443	17,597,386,352	5,173,391,091	7,841,484,170
Special purpose[4]	250,000,000	246,095,000	3,905,000	246,095,000
Refunding Bonds[3]	4,839,025,000	6,070,824,239	1,723,306,171	3,115,718,829
Subtotal	$27,859,802,443	$23,914,305,591	$6,900,602,262	$11,203,297,999
Pension Bonds	13,466,000,000	13,466,000,000	-	13,366,000,000
Total	$41,325,802,443	$37,380,305,591	$6,900,602,262	$24,569,297,999
Currently Authorized less Refunding	$36,486,777,443			
Currently Outstanding less Refunding				$21,453,579,170

1 These bonds were issued under predecessor statutes to the Bond Act.

2 As authorized under the current General Obligation Bond Act, 30 ILCS 330/1 et seq.

3 The State is authorized to issue $4,839,025,000 of GO Bonds, at any time and from time to time outstanding, for the purpose of refunding any outstanding GO Bonds. The authorized unissued amount of refunding bonds is the difference between the amount authorized and the amount outstanding. Refunding bonds in the aggregate amount of $2,955,105,410 were issued, have matured or have been refunded, and are no longer outstanding.

4 Reflects the $246,095,000 General Obligation Bonds, Series of April 2010 issued on April 12, 2010.

Note: Includes the $300,000,000 Taxable Build America Bonds, Series 2010-2, the $56,000,000 Taxable Series of March 2010 and the Bonds.

Pursuant to the Bond Act, amounts in the Anti-Pollution bond retirement and interest fund were transferred to and consolidated in the GOBRI Fund. The GOBRI Fund is used to make debt service payments on outstanding GO Bonds issued for these purposes, on multiple purpose and refunding bonds issued under the Bond Act, and on short-term certificates issued as described above under "SHORT-TERM DEBT."

As of March 4, 2010 a total of $1,036.6 million was available in the GOBRI Fund, of which $370.0 million has been deposited for repayment of short term borrowings. The amount of outstanding GO Bonds shown above has not been reduced by the remaining amounts otherwise available in the GOBRI Fund.

INTEREST RATE EXCHANGE AGREEMENTS

In October 2003, the State entered into five separate, but substantially identical, interest rate exchange agreements (collectively, the "Agreements") to convert the variable rate on its Variable Rate General Obligation Bonds, Series B of October 2003, to a synthetic fixed rate. The Agreements have an aggregate notional amount of $600 million, bear a fixed rate of interest of 3.89% and were allocated among five separate counterparties (each a "Counterparty," and collectively, the "Counterparties"). The Agreements are proportionate among the Counterparties, and the Agreement amounts are identified to and amortize with the Series B of October of 2003 variable rate bonds until their final maturity on October 1, 2033. Pursuant to Section 9(b) of the Bond Act, net payments under the Agreements shall be considered interest on such bonds, which shall be subject to continuing appropriation for payment by the General Assembly, and are general obligations of the State.

The following chart shows the counterparties and the respective notional amounts for the Agreements which converted the Variable Rate General Obligation Bonds, Series B of October 2003 to a synthetic fixed rate obligation.

Counterparty	**Notional Amount**
Loop Financial Products*	$384,000,000
Bank of America	54,000,000
AIG Financial Products Corp.	54,000,000
Merrill Lynch	54,000,000
JPMorgan Chase Bank	54,000,000
Total Notional Amount	**$600,000,000**

* Deutsche Bank AG credit support

The State entered into the Agreements as a means of (1) lowering its borrowing costs when compared to fixed-rate bonds at the time of issuance and (2) limiting interest rate risk inherent in variable rate debt. The Agreements may expose the State to certain market and credit risks. The State may terminate the Agreements at any time at market value, or upon the occurrence of certain events. In addition, either the State or the Counterparties may terminate the Agreements if the other party fails to perform under the terms of the Agreements. A Counterparty may terminate its related Agreement if the State's rating falls below "BBB" from S&P, "Baa" from Moody's and "BBB" from Fitch. If the Agreements are terminated, the related bonds would continue to bear interest at a variable rate, and the State could be liable for a termination payment if the Agreements have a negative market value.

HISTORICAL BORROWING

The following table summarizes the level of bond sales from Fiscal Years 2006-2010.

TABLE 9
GENERAL OBLIGATION BOND SALES
($ IN MILLIONS)

Fiscal Year	Capital Improvement	Refunding	Special Purpose	Pension
2006	$925.0	$275.0	-	-
2007	258.0	329.0	-	-
2008	125.0	-	-	-
2009	150.0	-	-	-
2010[1]	2,456.0	1,501.3	$246.1	$3,466.0

[1] As of the date of this Official Statement. Includes the Bonds expected to be issued pursuant to this Official Statement, $246,095,000 General Obligation Bonds, Series of April 2010 issued on April 12, 2010 and the $300,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-2 and the $56,000,000 General Obligation Bonds, Taxable Series of March 2010 expected to be issued on or about April 26, 2010.

INDEBTEDNESS IN PRIOR YEARS

The following table shows the outstanding general obligation bonded indebtedness of the State at the end of each fiscal year from 2005-2009.

TABLE 10
GENERAL OBLIGATION BONDS OUTSTANDING
($ IN MILLIONS)

End of Fiscal Year	Capital Improvement	Pension Funding[1]
2005	$9,893.0	$10,000.0
2006	10,251.4	10,000.0
2007	9,925.7	10,000.0
2008	9,463.0	9,950.0
2009	9,051.8	9,900.0

[1] Principal and Interest on the 2003 Pension Bonds is funded with corresponding reductions to the Unfunded Actuarial Accrued Liability payments appropriated from the general funds as an unfunded liability replacement financing pursuant to Public Acts 88-593, 94-004 and 93-009.

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FUTURE FINANCINGS

Simultaneously with the issuance of the Bonds, the State plans to issue its General Obligation Bonds, Taxable Build America Bonds, Series 2010-2 in the amount of $300,000,000 to provide funds for grants to school districts within the State for the acquisition, construction and repair of public school facilities and to pay costs of financing, including, but not limited to, the costs of issuance of the Series 2010-2 Bonds, and plans to issue its General Obligation Bonds, Taxable Series of March 2010 in the amount of $56,000,000 to provide funds to reimburse school districts within the State for moneys spent on the acquisition, construction and repair of public school facilities and to pay costs of financing, including, but not limited to, the costs of issuance of the Series of March 2010 Bonds. Further, the State monitors its capital expenditures and anticipates issuing additional taxable Build America Bonds (beyond the Bonds and the additional $300 million Build America Bonds described above) within 90 days after the Bonds are issued. The amount and timing of such an issuance has not been determined. In addition, based on current spending projections, the State may seek to issue short-term general obligation debt for the purpose of providing cash flow support during Fiscal Year 2010. See "STATE FINANCIAL INFORMATION – FISCAL YEAR 2010 BUDGET." The State evaluates its short-term cash needs from time to time and based on such evaluations may seek to issue short-term general obligation debt due within one year from its date of issuance.

The State also periodically reviews its existing debt and has authorization to enter into refunding transactions from time to time as dictated by economic conditions.

DEBT SERVICE PAYMENTS

Debt service of the State's GO Bonds is paid from the GOBRI Fund. The GOBRI Fund receives transfers from the Road Fund to pay debt service on GO Bonds issued for Transportation A Highways purposes, from the School Infrastructure Fund and the General Revenue Fund to pay debt service on GO Bonds issued under Section 5(e) of the Bond Act and from the General Revenue Fund to pay debt service on GO Bonds issued for all other purposes.

Not including debt service on short-term debt certificates as may be from time to time outstanding; the following table shows debt service payments on GO Bonds from Fiscal Year 2005 through 2009 and the funds from which the transfers originate.

TABLE 11
GENERAL OBLIGATION BONDS
DEBT SERVICE PAYMENTS[1]
($ IN MILLIONS)

	FY 05	FY 06	FY 07	FY 08	FY 09
Road Fund	$237.5	$258.5	$253.7	$252.9	$252.9
School Infrastructure Fund	200.7	230.1	232.9	235.9	223.1
General Funds	660.6	664.7	693.0	695.6	684.3
All Funds-Pension[1]	496.2	496.2	496.2	546.2	545.0

1 Principal and Interest on the 2003 Pension Bonds is funded with corresponding reductions to the Unfunded Actuarial Accrued Liability payments appropriated from the general funds as an unfunded liability replacement financing pursuant to Public Acts 88-593, 94-004 and 93-009.

MEASURES OF DEBT BURDEN

Tables 12, 13, 14 and 15 show various measures of the relative burden of the State's general obligation debt and debt service.

TABLE 12
RATIO OF GENERAL OBLIGATION DEBT SERVICE
TO TOTAL GENERAL AND ROAD FUND APPROPRIATIONS
FISCAL YEARS 2005-2009

Fiscal Year	Total Expenditures[1] ($ In Millions)	Capital Improvement Bonds % of Expenditures	Pension Bonds % of Expenditures
2005	26,736	4.11%	1.86%
2006	27,982	4.12%	1.77%
2007	30,952	3.81%	1.60%
2008	32,405	3.66%	1.69%
2009	36,918	3.14%	1.48%

[1] Includes aggregate appropriations from the General Funds and the Road Fund for each fiscal year.

TABLE 13
RATIO OF GENERAL OBLIGATION DEBT
TO ILLINOIS PERSONAL INCOME
FISCAL YEARS 2005-2009

Fiscal Year	Illinois Personal Income[1] ($ In Billions)	Capital Improvement and Refunding Bonds % of Personal Income	Pension Bonds % of Personal Income
2005	463.1	2.14%	2.16%
2006	490.5	2.09%	2.04%
2007	525.9	1.89%	1.90%
2008	547.0	1.73%	1.82%
2009	547.0	1.65%	1.81%

[1] U.S. Department of Commerce, Bureau of Economic Analysis, October 2009.

Note: 2009 personal income data not yet available and is estimated to be flat from 2008.

TABLE 14
GENERAL OBLIGATION DEBT PER CAPITA
FISCAL YEARS 2005- 2009

	2005	2006	2007	2008	2009
Population (in Thousands)[1]	12,720	12,777	12,853	12,902	12,902
Capital Improvement and Refunding Bonds	$778	$802	$772	$733	$702
Pension Bonds Debt per Capita[2]	$786	$783	$778	$771	$767

[1] U.S. Department of Commerce, Bureau of the Census, October 2009. 2009 population is assumed to be flat from 2008.

[2] Approximately 73% of the Pension Bond Debt per Capita is offset by corresponding unfunded pension liability per capita, which existed prior to the issuance of the pension bonds.

TABLE 15
RATIO OF GENERAL OBLIGATION DEBT TO EQUALIZED ASSESSED VALUATION[1]
FISCAL YEARS 2005-2009

Equalized Assessed Value ("EAV")		Capital Improvement and Refunding Bonds		Pension Bonds	
Year	($ Millions)	($ Millions)	% of EAV	($ Millions)	% of EAV
2005	303,038	9,893.0	3.26	10,000.0	3.30
2006	331,337	10,251.4	3.09	10,000.0	3.02
2007	362,068	9,925.7	2.73	10,000.0	2.75
2008	382,638	9,462.9	2.47	9,950.0	2.60
2009	402,503	9,051.8	2.25	9,900.0	2.46

[1] Estimate for 2008-2009 provided by the Illinois Department of Revenue, October 2009.

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Table 16
MATURITY SCHEDULE – GENERAL OBLIGATION BONDS
Bond Issuances through April 20, 2010

	General Obligation Capital Improvement and Special Purpose Bonds						General Obligation Pension Bonds			Total
Fiscal Year June 30	Special Purpose	Multiple Purpose	Refunding	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service	Combined Total Debt Service
2010	-	424,752,909	162,711,843	587,464,753	545,813,044	1,133,277,797	50,000,000	493,550,000	543,550,000	1,676,827,797
2011	246,095,000	442,451,202	222,608,829	911,155,031	620,116,581	1,531,271,612	743,200,000	601,177,049	1,344,377,049	2,875,648,661
2012	-	384,693,439	239,780,000	624,473,439	579,989,298	1,204,462,737	793,200,000	591,186,628	1,384,386,628	2,588,849,365
2013	-	325,390,751	304,460,000	629,850,751	536,950,024	1,166,800,775	793,200,000	568,262,716	1,361,462,716	2,528,263,491
2014	-	269,729,607	361,470,000	631,199,607	488,343,952	1,119,543,559	793,200,000	541,391,544	1,334,591,544	2,454,135,103
2015	-	318,375,720	333,025,000	651,400,720	437,325,895	1,088,726,615	793,200,000	509,221,372	1,302,421,372	2,391,147,987
2016	-	330,746,341	308,345,000	639,091,341	409,672,218	1,048,763,559	100,000,000	474,525,000	574,525,000	1,623,288,559
2017	-	329,986,341	281,300,000	611,286,341	374,194,648	985,480,989	125,000,000	470,175,000	595,175,000	1,580,655,989
2018	-	327,817,806	260,155,000	587,972,806	335,153,222	923,126,029	150,000,000	464,737,500	614,737,500	1,537,863,529
2019	-	348,542,317	205,770,000	554,312,317	304,950,960	859,263,277	175,000,000	458,212,500	633,212,500	1,492,475,777
2020	-	345,691,629	182,820,000	528,511,629	282,123,071	810,634,701	225,000,000	449,550,000	674,550,000	1,485,184,701
2021	-	334,210,883	178,160,000	512,370,883	249,917,472	762,288,355	275,000,000	438,412,500	713,412,500	1,475,700,855
2022	-	391,297,410	96,670,000	487,967,410	214,392,062	702,359,472	325,000,000	424,800,000	749,800,000	1,452,159,472
2023	-	400,932,922	78,800,000	479,732,922	194,128,388	673,861,310	375,000,000	408,712,500	783,712,500	1,457,573,810
2024	-	387,393,968	56,500,000	443,893,968	163,323,304	607,217,272	450,000,000	390,150,000	840,150,000	1,447,367,272
2025	-	370,428,835	5,855,000	376,283,835	143,995,209	520,279,043	525,000,000	367,200,000	892,200,000	1,412,479,043
2026	-	387,270,000	-	387,270,000	122,320,508	509,590,508	575,000,000	340,425,000	915,425,000	1,425,015,508
2027	-	376,185,000	-	376,185,000	102,760,017	478,945,017	625,000,000	311,100,000	936,100,000	1,415,045,017
2028	-	341,845,000	-	341,845,000	83,383,750	425,228,750	700,000,000	279,225,000	979,225,000	1,404,453,750
2029	-	310,610,000	-	310,610,000	64,535,683	375,145,683	775,000,000	243,525,000	1,018,525,000	1,393,670,683
2030	-	255,500,000	-	255,500,000	49,912,933	305,412,933	875,000,000	204,000,000	1,079,000,000	1,384,412,933
2031	-	211,455,000	-	211,455,000	37,694,217	249,149,217	975,000,000	159,375,000	1,134,375,000	1,383,524,217
2032	-	152,575,000	-	152,575,000	28,298,890	180,873,890	1,050,000,000	109,650,000	1,159,650,000	1,340,523,890
2033	-	151,865,000	-	151,865,000	20,784,197	172,649,197	1,100,000,000	56,100,000	1,156,100,000	1,328,749,197
2034	-	185,035,000	-	185,035,000	11,606,337	196,641,337	-	-	-	196,641,337
2035	-	98,240,000	-	98,240,000	4,040,510	102,280,510	-	-	-	102,280,510
2036	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-
Total	246,095,000	8,203,022,079	3,278,430,673	11,727,547,751	6,405,726,390	18,133,274,142	13,366,000,000	9,354,664,309	22,720,664,309	40,853,938,451

General Obligation Debt Service payments for Fiscal Year 2010, as of April 20, 2010:

	Special Purpose	Multiple Purpose	Refunding	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service	Combined Total Debt Service
10 Months	-	361,537,909	162,711,843	524,249,753	500,997,669	1,025,247,422	-	246,775,000	246,775,000	1,272,022,422
02 Months	-	63,215,000	-	63,215,000	44,815,375	108,030,375	50,000,000	246,775,000	296,775,000	404,805,375
FY 2010	-	424,752,909	162,711,843	587,464,753	545,813,044	1,133,277,797	50,000,000	493,550,000	543,550,000	1,676,827,797

Notes: Multiple Purpose above includes $800,000 of Anti-Pollution bonds maturing in FY 10, the Bonds issued pursuant to this Official Statement and $300,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-2 and $56,000,000 General Obligation Bonds, Taxable Series of March 2010 which were sold by competitive bid on April 6, 2010 and are expected to be issued on or about April 26, 2010. Interest on Build America Bonds is shown net of the Federal subsidy of 35%.

REVENUE BONDS

Revenue bonds are either those bonds for which the State dedicates a specific revenue source for debt service or those bonds under which the State is committed to retire debt issued by certain authorities or municipalities created and organized pursuant to law and operating within the State. The State's commitment is based upon various Illinois statutes and upon contractual arrangements with the issuers. Table 17 identifies the type and current level of revenue bonded indebtedness. A description of each bond program follows the table.

TABLE 17
REVENUE BONDS
(ESTIMATED AS OF DECEMBER 30, 2009)

($ IN MILLIONS)

Revenue Bond Program	Bonds Outstanding
Build Illinois (Sales Tax Revenue Bonds)	$2,493.6
Metropolitan Exposition and Auditorium Authorities - Civic Center Program	91.4
MPEA[1] - Dedicated State Tax Revenue Bonds	139.0
MPEA[1,2] - McCormick Place Expansion Project and Refunding Bonds	2,081.0
Illinois Sports Facilities Authority	450.2
Illinois Certificates of Participation	20.4
Total	**$5,275.6**

1 Metropolitan Pier and Exposition Authority ("MPEA")

2 Bonds outstanding include capital appreciation bonds expressed in the amount of original principal issuance.

Note: Columns may not add due to rounding.

BUILD ILLINOIS

The Build Illinois program funds initiatives in business development, infrastructure construction and replacement, education, and environmental protection. The Build Illinois Bonds are dedicated State tax revenue bonds. The current Build Illinois Bond authorization is $4,615.5 million. Public Act 93-839 amended the Build Illinois Bond Act, 30 ILCS 425 *et seq.*, to include restrictions similar to those contained in the Bond Act.

The Build Illinois Fund receives 3.8 percent of State sales tax collections to support debt service on Build Illinois Bonds and project spending. To the extent these revenues are insufficient in any month to provide specified amounts set forth in law to secure Build Illinois Bonds, an additional amount equal to the deficiency will be paid from the State's sales tax collections.

Build Illinois Bonds are limited obligations of the State payable solely from the specified State sales tax receipts. Build Illinois Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The holders of Build Illinois Bonds may not require the levy or imposition of any taxes or the application of other State revenue or funds to the payment of the bonds, except for the specified sales tax revenues pledged to the bonds.

METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITIES—CIVIC CENTER PROGRAM

In 1989, the GOMB was authorized to issue Civic Center Bonds. Prior to this change, eligible civic center authorities, and later the Department of Commerce and Community Affairs, issued state-supported bonds to finance the development of community civic centers.

State of Illinois Civic Center Bonds are direct, limited obligations of the State payable from and secured by an irrevocable pledge and lien on moneys deposited in the Illinois Civic Center Bond Retirement and Interest Fund. The payment of debt service is subject to annual appropriation by the General Assembly. The bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The bondholders may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the bonds.

METROPOLITAN PIER AND EXPOSITION AUTHORITY—DEDICATED STATE TAX REVENUE BONDS

Legislation effective in July 1984 dedicated a revenue stream from a variety of State sources to provide financing for the North Building expansion of the McCormick Place complex in Chicago and to redeem outstanding Exposition Building Revenue Bonds. These bonds are secured primarily by revenues from State sales and hotel taxes. The Dedicated State Tax Revenue Bonds are special obligations of the Metropolitan Pier and Exposition Authority ("MPEA"); neither the full faith and credit nor the taxing power of the State, other than the specific dedicated taxes, is pledged to the payment of the principal or interest on the bonds. Debt service on the bonds is subject to annual appropriation.

METROPOLITAN PIER AND EXPOSITION AUTHORITY—EXPANSION PROJECT BONDS

MPEA is authorized to issue McCormick Place Expansion Project Bonds. These bonds are secured by locally imposed taxes including hotel/motel, restaurant, car rental and airport departure taxes. Surplus from the Illinois Sports Facilities Authority hotel tax also is pledged as security for the bonds. If revenues from the taxes imposed by MPEA are insufficient to pay debt service on the Expansion Project Bonds, remaining State sales tax revenues, following required deposits to the Build Illinois Fund, are pledged to meet the deficiency.

ILLINOIS SPORTS FACILITIES AUTHORITY

The Illinois Sports Facilities Authority ("ISFA") was created in 1987, with authorization to finance construction of a professional sports stadium within the City of Chicago. Pursuant to legislation effective June 1, 2001, ISFA was authorized to finance reconstruction of a stadium for the Chicago Bears and related lakefront improvements in Chicago (the "Soldier Field Project"). Debt issued by ISFA is an obligation of ISFA and is not backed by the full faith and credit of the State. In 1989, ISFA issued $150 million of revenue bonds to finance construction of a new Comiskey Park stadium, now known as U.S. Cellular Field, and such bonds were refunded in 1999 from the issuance by ISFA of revenue bonds (the "1999 ISFA Bonds").

On October 12, 2001, ISFA issued $399 million of revenue bonds to finance the Soldier Field Project (the "2001 ISFA Bonds"). The 1999 ISFA Bonds and the 2001 ISFA Bonds are payable, subject to appropriation, from (i) a $10 million subsidy derived equally from State hotel tax revenues and amounts allocable to the City of Chicago under the State Revenue Sharing Act and (ii) an advance of State hotel tax revenues in the amount of $23.425 million in Fiscal Year 2003, increasing by 5.615% each fiscal year thereafter, which advance is required to be repaid annually by receipts derived from a two percent hotel tax imposed by ISFA within the City of Chicago. In the event the ISFA tax is insufficient to repay the advance of State hotel tax revenues, the deficiency will be paid from additional amounts allocable to the

City of Chicago under the State Revenue Sharing Act. The State expects that all amounts advanced as described in clause (ii) above will be repaid to the State.

In October 2003 ISFA issued $42.535 million of additional revenue bonds (the "2003 ISFA Bonds") to finance a portion of certain renovations to U.S. Cellular Field. In 2008 ISFA issued $10 million of additional revenue bonds (the "2008 ISFA Bonds") to finance a portion of certain infrastructure improvements and renovations to U.S. Cellular Field. The 2003 ISFA Bonds and the 2008 ISFA Bonds are payable from the same revenue sources as the 1999 ISFA Bonds and the 2001 ISFA Bonds.

CERTIFICATES OF PARTICIPATION

Public Act 93-839 provides that the State shall not enter into any third-party vendor or other arrangements relating to the issuance of certificates of participation or other forms of financing relating to the rental or purchase of office or other space, buildings, or land unless otherwise authorized by law. Prior to the passage of Public Act 93-839, the State has issued two series of certificates of participation for the acquisition of real property, $21.0 million in October 1995 and $17.7 million in May 1996. The proceeds of these certificates were used to finance the construction of correctional facilities. The certificates are payable from lease or installment purchase payments which are subject to annual appropriation and are not a full faith and credit obligation of the State.

OTHER OBLIGATIONS

The State has other long-term obligations in the form of lease-purchase payments. Third party vendors have issued certificates of participation to finance renovations and buildings which are leased to State agencies.

The State has additional contingent liabilities in the form of Moral Obligation Bonds which provide for presentation of an appropriation request to the General Assembly for debt service deficiencies – see "MORAL OBLIGATION BONDS", and a statutory Continuing Appropriation of General Funds for lump-sum payments in excess of available loan loss reserves for certain guaranteed loan programs – see "AGRICULTURAL LOAN GUARANTEE PROGRAM".

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TABLE 18
MATURITY SCHEDULE -- REVENUE BONDS
(As of December 30, 2009)

Year Ending June 30	Build Illinois	MPEA D.S.T.R.B.	MPEA Expansion Project	Civic Center Program	Sports Facilities Authority	Illinois Certificates of Participation	Total Principal	Total Interest	Total Debt Service
2010	141,375,756	24,015,000	50,936,819	8,595,000	14,465,316	1,945,000	241,332,891	248,755,560	490,088,451
2011	164,834,169	25,595,000	63,289,090	9,085,000	2,786,432	2,055,000	267,644,692	258,005,060	525,649,751
2012	164,143,399	26,735,000	38,426,743	9,555,000	3,787,861	2,170,000	244,818,003	280,368,030	525,186,033
2013	167,492,124	28,145,000	36,491,366	10,095,000	4,742,354	2,305,000	249,270,844	278,788,758	528,059,602
2014	175,019,306	29,600,000	35,991,812	10,705,000	5,649,695	2,440,000	259,405,813	270,523,123	529,928,936
2015	173,026,038	4,850,000	36,234,751	11,415,000	6,517,832	2,590,000	234,633,621	269,302,869	503,936,490
2016	174,080,000	-	45,846,956	12,020,000	7,363,337	2,750,000	242,060,293	252,603,073	494,663,366
2017	159,060,000	-	50,075,228	5,488,409	8,151,095	2,915,000	225,689,733	257,663,988	483,353,721
2018	144,300,000	-	50,037,243	5,668,835	6,355,418	3,140,000	209,501,496	264,348,779	473,850,275
2019	131,310,000	-	57,165,083	5,875,462	6,569,442	-	200,919,987	262,564,830	463,484,816
2020	115,265,000	-	65,259,453	6,103,026	6,977,726	-	193,605,206	261,529,096	455,134,301
2021	100,575,000	-	104,202,400	5,405,000	7,374,846	-	217,557,246	223,725,810	441,283,056
2022	94,865,000	-	81,118,012	-	7,767,537	-	183,750,549	258,075,601	441,826,150
2023	82,540,000	-	140,272,495	-	8,156,172	-	230,968,667	211,846,306	442,814,973
2024	75,280,000	-	80,281,436	-	8,543,953	-	164,105,388	270,517,797	434,623,185
2025	74,085,000	-	85,297,449	-	8,891,669	-	168,274,118	264,802,405	433,076,523
2026	72,160,000	-	149,351,189	-	14,950,731	-	236,461,920	194,619,866	431,081,786
2027	63,345,000	-	180,115,836	-	31,842,372	-	275,303,208	147,282,930	422,586,138
2028	57,240,000	-	162,087,687	-	36,240,797	-	255,568,485	161,733,677	417,302,161
2029	36,205,000	-	169,405,321	-	41,040,210	-	246,650,531	151,112,206	397,762,738
2030	33,080,000	-	10,277,690	-	52,405,825	-	95,763,515	296,901,660	392,665,175
2031	28,080,000	-	9,145,954	-	75,355,000	-	112,580,954	278,638,921	391,219,875
2032	22,080,000	-	8,140,997	-	84,295,000	-	114,515,997	274,449,203	388,965,200
2033	22,080,000	-	7,243,844	-	-	-	29,323,844	270,004,681	299,328,525
2034	22,080,000	-	6,447,732	-	-	-	28,527,732	269,673,868	298,201,600
2035	-	-	5,737,216	-	-	-	5,737,216	269,257,459	274,994,675
2036	-	-	5,107,150	-	-	-	5,107,150	269,887,525	274,994,675
2037	-	-	4,545,622	-	-	-	4,545,622	270,449,053	274,994,675
2038	-	-	4,043,951	-	-	-	4,043,951	270,950,724	274,994,675
2039	-	-	3,600,523	-	-	-	3,600,523	271,394,152	274,994,675
2040	-	-	3,202,467	-	-	-	3,202,467	271,792,208	274,994,675
2041	-	-	66,137,223	-	-	-	66,137,223	208,857,452	274,994,675
2042	-	-	265,360,000	-	-	-	265,360,000	9,638,738	274,998,738
Total	2,493,600,792	138,940,000	2,080,876,736	100,010,732	450,230,621	22,310,000	5,285,968,882	8,020,065,406	13,306,034,288

Note: Columns may not add due to rounding.

Total Interest in 2031 and thereafter is largely comprised of interest on capital appreciation bonds issued by MPEA.

MORAL OBLIGATION BONDS

Currently, eight entities in the State may issue moral obligation bonds. The moral obligation pledge generally provides that in the event the authority issuing moral obligation bonds determines that revenue available to the authority will be insufficient for the payment of principal and interest on such bonds during the next State fiscal period, the authority shall certify to the Governor the amount required to pay such principal and interest and any amounts withdrawn from bond reserve funds to pay principal and interest on moral obligation bonds. The Governor shall then submit the amounts so certified to the General Assembly. The Governor's recommendations for these and all other State appropriations are a matter of executive discretion. Thus, the moral obligation pledge does not constitute a legally enforceable obligation of the Governor to recommend a State appropriation. Moreover, the General Assembly is not statutorily required to make an appropriation for the amount so certified by the authority, nor must the Governor sign any such appropriation bill if passed by the General Assembly.

Debt evidenced by moral obligation bonds is not debt of the State, and is not secured by any State funds.

TABLE 19
MORAL OBLIGATION BOND AUTHORITIES' DEBT[1]
ESTIMATED AS OF DECEMBER 31, 2009
($ IN MILLIONS)

Issuing Authority	**Moral Obligation Bonds Outstanding**
Illinois Housing Development Authority	$ 0.1
Southwestern Illinois Development Authority	36.1
Quad Cities Regional Economic Development Authority	0.0
Upper Illinois River Valley Development Authority	21.5
Tri-County River Valley Development Authority	0.0
Will-Kankakee Regional Development Authority	0.0
Western Illinois Economic Development Authority	0.0
Illinois Finance Authority[2]	301.7
Total	**$359.3**

1 The amounts listed include only those bonds containing a moral obligation pledge.

2 The Illinois Rural Bond Bank, Illinois Research Park Authority and the Illinois Development Finance Authority were consolidated into the Illinois Finance Authority (the "IFA"), which was created on January 1, 2004. Amount reflects outstanding Moral Obligations issued by the IFA and predecessor authorities.

From time to time, the State has received notices from certain entities which have issued Moral Obligation Bonds that insufficient monies are available for the payment of principal and interest on one or more series of Moral Obligation Bonds or that amounts withdrawn from bond reserve funds to pay principal and interest on Moral Obligation Bonds have not been replenished.

The State does not have a legal obligation to pay any such amounts and cannot predict whether appropriations for such amounts will be enacted. No assurance can be given that future requests for State appropriation will not be received by the State or that such requests will not be for material amounts. Further, no assurance can be given that an appropriation would be enacted with respect to such future request.

AGRICULTURAL LOAN GUARANTEE PROGRAM

The Illinois Finance Authority (the "IFA", as successor to the Illinois Farm Development Authority), is authorized at 20 ILCS 3501 Article 830 *et seq.*, (the "Loan Program"), to issue up to $235 million in guarantees for loans by financial institutions ("Secured Lenders") to agriculture and agribusiness borrowers. Under the Program, Secured Lenders may receive a lump-sum payment up to a maximum of 85% of a remaining loan balance in the event of a default. The IFA currently maintains two reserve funds, (i) The Illinois Agricultural Loan Fund, and (ii) The Illinois Farmer & Agribusiness Loan Guarantee Fund (collectively, the "Reserve Funds"), from which default lump-sum payments may be made. As of October 31, 2008, the available balances in the Reserve Funds held by the IFA were $10.7 million and $7.7 million, respectively.

These Reserve Funds are further backed by a "continuing appropriation" of the State's General Funds as a full faith and credit general obligation of the State. As of October 31, 2008, the IFA Loan Programs secure: (i) $25.5 million in Illinois Agricultural Loans and (ii) $58.7 million in Illinois Farmer & Agribusiness Loans. In total, 85 percent of these two Loan Programs or $70.3 million is guaranteed by the State. To date, there has not been a required transfer from the State's General Funds for default lump-sum payments under the Loan Program.

Loans made pursuant to the Loan Program may be secured for up to five years, are subject to annual renewal by the IFA, and may be discontinued prior to maturity if a Secured Lender fails to properly monitor the borrower or the loan collateral. Secured Lenders under the Loan Program covenant to timely pursue collateral recovery upon receiving a lump-sum "default" payment, and must bear the first 15% of losses realized after collateral recovery.

In November 2006, the IFA extended a $15 million State guarantee to a $24.5 million loan by Fifth Third Bank (the "Secured Lender") to Bio-fuels Company of America (the "Borrower"), to construct, own and operate a 45 million gallon per year bio-diesel fuel plant located in Danville, Illinois. The Borrower has entered a guaranteed supply agreement and 20% equity partnership with Bunge North America, to provide soy bean oil, a principal commodity required for production of bio-diesel fuel.

ILLINOIS STUDENT ASSISTANCE COMMISSION STATE GUARANTEE

Pursuant to authority granted under the provisions of Section 152 of the Higher Education Student Assistance Act, approved and effective May 7, 2009 (the "Guarantee Legislation"), the Illinois Student Assistance Commission ("ISAC") has designated its Student Loan Revenue Bonds, Series 2009 (State Guaranteed) as guaranteed by the State (the "Guaranteed Bonds"). The Guaranteed Bonds were issued in late May, 2009 in the aggregate principal amount of $50,000,000. The State's guarantee constitutes a general obligation of the State and the full faith, credit and resources of the State are irrevocably pledged to the punctual payment of the principal of and interest on the Guaranteed Bonds as the same becomes due, whether at maturity or upon redemption. The guarantee of the State is limited to bonds so designated by ISAC in an aggregate principal amount of not greater than $50,000,000.

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PENSION SYSTEMS

The State has five Retirement Systems which provide benefits upon retirement, death or disability to employees and beneficiaries. The five Retirement Systems (collectively, the "Retirement Systems") are:

1. Teachers' Retirement System of the State of Illinois (the "TRS")
2. State Universities Retirement System (the "SURS")
3. State Employees' Retirement System of Illinois (the "SERS")
4. Judges Retirement System of Illinois (the "JRS")
5. General Assembly Retirement System (the "GARS")

Pursuant to the Illinois Pension Code, as amended (the "Pension Code"), the State and active employee members of the systems are responsible for funding employer contributions of the Retirement Systems. The Illinois Constitution guarantees that members' retirement benefits, once granted, cannot be diminished or impaired.

Members of each Retirement System, as a condition of participation, contribute a portion of their annual salary. The member's contribution rate ranges from 4 to 12.5 percent depending on the fund to which contributions are deposited and whether or not the member participates in the federal Social Security program. Benefits paid to retired members, generally are based on a fixed benefit plan. Under this type of plan, benefits are generally computed as a percentage of final average salary multiplied by the number of years of service the employee has worked at the time of retirement.

Actuarial services are retained by each Retirement System to report on its aggregate membership, fair market value of assets, the actuarially determined aggregate liability for benefits, and its Unfunded Accrued Actuarial Liability (or "UAAL"). The most recently available Actuary Reports as of fiscal year ending June 30, 2009 are summarized for all Retirement Systems:

- Total membership of 722,913 consisting of 315,767 active members, 207,154 inactive members entitled to benefits and 199,992 retired members and beneficiaries.

- Approximately $64.0 billion of assets at actuarial value, approximately $126.4 billion in actuarially determined accrued liability, and a UAAL of approximately $62.4 billion, or a funded ratio of 50.6%.

The following chart sets forth the number of participants, assets, liabilities and UAAL for each individual Retirement System as of June 30, 2009:

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TABLE 20
RETIREMENT SYSTEMS' PENSION FUND STATISTICS

Participants (As of June 30, 2009) **$ in thousands (As of June 30, 2009)**

Retirement System	Active Members	Inactive / Entitled to Benefits	Retirees and Beneficiaries	Total	Assets[1]	Liabilities[2]	UAAL
TRS	165,474	108,416	94,419	368,309	$38,026,043.5	$73,027,198.0	$35,001,154.5
SURS	83,545	77,780	46,810	208,135	14,281,998.1	26,316,231.0	12,034,232.9
SERS	65,599	20,857	57,381	143,837	10,999,953.5	25,298,346.1	14,298,392.6
JRS	968	23	982	1,973	616,849.1	1,548,509.5	931,660.4
GARS	181	78	400	659	71,573.9	245,226.3	173,652.4
Total	**315,767**	**207,154**	**199,992**	**722,913**	**$63,996,418.1**	**$126,435,510.9**	**$62,439,092.8**

[1] Pursuant to P.A. 96-43, assets are measured using a 5 year smoothing approach.
[2] Actuarially determined accrued cost of projected benefits.
Note: Numbers may not add due to rounding.

STATE LAW REQUIREMENTS FOR RETIREMENT SYSTEMS FUNDING

State law regulates the State's funding of the Retirement Systems. Public Act 88-593, created a 50-year funding schedule for the Retirement Systems which requires the State to contribute each year, starting with Fiscal Year 2011, the level percentage of payroll sufficient to cause the assets of the Retirement Systems to equal 90 percent of the total accrued liabilities by the end of Fiscal Year 2045. In Fiscal Years 1997 through 2010, contributions as a percentage of payroll are increased each year such that by Fiscal Year 2010, the contribution rate is at the same level as required for years 2011 through 2045. The legislation also provided for continuing appropriations to the Retirement Systems beginning in Fiscal Year 1996. This provision requires the State to provide contributions to the Retirement Systems without being subject to the annual appropriation process. Except as provided for Fiscal Years 2006 and 2007 in connection to certain pension benefit reform measures pursuant to Public Act 94-4 (described below), in the event that the General Assembly fails to appropriate the amounts certified by the Retirement Systems, Public Act 88-593 provides for payments to be transferred by the Comptroller and the Treasurer to the Retirement Systems, in amounts sufficient to meet their requirements.

ISSUANCE OF PENSION BONDS AND ALLOCATION OF PROCEEDS

On June 12, 2003, the State issued the 2003 Pension Bonds. See "INDEBTEDNESS – GENERAL OBLIGATION BONDS." The net proceeds of the 2003 Pension Bonds were used to (i) reimburse the State's General Revenue Fund for a portion of the contributions made to the Retirement Systems for the last quarter of the State's Fiscal Year 2003, or a total of $300 million, (ii) reimburse the State's General Revenue Fund for the State's contributions to the Retirement Systems for the State's Fiscal Year 2004, up to a total of $1.86 billion, and (iii) fund a portion of the UAAL for the net balance of the proceeds after capitalized interest and issuance costs, or $7.3 billion. The net proceeds of the 2003 Pension Bonds were not sufficient to fully fund the UAAL.

The net General Funds portion of the Fiscal Year 2010 pension contribution is approximately $3.575 billion. Public Act 96-43 further provided that the actuarial valuation of the retirement system funding levels of the determined five year asset smoothing calculation is applicable to the June 30, 2009 actuarial valuation. Under this convention, investment gains and losses are amortized on a straight line basis over five years.

On January 7, 2010 the State issued $3.466 billion of Pension Obligation Bonds. The net proceeds of the 2010 Pension Bonds were issued to fund or reimburse a portion of the State's obligation to make contributions to the Retirement Systems and to pay costs of financing, including, but not limited to the cost of issuance of the 2010 Pension Bonds, as authorized by section 7.2 of the Bond Act. The 2010 Pension Bonds will mature in equal principal installments of $693.2 million from 2011 to 2015.

FUTURE STATE CONTRIBUTIONS TO RETIREMENT SYSTEMS

Following the receipt of proceeds of the 2003 Pension Bonds, pursuant to the Pension Code, the State's contributions to the Retirement Systems from the General Revenue Fund for Fiscal Year 2005 and thereafter, except as provided expressly in connection with the Pension Act for Fiscal Years 2006 and 2007, have been and will continue to be decreased by the debt service payments for such fiscal year on the then outstanding 2003 Pension Bonds to reflect the proceeds already received. Contributions for each fiscal year with respect to each Retirement System will not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under the provisions of the Pension Code if such Retirement System had not received its allocation of net proceeds of 2003 Pension Bonds (other than amounts transferred to the General Revenue Fund in reimbursement of payments made in Fiscal Years 2003 and 2004 (the "2003 Reimbursement Amounts")) as described in the proceeding paragraph, minus (ii) that portion of the State's total debt service payments for that fiscal year on the 2003 Pension Bonds that is the same as such Retirement System's portion of the total net proceeds transferred to the Retirement Systems as a whole (other than the 2003 Reimbursement Amounts).

The State, through its legislation, may modify from time to time its computation methodology for purposes of calculating net UAAL.

PUBLIC ACT 94-4

Public Act 94-4, effective June 1, 2005 (the "Pension Act"), made certain changes to plan benefit provisions which are expected to reduce future funding requirements. Certain provisions of the Pension Act are summarized below:

- New benefit increases are prohibited unless there is a specifically identified adequate additional funding source upon adoption of the benefit, and that all such benefit increases will expire five years after their effective date, unless extended by an act of the General Assembly.
- The Money Purchase Option is discontinued for TRS and SURS for participants employed after July 1, 2005. The Option provides that a member is entitled to an annuity computed under the defined benefit formula or the Money Purchase Option, whichever is greater. Employee contributions are matched at 140% and converted to an actuarially equivalent annuity. Under the Pension Act, the Illinois Comptroller assumes the role of setting each one-year Money Purchase Rate for grandfathered participants (those employed prior to July 1, 2005). Taking into account historical and projected future SURS assets performance, and giving effect to certain constitutional provisions, the Comptroller set the 2008 Money Purchase Option rate to 8.5%, a upward revision from 8.0% for 2007.
- Local employers must fund the additional cost of pension benefits attributable to pay increases during the final four years of employment that exceed 6%.

- The Early Retirement Option (ERO) for TRS, which replaces the ERO that expired June 30, 2005, increases the required member and school district contributions and increases the service requirement for unreduced benefits from 34 to 35 years. TRS members who have notified their employer by June 1, 2005 of their intent to retire by July 1, 2007 remain eligible to retire under the prior ERO.
- Local employers are required to pay the normal cost related to sick leave granted in excess of the normal allotment.
- Payments into the Retirement Systems for Fiscal Year 2006 and 2007 are set to $1,431.7 million and $1,868.9 million respectively, which include debt service of approximately $496 million each year required for the 2003 Pension Bonds. Contributions for normal and unfunded pension costs resume under the 50-year funding schedule pursuant to Public Act 88-593 in Fiscal Year 2008, adjusted for debt service on the 2003 Pension Bonds as described further herein.

RECENT PENSION REFORM LEGISLATION

Pension Modernization Task Force. House Joint Resolution Number 65 of the 96th General Assembly created the Pension Modernization Task Force. The Task Force includes members of the General Assembly, organized labor, the business community, and retirees. The Task Force met between June 18, 2009 and November 9, 2009 and submitted a report on the Illinois Pension System and proposed reforms to the Governor and General Assembly in November 2009. The Final Report of the Illinois Pension Modernization Task Force is available at http://www.illinois.gov/gov/pensionreform.

SB1946. On March 24, 2010, the General Assembly passed SB1946. SB1946 provides for significant reforms to the State's public employee pension system, most notably establishing a "two-tier" benefit system with less generous benefits for most future employees as compared to those provided to current State employees. Among other reforms, SB1946:

- Changes the minimum age at which benefits may commence so that maximum benefits are received to 67, versus younger ages that are based on the sum of age and years of service formulas under current law;
- Reduces to 3% the percentage of salary on which the retirement annuity is calculated, so that the maximum retirement annuity is 60% of the participant's highest salary for annuity purposes;
- Eliminates the compounding of annual benefits, and instead uses a lower non-compounding cost of living increase factor;
- Calculates benefits based on the highest continuous eight years of compensation in the employee's last 10 years of employment;
- Caps salary on which pension may be calculated at $106,800 (subject to certain adjustments for inflation); and
- Suspends retirement annuities if the annuitant receives another State job covered by the pension systems.

While the estimated amount of the reduction to the State's current and future pension liability that will result upon enactment of SB1946 is still being calculated, the State expects the savings to be significant.

SB1946 passed Illinois House by a vote of 92-17-7 and passed the Illinois Senate by a vote of 48-6-3. SB1946 has been presented to the Governor for his signature. This summary of certain reforms in SB1946 is not intended as a comprehensive description of SB1946 and reference is made to the full text of the bill, which is available at http://www.ilga.gov.

Other Pension Reform Legislation. Other pension reform legislation may also be considered by the General Assembly during the current legislative session or a future legislative session but there is no assurance whether, or in what form, any such legislation will be enacted into law.

FUNDING FOR RETIREMENT SYSTEMS

One measure of the fiscal condition of retirement systems, the degree of funding or the funding ratio, is the ratio of net assets to total liabilities. Table 21 summarizes the degree of funding for the Retirement Systems from Fiscal Year 2004 through Fiscal Year 2009.

TABLE 21
PENSION SYSTEMS DEGREE OF FUNDING
FISCAL YEARS ENDING JUNE 30, 2004-2009
($ IN MILLIONS)

Fiscal Year	Total Assets[1,3]	Liabilities[2]	Ratio (%)
2004	$54,738.9	$89,832.4	60.9%
2005	58,577.8	97,178.1	60.3%
2006	62,341.4	103,073.5	60.5%
2007	70,731.2	112,908.6	62.6%
2008	64,700.5	119,084.4	54.3%
2009[3]	63,996.4	126,435.5	50.6%

[1] Net assets are reported at fair market value per Governmental Accounting Standards Board Statement 25 for 2004 through 2008.

[2] Actuarially determined accrued cost of projected benefits.

[3] FY2009 Total Assets are valued on a 5 year smoothing basis pursuant to P.A. 96-43. For comparative purposes, the fair value of assets was $48,669.1 million or a fair value funded ratio of 38.5%.

In Fiscal Year 2004, in addition to its then current obligations to the Retirement Systems for Fiscal Year 2004 in the amount of $1.86 billion, the State appropriated approximately $7.3 billion to the Retirement Systems from the proceeds of the 2003 Pension Bonds previously discussed.

Table 21 reflects the fair market value of the total assets of the Retirement Systems for Fiscal Years 2004 through 2008 and the 5 year smoothed calculation for Fiscal Year 2009, as well as the actuarially determined accrued cost of projected benefits of the Retirement Systems for the fiscal years of the State contained therein. The UAAL has increased from time to time as a result of State legislation increasing benefits to participants in the Retirement Systems without funding (now prohibited under the Pension Act), and increased or decreased based on performance of investments held within each such Retirement System. Notwithstanding the foregoing, no assurance can be given that the Retirement Systems' actuarial assumptions underlying the calculations of total liabilities of the Retirement Systems or underlying the calculations of the total assets of the Retirement Systems due to a reduced reinvestment rate on the Retirement Systems' investment portfolio could not be modified in a material manner from time to time in the future. Such modification could result in a significant increase (or decrease) in the UAAL of the Retirement Systems and, therefore, a significant increase (or decrease) in the obligations of the State. In addition, the UAAL may be affected by certain other factors, including, without limitation, inflation, changes in the Pension Code, and changes in benefits provided or in the contribution rates of the State.

FINANCIAL DATA FOR RETIREMENT SYSTEMS

The tables that follow provide information on the assets, liabilities, income and expenses for each Retirement System for Fiscal Years 2005 - 2009. The data were obtained from the CAFRs for Fiscal Years 2005-2008 and the actuarial reports for Fiscal Year 2009.

TABLE 22
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2009
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	$10,995,366.5	$38,430,723.0	$14,586,325.5	$75,405.9	$612,680.6	$64,700,501.5	$616,385.0
Income							
Member contributions	242,227.4	876,182.1	273,292.1	1,697.6	15,763.4	1,409,162.7	48,825.4
State contributions	774,910.3	1,451,591.7	451,617.1	8,856.4	59,983.0	2,746,958.6	38,264.3
Investment income	-2,121,010.6	-8,688,285.5	-2,817,936.6	-19,956.5	-166,614.7	-13,813,803.9	-116,422.8
Other							
Expenditures							
Benefits and Refunds	1,315,073.2	3,707,423.1	1,414,642.0	16,205.5	86,834.4	6,540,178.2	13,456.7
Administration	10,681.4	17,387.9	12,922.1	*	*	40,991.4	
Other							
Ending Net Asset Balance[3]	10,999,953.5	38,026,043.5	14,281,998.1	71,573.9	616,849.1	63,996,418.1	N/A
Actuarial Liabilities[4]	25,298,346.1	73,027,198.0	26,316,231.0	245,226.3	1,548,509.5	126,435,510.9	N/A
Unfunded Accrued Liability	14,298,392.6	35,001,154.5	12,034,232.9	173,652.4	931,660.4	62,439,092.8	N/A
Asset/Liability Ratio	43.5%	52.1%	54.3%	29.2%	39.8%	50.6%	N/A

1 The SURS Self Managed Plan (SMP) is not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.

2 Reflects valuation of assets on a market basis as of June 30, 2008, per GASB Statement 25.

3 Pursuant to P.A. 96-43, assets are measured using a 5 year smoothing approach. In prior Fiscal Years a fair value approach was utilized. For comparative purposes, the total fair value of net asset balances was $48,669,190.1, which would result in a 38.5% Asset/Liability Ratio.

4 Actuarially determined accrued benefit costs.

* Administration Expenditures included in the Benefits and Refunds figure for GARS and JRS.

Note: Numbers may not add due to rounding.

TABLE 23
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2008
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	12,078,909.0	41,909,318.0	15,985,730.2	87,182.2	670,091.0	70,731,230.4	584,020.4
Income							
Member contributions	249,955.2	865,400	264,149.4	1,772.9	15,443.1	1,396,720.6	45,951.9
State contributions	587,732.4	1,041,115	344,945.2	6,809.8	46,978.0	2,027,580.4	38,954.1
Investment income	(1,690,697.8)	(2,014,902)	(675,722.1)	(4,708.3)	(37,976.5)	(4,424,006.7)	(39,127.0)
Other							
Expenditures							
Benefits	519,136.8	3,423,982	1,275,713.7	15,258.6	80,512.6	5,314,603.8	3.459.0
Refunds	4,932.0	60,286	44,984.3	147.8	842.0	111,192.1	9,955.3
Administration	12,329.2	16,613	12,079.2	244.3	500.4	41,766.1	
Other							
Ending Net Asset Balance	10,995,366.5	38,430,723	14,586,325.5	75,405.9	612,680.6	64,700,501.5	616,385.0
Actuarial Liabilities[3]	23,841,280.1	68,632,367	24,917,678.0	235,780.1	1,457,336.1	119,084,441.2	N/A
Unfunded Accrued Liability	12,845,913.6	30,201,644	10,331,352.5	160,374.1	844,655.5	54,383,939.8	N/A
Asset/Liability Ratio	46.1%	56.0%	58.5%	32.0%	42.0%	54.3%	N/A

[1] The SURS Self Managed Plan (SMP) is not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.

[2] Reflects valuation of assets on a market basis as of June 30, 2007, per GASB Statement 25.

[3] Actuarially determined accrued benefit costs.

Note: Numbers may not add due to rounding.

TABLE 24
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2007
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	10,899,853	36,584,899.4	14,175,147.2	82,254.8	599,234.1	62,341,378.5	350,180.6
Income							
Member contributions	224,772.6	826,249.0	262,350.8	1,703.3	14,153.0	1,329,178.7	33,308.8
State contributions	358,786.7	737,670.6	261,142.6	5,470.4	35,236.8	1,398,307.1	41,641.8
Investment income	1,779,907.1	6,831,324.4	2,517,496.0	12,991.0	98,157.7	11,239,876.2	80,335.0
Other		115,915.4					
Expenditures							
Benefits	1,161,291.0	3,111,752.7	1,177,348.0	14,719.3	75,615.9	5,540,726.9	3,226.6
Refunds	14,261.9	59,731.9	41,353.8	297.8	620.6	116,266.0	12,053.6
Administration	8,807.6	15,246.2	11,704.5	220.3	454.2	36,432.8	-
Other							
Ending Net Asset Balance	12,078,909.0	41,909,318.0	15,985,730.2	87,182.2	670,091.0	70,731,230.4	584,020.4
Actuarial Liabilities[3]	22,280,916.7	65,648,395.0	23,362,079.2	231,914.0	1,385,339.6	112,908,644.5	N/A
Unfunded Accrued Liability	10,202,007.7	23,739,077.0	7,376,349.0	144,731.8	715,248.6	42,177,414.1	N/A
Asset/Liability Ratio	54.2%	63.8%	68.4%	37.6%	48.4%	62.6%	N/A

[1] The SURS Self Managed Plan (SMP) is not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.
[2] Reflects valuation of assets on a market basis as of June 30, 2007, per GASB Statement 25.
[3] Actuarially determined accrued benefit costs.
Note: Numbers may not add due to rounding.

TABLE 25
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2006
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	10,494,147.9	34,085,218.5	13,350,277.6	83,273.2	564,999.4	58,577,916.6	350,180.7
Income							
Member contributions	214,108.8	799,034.3	180,018.0	1,491.8	13,833.1	1,208,486.0	29,366.2
State contributions	210,499.7	534,305.2	252,921.8	4,175.4	29,337.9	1,031,240.0	39,470.3
Investment income	1,113,231.7	3,993,289.8	1,532,095.6	7,873.0	61,329.7	6,707,819.8	34,714.7
Other		123,542.6					
Expenditures							
Benefits	1,110,585.9	2,877,230.5	1,085,383.7	14,065.8	68,997.1	5,156,263.0	1,181.6
Refunds	13,410.0	57,967.0	42,620.2	187.9	821.6	115,006.7	8,802.4
Administration	8,139.2	15,303.3	11,982.2	304.7	447.3	36,176.7	
Other			179.6			179.6	
Ending Net Asset Balance	10,899,853.0	36,584,889.4	14,175,147.2	82,254.8	599,234.1	62,341,378.5	350,180.6
Actuarial Liabilities[3]	20,874,541.9	58,996,913.0	21,688,900.0	221,713.3	1,291,394.8	103,073,463.0	N/A
Unfunded Accrued Liability	9,974,688.9	22,412,023.6	7,513,752.8	139,458.5	692,160.7	40,732,084.5	N/A
Asset/Liability Ratio	52.2%	62.0%	65.4%	37.1%	46.4%	60.5%	N/A

[1] The SURS Self Managed Plan (SMP) is not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.

[2] Reflects valuation of assets on a market basis as of June 30, 2006, per GASB Statement 25.

[3] Actuarially determined accrued benefit costs.

Note: Numbers may not add due to rounding.

TABLE 26
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2005
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	9,990,186.9	31,544,729.3	12,586,304.7	83,208.0	534,579.8	54,739,008.7	275,074.9
Income							
Member contributions	209,334.2	761,790.0	251,939.6	1,451.3	13,268.5	1,237,783.6	33,645.8
State contributions	427,464.6	906,749.4	285,423.3	4,675.0	32,043.0	1,656,355.3	27,411.7
Investment income	953,579.2	3,330,039.2	1,279,618.1	7,642.5	50,849.0	5,621,728.0	22,346.7
Other		168,813.0				168,813.0	
Expenditures						-	
Benefits	1,063,970.4	2,553,102.9	1,004,452.2	13,363.3	64,539.6	4,699,428.4	917.5
Refunds	14,105.3	59,395.8	35,775.9	23.2	740.5	110,040.7	7,380.9
Administration	8,311.3	14,403.7	12,087.1	317.1	460.8	35,580.0	
Other			692.8			692.8	
Ending Net Asset Balance	10,494,147.9	34,085,218.5	13,350,277.6	83,273.2	564,999.4	58,577,916.6	350,180.7
Actuarial Liabilities[3]	19,304,646.6	56,075,029.0	20,349,000.0	212,905.7	1,236,512.1	97,178,093.4	N/A
Unfunded Accrued Liability	8,810,498.7	21,989,810.5	6,998,722.4	129,632.5	671,512.7	38,600,176.8	N/A
Asset/Liability Ratio	54.4%	60.8%	65.6%	39.1%	45.7%	60.3%	N/A

[1] The SURS Self Managed Plan (SMP) is not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.
[2] Reflects valuation of assets on a market basis as of June 30, 2005, per GASB Statement 25.
[3] Actuarially determined accrued benefit costs.
Note: Numbers may not add due to rounding.

Other Post Employment Benefits

As required by the Government Accounting Standards Board (GASB) in its Statement #45 "**Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions**", the State has determined that the accrued actuarial liability associated with Other Post Employment Benefits (OPEB) as reported in the Fiscal Year 2008 Comprehensive Annual Financial Report was $23,890 million as of June 30, 2007. The valuation was conducted by an independent actuary based on census data, employer contributions, and payroll amounts provided by the State. Individuals covered include State and University employees, retirees and dependents. Illinois teachers are not included as they participate in a multiemployer cost sharing plan, which GASB excludes from Statement #45.

At the present time, the State is not prefunding its obligation. During Fiscal Year 2008 the State incurred an Annual Required Contribution of $1.776 billion, while making an actual contribution of $538 million, resulting in a balance sheet liability of $1.238 billion.

LITIGATION

There is no litigation pending, or to the knowledge of the State threatened, in any way questioning the title of the State officials to their respective offices or any proceedings of the State incident to the authorization and issuance of the Bonds, or in any way concerning the validity or enforceability of the Bonds, or the manner of payment thereof or the appropriation for the payment thereof.

The following describes certain pending lawsuits filed against the State of Illinois:

Tax Protest Litigation

On August 25, 2009, W. Rockwell Wirtz, purportedly on behalf of Wirtz Beverage Illinois, LLC, and the taxpayers of Illinois filed suit in the Circuit Court of Cook County against defendants Governor Pat Quinn, Comptroller Dan Hynes, Treasurer Alexi Giannoulias, Revenue Director Brian Hamer, all members of the Illinois Gaming Board and Lottery Superintendent Jodie Winnett. All are sued in their official capacities. The suit challenges the constitutionality of Public Acts 96-34, 96-35, 96-37 and 96-38, each effective July 13, 2009. The four Acts in conjunction are commonly referred to as the Capital Bill. Plaintiff seeks to enjoin any expenditure of any public funds raised by the Capital Bill.

In the Circuit Court of Champaign County, John C. A. Bambenek has sought leave to file a taxpayer action that would enjoin the disbursement of monies until the State enacts a balanced budget. Petitioner has taken no action since the State objected to the petition in August, 2009.

Fee Protest Litigation

In November 2004, in connection with litigation related to the workers' compensation surcharge, the Circuit Court of Cook County ruled that the imposition of a surcharge on workers' compensation insurance policies coupled with a mechanism to transfer a portion of surcharge proceeds to the State's General Funds pursuant to Public Act 93-32 was unconstitutional. As a result, the court escrowed $11.5 million of surcharge proceeds pending final disposition of the case. The State appealed the ruling directly to the Illinois Supreme Court. The Court heard argument in May 2005 and in October 2005 released its opinion reversing the lower court's order granting plaintiff summary judgment and remanding the matter to the circuit court for further proceedings. In October 2005, on the State's motion, the trial court released approximately $1.4 million from escrow to fund Illinois Workers' Compensation Commission ("IWCC") operations through November 2005. The court further agreed to the future release, on a monthly basis upon the State's petition, of amounts sufficient to fund ongoing IWCC operations. Since October 2005, the IWCC has on a regular basis requested and the Circuit Court of Cook County has released monies sufficient to fund the IWCC's on-going operations. As of December 2009, approximately $22.5 million remained in escrow. In addition, the trial court has allowed certain insurance companies to make surcharge payments into the Protest Fund. As of December 2009, approximately $58 million in such payments have been deposited into the Protest Fund. The case remains pending.

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

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

In June 2006, in the motorcyclist case, the Sangamon County Court denied the plaintiffs' motion for a temporary restraining order as to all but two funds; plaintiffs had previously sought to enjoin transfers from 39 state funds. In November 2006, the Sangamon County Court granted the State's motion to dismiss the motorcyclists' litigation as to two State funds, and in October 2008, the Sangamon County Court granted the State's motion for summary judgment the motorcyclists' litigation with respect to the final State fund. Following the Sangamon County Court's denial of the motorcyclists' motion to reconsider in January, 2009, the motorcyclists filed an appeal with the Illinois Appellate Court. The appeal remains pending.

In January 2008, in the property and casualty insurance case, the Sangamon County Court denied the plaintiff's motion for summary judgment, holding that the statutory authorization to transfer money from the relevant fund was controlling over an earlier statutory prohibition for such fund transfers. Finally, in the real estate sales' litigation, the State's motion to dismiss remains pending before the Sangamon County Court.

The State anticipates that it will dispose, in whole or substantial part, of all the remaining matters pending in Cook and Sangamon Counties based upon the trial court rulings in the motorcyclist and property and casualty cases, as well as prior Illinois Appellate and Supreme Court rulings.

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

RETALIATORY TAX LITIGATION

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

RATINGS

The State has received ratings from Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings Inc. ("Fitch") and Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies ("S&P") (collectively, the "Rating Agencies"), for long-term ratings on the Bonds. As of the date of the Official Statement, the State's long term General Obligation Bonds (which includes the Bonds) were rated "Aa3" with a Negative Outlook by Moody's, "A+" with a Negative Watch by Fitch and "A+" with a Credit Watch Negative by S&P. These ratings reflect the view of such organizations and an explanation of the significance of such ratings may be obtained only from the respective Rating Agencies. As part of the State's application for the ratings, certain information and materials, some of which are not contained herein, have been supplied to the Rating Agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Bonds and the ratings and the Bonds should be evaluated independently.

The ratings assigned to the State's long term General Obligation Bonds by Moody's and Fitch reflect the new recalibrated rating scales of such Rating Agencies. Further information regarding the recalibration may be obtained directly from such Rating Agencies.

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

TAX MATTERS

NOTICE PURSUANT TO IRS CIRCULAR 230

The discussion below is not intended or written by the State or Bond Counsel to be used, and cannot be used by any person, for the purpose of avoiding tax penalties that might be imposed under U.S. tax laws. This discussion is provided to support an offering of the Bonds, and accordingly is written in support of the promotion or marketing of the Bonds. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor concerning the potential tax consequences of an investment in the Bonds.

GENERAL

Interest on the Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes. Owners of the Bonds should consult their own tax advisors with respect to the inclusion of interest on the Bonds in gross income for federal income tax purposes.

In February 2009, as part of the American Recovery and Reinvestment Act of 2009, Congress added provisions to the Code, which permit state or local governments to obtain certain tax advantages when issuing certain taxable obligations, referred to as "Build America Bonds." Build America Bonds must satisfy certain requirements, including that the interest thereon would be, but for the issuer's election to treat the bonds as Build America Bonds, excludible from gross income under Section 103 of the Code. The State will make an irrevocable election to treat the Bonds as Build America Bonds that are "qualified bonds" within the meaning of Section 54AA(g) of the Code. As a result of this election, interest on the Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes and the owners of the Bonds will not be entitled to any tax credits as a result of either the ownership of the Bonds or receipt of any interest payments on the Bonds.

The Code contains a number of provisions relating to the taxation of securities such as the Bonds (including but not limited to the tax treatment of and accounting for interest, premium, original issue discount and market discount thereon, gain from the sale, exchange or other disposition thereof and withholding and backup withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. Owners of the Bonds should consult their own tax advisors as to the particular federal income tax consequences of their ownership of the Bonds.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the application of any such state and local taxes.

The discussion of tax matters in this Official Statement applies only in the case of purchasers of the Bonds at their original issuance and at the respective prices indicated on the cover page. It does not address any other tax consequences such as, among others, the consequences of the existence of any market discount to subsequent purchasers of the Bonds.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the principal United States federal income tax consequences of ownership of the Bonds. It deals only with Bonds held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, persons that hold Bonds that are a hedge or that are hedged against currency risks or that are part of a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar. The summary is based on the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, perhaps with retroactive effect.

Prospective purchasers of the Bonds should consult their own tax advisors concerning the consequences, in their particular circumstances, under the Code and the laws of any other taxing jurisdiction, of ownership of the Bonds.

UNITED STATES HOLDERS

Payments of Interest

Interest on the Bonds will be taxable to a United States Holder (as defined below) as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes in accordance with generally applicable principles.

You are a United States Holder for purposes of this discussion if you are a beneficial owner of a Bond for U.S. federal income tax law purposes and you are:

- a citizen or resident of the United States;
- a corporation or partnership which is created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 10, 1996 and properly elected to continue to be treated as a U.S. person.

The term "Non-U.S. Holder" refers to any beneficial owner of a Bond who or which is not a United States Holder.

SALE AND RETIREMENT OF THE BONDS

United States Holders of the Bonds will recognize gain or loss on the sale, redemption, retirement or other disposition of such Bonds. The gain or loss is measured by the difference between the amount realized on the disposition of the Bond and the United States Holder's adjusted tax basis in the Bond. Such gain or loss will be capital gain or loss, except to the extent of accrued market discount not previously included in income, and will be long term capital gain or loss if at the time of disposition such Bond has been held for more than one year.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS

Withholding Tax on Payments of Principal and Interest on Bonds. Generally, payments of principal and interest on a Bond will not be subject to U.S. federal withholding tax, *provided* that in the case of an interest payment:

- you are not a bank to whom the Bonds would constitute an extension of credit made pursuant to a loan agreement entered into in the ordinary course of your trade or business; and
- either (A) the beneficial owner of the Bond certifies to the applicable payor or its agent, under penalties of perjury on an IRS Form W-8BEN (or a suitable substitute form), that such owner is not a United States person and provides such owner's name and address or (B) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a "financial

institution") and holds the Bond, certifies under penalties of perjury that such an IRS Form W-8BEN (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

Except to the extent otherwise provided under an applicable tax treaty, you generally will be taxed in the same manner as a United States Holder with respect to interest and original issue discount payments on a Bond if such interest and original issue discount is effectively connected with your conduct of a trade or business in the United States. Effectively connected interest and original interest discount received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or, if applicable, a lower treaty rate), subject to certain adjustments. Such effectively connected interest and original issue discount will not be subject to withholding tax if the holder delivers an IRS Form W-8ECI to the payor.

Gain on Disposition of the Bonds. You generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or redemption of a Bond unless:

- you are an individual present in the United States for 183 days or more in the year of such sale, exchange or redemption and either (A) you have a "tax home" in the United States and certain other requirements are met, or (B) the gain from the disposition is attributable to your office or other fixed place of business in the United States; or

- the gain is effectively connected with your conduct of a trade or business in the United States.

U.S. Federal Estate Tax. A Bond held by an individual who at the time of death is not a citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) will not be subject to United States federal estate tax if at the time of the individual's death, payments with respect to such Bond would not have been effectively connected with the conduct by such individual of a trade or business in the United States. The United States federal estate tax was repealed effective January 1, 2010. In addition, the legislation repealing the estate tax expires in 2011, and thus the estate tax will be reinstated at that time.

BACKUP WITHHOLDING AND INFORMATION REPORTING

United States Holders. Information reporting will apply to payments of interest made by the State, or the proceeds of the sale or other disposition of the Bond with respect to certain non-corporate U.S. holders, and backup withholding may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

Non-U.S. Holders. Backup withholding and information reporting on Form 1099 will not apply to payments of principal and interest on the Bonds by the State or its agent to a Non-U.S. Holder provided the Non-U.S. Holder provides the certification described above under "UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS - *Withholding Tax on Payments of Principal and Interest on Bonds*" or otherwise establishes an exemption (provided that neither the State nor its agent has actual knowledge that the holder is a United States person or that the conditions of any other exemptions are not in fact satisfied). Interest payments made to a Non-U.S. Holder may, however, be reported to the IRS and to such Non U.S. Holder on Form 1042-S.

Information reporting and backup withholding generally will not apply to a payment of the proceeds of a sale of the Bonds effected outside the United States by a foreign office of a foreign broker. However, information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a sale of the Bonds effected outside the United States by a foreign office of a broker if the broker (i) is a United States person, (ii) derives 50 percent or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) is a "controlled foreign corporation" as to the United States, or (iv) is a foreign partnership that, at any time during its taxable year is 50 percent or more (by income or capital interest) owned by United States persons or is engaged in the conduct of a U.S. trade or business, unless in any such case the broker has documentary evidence in its records that the holder is a Non-U.S. holder (and has no actual knowledge to the contrary) and certain conditions are met, or the holder otherwise establishes an exemption. Payment by a United States office of a broker of the proceeds of a sale of the Bonds will be subject to both backup withholding and information reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

FOREIGN ACCOUNT COMPLIANCE

Congress recently enacted legislation that significantly changes the reporting requirements imposed on certain non-U.S. persons, including certain foreign financial institutions and investment funds. In general, a 30% withholding tax could be imposed on payments made to any such non-U.S. person unless such non-U.S. person complies with certain reporting requirements regarding its direct and indirect U.S. shareholders and/or U.S. accountholders. Such withholding could apply to payments regardless of whether they are made to such non-U.S. person in its capacity as a holder of a note or in a capacity of holding a note for the account of another. These rules generally would apply to payments made after December 31, 2012, but would exempt from withholding payment on, or proceeds in respect of, debt instruments outstanding on the date two years after the date of enactment (March 18, 2010). The scope and application of this legislation are unclear because regulations interpreting the legislation have not yet been promulgated. As a result, potential investors are encouraged to consult with their tax advisors regarding the possible implications of this legislation on an investment in the Bonds.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the following discussion, the Bonds may be acquired with assets of pension, profit-sharing or other employee benefit plans, as well as individual retirement accounts, Keogh plans and other plans and retirement arrangements, and any entity deemed to hold "plan assets" of the foregoing (each, a "Plan"). Section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), prohibit a Plan subject to those provisions (each, a "Benefit Plan Investor") from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Benefit Plan Investor. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Employee benefit plans that are U.S. governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary and prohibited transaction provisions of ERISA or Section 4975 of the Code. However, such plans may be subject to similar restrictions under applicable state, local or other law ("Similar Law").

The purchase of the Bonds by or on behalf of a Benefit Plan Investor could give rise to a prohibited transaction if the underwriter or an affiliate of the underwriter is a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to the purchase of the Bonds by a Benefit Plan Investor depending on the type and circumstances of the plan fiduciary making the decision to acquire such Bonds and the relationship of the party in interest to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and non-fiduciary service providers to the Benefit Plan Investor; Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by "in-house asset managers;" PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Bonds, and prospective investors that are Benefit Plan Investors and other Plans should consult with their legal advisors regarding the applicability of any such exemption and other applicable legal requirements.

By acquiring a Bond (or interest therein), each purchaser (and if the purchaser is a Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Bond (or interest therein) with the assets of a Benefit Plan Investor, a U.S. governmental plan or church plan or (ii) the acquisition of the Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

CONTINUING DISCLOSURE

The State will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"). See "APPENDIX D – CONTINUING DISCLOSURE UNDERTAKING" for a description of the information to be provided annually, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies.

The State is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the State to comply with the Undertaking will not constitute a default under the Bond Sale Order, adopted by the Governor and the Director authorizing the issuance of the Bonds (the "Bond Sale Order"), and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "APPENDIX D – CONTINUING DISCLOSURE UNDERTAKING - CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION." A failure by the State to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Mayer Brown LLP ("Bond Counsel"), who has been retained by, and act as, Bond Counsel to the State. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Mayer Brown LLP has, at the request of the State, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), and the description of certain federal tax consequences of ownership of the Bonds. This review was undertaken solely at the request and for the benefit of the State and did not include any obligation to establish or confirm factual matters set forth herein. The forms of opinions expected to be delivered by Bond Counsel are contained in APPENDIX B hereto. Certain legal matters will be passed upon for the Underwriters by Freeborn & Peters LLP, Chicago, Illinois.

UNDERWRITING

The Bonds are being purchased by an underwriting group (the "Underwriters") led by William Blair & Company, L.L.C., pursuant to a Contract of Purchase by and among the Underwriters and the State at a purchase price of $696,385,000 (being the principal amount of $700,000,000, less an Underwriters' discount of $3,615,000). The State has been advised by the Underwriters that the Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. Any obligations of the Underwriters are the sole obligations of the Underwriters and do not create any obligations on the part of any affiliate of the Underwriters, including any affiliated banks.

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

FINANCIAL ADVISOR

First Southwest Company has been retained by the State to serve as Financial Advisor with respect to the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

ADDITIONAL INFORMATION

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

CERTIFICATE OF THE DIRECTOR OF THE GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

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

MISCELLANEOUS

Additional information regarding the Bonds and this Official Statement is available by contacting the Governor's Office of Management and Budget, 108 State House, Springfield, Illinois 62706; telephone: (217) 782-4520.

The State has authorized the distribution of this Official Statement.

STATE OF ILLINOIS

By: /s/ David Vaught
Director, Governor's Office of Management and Budget

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APPENDIX A
CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

Economic Data

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

Table A-1

PAYROLL JOBS BY INDUSTRY[1] – September 2009
(Thousands)

Industry Employment Sector	Illinois	% of Total	U.S.	% of Total
Natural Resources and Mining	10	0.2%	700	0.5%
Construction	222	3.9%	5,987	4.6%
Information and Financial Activities	476	8.4%	10,523	8.0%
Manufacturing	575	10.2%	11,692	8.9%
Trade, Transportation and Utilities	1139	20.2%	25,031	19.1%
Professional and Business Services	790	14.0%	16,675	12.7%
Education and Health Services	797	14.1%	19,384	14.8%
Leisure and Hospitality	516	9.2%	13,134	10.0%
Other Services	258	4.6%	5,381	4.1%
Government	855	15.2%	22,484	17.2%
Total	5,637	100.0%	130,991	100.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics, December 2009.

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

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Table A-2

NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
ILLINOIS – 2004 through 2008
(Thousands)

Industry Employment Sector	2004	2005	2006	2007	2008
Total Non-Agricultural Employment	5,827	5,931	5,970	5,991	5,784
Natural Resources and Mining	9	10	10	10	10
Construction	265	275	279	273	235
Manufacturing	699	688	679	673	616
Trade, Transportation and Utilities	1,201	1,223	1,217	1,202	1,177
Information and Financial Activities	519	524	532	526	496
Professional and Business Services	799	837	858	882	816
Education and Health Services	731	758	759	782	804
Leisure and Hospitality	509	512	532	539	514
Other Services	257	260	261	261	261
Government	838	844	843	844	854

Source: U.S. Department of Labor, Bureau of Labor Statistics, December 2009.

Agriculture

Illinois ranks prominently among states for agricultural activity and exports. Tables A-3 and A-4 summarize key agricultural production statistics including rank among all states for the years 2002 to 2006.

Table A-3

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

	2002	2003	2004	2005	2006	2006 Rank
Crops	$6,160	6,716	$6,993	$6,859	$6,841	3
Livestock	1,549	1,798	1,938	1,988	1,795	25
Total	$7,709	$8,514	$8,931	$8,847	$8,636	7

Source: U.S. Department of Agriculture-Economic Research Service, December 2007.
Note: 2007 and 2008 data not yet available.

Table A-4

AGRICULTURAL EXPORTS
Federal Fiscal Year 2008
($ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	$115,452	$7,541	6.5%	3
Feed Grain and Products	18,148	2,858	15.7%	2
Soybeans and Products	19,332	2,794	14.5%	2

Source: U.S. Department of Agriculture-Economic Research Service, December 2009.

Contracts For Future Construction

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

Table A-5

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

	Future Contracts for Residential, Non-residential and Non-building Construction[1]	Residential Building Activity (Privately-Owned Housing Units)[2]	
Year	**Valuation**	**Permits**	**Valuation**
1997	12,703	46,323	5,087
1998	15,000	47,984	5,618
1999	16,450	53,974	6,538
2000	16,945	51,944	6,528
2001	19,393	54,839	7,141
2002	20,653	60,971	8,546
2003	19,033	62,211	9,106
2004	21,823	59,753	9,551
2005	24,300	66,942	10,963
2006	24,306	58,802	9,470
2007	20,896	43,020	6,936
2008	24,324	22,528	3,783

[1] Department of Commerce and Economic Opportunity

[2] U.S Census Bureau, Housing Units Authorized by Building Permits: Annual, various issues, December 2009.

Financial Institutions

Illinois serves as the financial center of the Midwest. As of June 30, 2009, there were 564 banks headquartered in Illinois with total assets of $300.2 billion. In addition, there were 85 thrifts headquartered in Illinois with assets of $34.4 billion.

The following table lists the 3 largest banks listing Illinois headquarters.

Table A-6

Financial Institutions
($ in Millions)

Financial Institution	**Assets as of 6/30/09**
The Northern Trust Company	$62,156.00
Harris Bank, N.A.	41,572.72
PrivateBank and Trust Association.	10,299.65
Total	**$114,028.37**

Source: Federal Deposit Insurance Corporation and the Illinois Department of Financial and Professional Regulation

Personal Income

Per capita income in Illinois is greater than the average in both the United States and the Great Lakes Region. Table A-7 presents personal income data, and Table A-8 presents per capita income comparisons.

Table A-7

PERSONAL INCOME
($ in Billions)

	1990	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Illinois	$239	$436	$445	$472	$507	$533	$546
United States	4,831	9,369	9,929	10,477	11,257	11,880	12,226

Source: U.S. Department of Labor, Bureau of Labor Statistics December 2009.

Table A-8

PER CAPITA PERSONAL INCOME

	1990	2005	2006	2007	2008	Rank
Illinois	$20,835	$37,168	$39,549	$41,569	$42,347	13
United States	19,354	35,447	37,728	39,430	40,208	--
Ten Most Populous States:						
New Jersey	$24,354	$43,994	$47,655	$50,265	$51,358	1
New York	21,380	40,678	43,973	47,612	48,753	2
California	21,380	38,670	41,404	43,221	43,641	3
Illinois	**20,835**	**37,168**	**39,549**	**41,569**	**42,347**	**4**
Pennsylvania	19,433	34,978	37,326	39,058	40,140	5
Florida	19,437	35,769	38,308	39,204	39,267	6
Texas	17,260	36,829	35,275	36,829	37,774	7
Ohio	18,638	32,498	34,093	35,307	36,021	8
Michigan	18,719	32,265	33,198	33,188	34,949	9
Georgia	17,563	32,176	33,473	34,650	34,893	10
Great Lakes States:						
Illinois	**$20,835**	**$37,168**	**$39,549**	**$41,569**	**$42,347**	**1**
Wisconsin	17,986	33,689	35,665	37,008	37,767	2
Ohio	18,638	32,498	34,093	35,307	36,021	3
Michigan	18,719	32,265	33,198	33,188	34,949	4
Indiana	17,454	31,302	32,881	33,756	34,605	5
Average	18,726	33,384	35,077	36,366	37,138	

Source: US Department of Commerce, Bureau of Economic Analysis, December 2009.

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Employment

Table A-9

NUMBER OF UNEMPLOYED

	2004	2005	2006	2007	2008	2009*
United States	8,149,000	7,591,000	7,001,000	7,078,000	8,924,000	15,700,000
Illinois	398,047	370,810	297,631	374,597	433,684	673,601
Bloomington-Normal MSA	3,842	3,688	3,093	3,582	4,679	6,690
Champaign-Urbana MSA	5,283	5,022	4,530	5,404	6,967	10,327
Chicago PMSA	294,099	278,513	217,021	242,098	306,184	486,636
Danville MSA	3,043	2,481	2,233	2,456	3,096	4,491
Davenport-Moline-Rock Island MSA	10,347	9,487	8,701	9,047	10,779	17,565
Decatur MSA	3,637	3,312	2,917	3,242	3,962	6,733
Kankakee MSA	3,889	3,466	3,095	3,710	4,951	7,046
Peoria-Pekin MSA	10,232	9,197	7,939	9,314	11,620	23,013
Rockford MSA	12,249	10,924	9,191	11,254	15,978	27,287
Springfield MSA	5,797	5,231	4,832	5,407	6,780	8,989

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

* Data as of September 2009
Source: U.S. Department of Labor, Bureau of Labor Statistics Data, December 2009.

Table A-10

UNEMPLOYMENT RATE (%)

	2004	2005	2006	2007	2008	2009*
United States	5.5	5.1	4.5	4.6	5.8	10.2
Illinois	6.2	5.7	4.2	5.1	6.5	10.2
Bloomington-Normal MSA	4.5	4.2	3.4	4.0	5.1	7.3
Champaign-Urbana MSA	4.5	4.2	3.7	4.5	5.7	8.3
Chicago PMSA	6.2	5.9	4.5	4.9	6.2	10.0
Danville MSA	8.1	6.5	5.9	6.5	8.2	11.9
Davenport-Moline-Rock Island MSA	5.2	4.7	4.2	4.4	5.2	8.4
Decatur MSA	6.9	6.2	5.3	5.9	7.2	12.4
Kankakee MSA	7.5	6.5	5.6	6.6	8.8	12.8
Peoria-Pekin MSA	5.5	4.8	4.0	4.6	5.7	11.1
Rockford MSA	7.4	6.5	5.3	6.4	9.1	15.2
Springfield MSA	5.3	4.6	4.2	4.7	5.9	7.9

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

*as of September 2009
Source: U.S. Department of Labor, Bureau of Labor Statistics Data, December 2009.

Population

Illinois is the nation's fifth most populous state. The State's population is approximately 12.91 million according to the U.S. Bureau of the Census for calendar year 2008.

Table A-11

POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS

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

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

Organization

The State is formally organized according to executive, legislative and judicial functions. The Governor is the chief executive of the State and is generally responsible for the administration of the government exclusive of the offices of other constitutionally-elected officials. The other elected officials of the executive branch include the Lieutenant Governor, the Attorney General, the Secretary of State, the Comptroller and the Treasurer.

The Illinois Constitution provides that all elected officials of the Executive Branch of the State government hold office for four-year terms. Pursuant to the State Constitution, these officials were elected at a general election in November 2006 and took office as of January 8, 2007. The current Governor, Pat Quinn, was elected Lieutenant Governor in such election, took office as Lieutenant Governor on January 8, 2007, and took office as Governor on January 30, 2009, after Rod R. Blagojevich was removed from such office by the State Senate. The next State general election will be held in November 2010.

The legislative power of the State is vested in the General Assembly, which is composed of the Senate and the House of Representatives. Both the Senate and the House of Representatives meet in annual sessions to enact, amend or repeal laws and to adopt appropriation bills.

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

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APPENDIX B
FORM OF APPROVING OPINION OF BOND COUNSEL

[TO BE DATED CLOSING DATE]

State of Illinois

Re: $700,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-3

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the State of Illinois (the "State") of its $700,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-3 (the "Bonds"). The Bonds are being issued pursuant to the provisions of Section 9(b) of Article IX of the Illinois Constitution of 1970, the General Obligation Bond Act, 20 Illinois Compiled Statutes 330, and a Bond Sale Order dated April 20, 2010 (the "Bond Sale Order").

The Bonds mature on April 1 of the years, in the amounts and bear interest as follows:

Maturity (April 1)	Principal Amount	Interest Rate
2011	$28,000,000	1.578%
2012	28,000,000	2.182%
2013	28,000,000	3.088%
2014	28,000,000	4.062%
2015	28,000,000	4.422%
2016	28,000,000	4.790%
2017	28,000,000	5.090%
2018	28,000,000	5.297%
2019	28,000,000	5.547%
2020	28,000,000	5.727%
2021	28,000,000	5.827%
2022	28,000,000	5.947%
2035	364,000,000	6.725%

The Bonds are subject to optional redemption, extraordinary optional redemption and sinking fund redemption as set forth in the Final Official Statement for the Bonds dated April 20, 2010.

In our capacity as bond counsel, we have examined a certified record of such proceedings of the State authorizing the issuance, sale and delivery of the Bonds and such other matters of fact and law as we have deemed necessary to render this opinion (collectively, the "Proceedings"). As to questions of fact material to our opinion, we have relied upon the Proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

2. The form of the Bond prescribed for said issue is in due form of law.

3. Pursuant to the Proceedings, the Bonds are valid and binding general obligations of the State.

4. Interest on the Bonds is not excluded from the gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers. We express no opinion regarding any such collateral consequences arising with respect to the Bonds. The opinion set forth in this paragraph is not intended or written by Bond Counsel to be used, and cannot be used by any person, for the purpose of avoiding tax penalties that may be imposed under U.S. tax laws. Such opinion is provided to support an offering of the Bonds, and accordingly is written in support of the promotion or marketing of the Bonds. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor concerning the potential tax consequences of an investment in the Bonds.

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

The rights of the owners of the Bonds and the enforceability of provisions of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Bonds by an equitable or similar remedy is subject to general principles of law or equity governing such a remedy, including the exercise of judicial discretion whether to grant any particular form of relief.

In rendering this opinion, we have relied upon certifications of the State and certain other parties with respect to certain matters solely within their knowledge relating to the facilities financed with the Bonds, the application of proceeds of the Bonds and certain other matters pertinent to the status of the Bonds.

This opinion is based upon laws, regulations, rulings and decisions in effect on the date hereof. We assume no responsibility for updating this opinion to take into account any event, action, interpretation or change of law occurring subsequent to the date hereof that may affect the validity of any of the opinions expressed herein.

Very truly yours,

APPENDIX C
GLOBAL BOOK-ENTRY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue 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. However, with respect to the optional redemption of Bonds as described in this Official Statement, the Bond Registrar is required to instruct DTC to select specific Bonds for redemption using the "pro rata" method described herein.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Bond Registrar, disbursement of such payments to Direct Participants 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 Bonds at any time by giving reasonable notice to the State or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

The State and the Bond Registrar cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants, will distribute to the Beneficial Owners of the Bonds (a) payments of principal of, premium, if any, or interest on the Bonds, (b) confirmations of their ownership interests in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, the Direct Participants or the Indirect Participants, will serve and act in the manner described in this Official Statement. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

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

GLOBAL CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the State believes to be reliable, but prospective investors are advised to make their own inquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "Clearing Systems") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the State nor the Underwriters will have any responsibility for the performance by the Clearing Systems, the Clearstream Participants or the Euroclear Operator or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below. No representation is made as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

CLEARSTREAM

Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("Clearstream, Luxembourg"), was incorporated in 1970 as "Cedel S.A.," a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank. On January 10, 2000, Cedelbank's parent company, Cedel International, société anonyme ("CI") merged its clearing, settlement and custody business with that of Deutsche Börse AG ("DBAG"). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in Cedelbank), and the transfer by DBAG of its shares in Deutsche Börse Clearing (DBC), to a new Luxembourg company, which with effect January 14, 2000 was renamed Clearstream International, société anonyme, and was then 50% owned by CI and 50% owned by DBAG. Following this merger, the subsidiaries of Clearstream International were also renamed to give them a cohesive brand name. On January 18, 2000, Cedelbank was renamed "Clearstream Banking, société anonyme," and Cedel Global Services was renamed "Clearstream Services, société anonyme." On January 17, 2000, Deutsche Börse Clearing AG was renamed "Clearstream Banking AG." Today Clearstream International is 100% owned by DBAG. The shareholders of DBAG are comprised of mainly banks, securities dealers and financial institutions.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, "CSSF," and the Banque Centrale du Luxembourg ("BCL") which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers and banks. Currently, Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. as the Operator of the Euroclear System (the "Euroclear Operator") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

EUROCLEAR BANK

Euroclear Bank S.A./N.V. ("Euroclear Bank") holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear

Participants, and between Euroclear Participants and Participants of certain other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries.

Euroclear Bank provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations. Certain of the managers or underwriters for this offering, or other financial entities involved in this offering, may be Euroclear Participants. Non-Participants in the Euroclear System may hold and transfer book-entry interests in the Securities through accounts with a Participant in the Euroclear System or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and Euroclear Bank.

Clearance and Settlement. Although Euroclear Bank has agreed to the procedures provided below in order to facilitate transfers of securities among Participants in the Euroclear System, and between Euroclear Participants and Participants of other intermediaries, it is under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time.

Initial Distribution. Investors electing to acquire securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of new issues of securities. Securities to be acquired against payment through an account with Euroclear Bank will be credited to the securities clearance accounts of the respective Euroclear Participants in the securities processing cycle for the business day following the settlement date for value as of the settlement date, if against payment.

Secondary Market. Investors electing to acquire, hold or transfer securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of secondary market transactions in securities. Please be aware that Euroclear Bank will not monitor or enforce any transfer restrictions with respect to the securities offered herein.

Custody. Investors who are Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with Euroclear Bank. Investors who are not Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with a securities intermediary who holds a book-entry interest in the securities through accounts with Euroclear Bank.

Custody Risk. Investors that acquire, hold and transfer interests in the securities by book-entry through accounts with Euroclear Bank or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the individual securities.

Euroclear Bank has advised as follows:

Under Belgian law, investors that are credited with securities on the records of Euroclear Bank have a co-property right in the fungible pool of interests in securities on deposit with Euroclear Bank in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of Euroclear Bank, Euroclear Participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with Euroclear Bank. If Euroclear Bank did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all Participants credited with such interests in securities on Euroclear Bank's records, all Participants having an amount of interests in securities of such type credited to their accounts with Euroclear Bank would have the right under Belgian law to the return of their pro-rata share of the amount of interests in securities actually on deposit.

Under Belgian law, Euroclear Bank is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

Initial Settlement; Distributions; Actions Upon Behalf of Owners

All of the Bonds will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream and JPMorgan Chase Bank acts as depository for Euroclear (the "U.S. Depositories"). Holders of the Bonds may hold their Bonds through DTC (in the United States) or Clearstream or Euroclear (in Europe) if they are participants of such systems, or directly through organizations that are participants in such systems. Investors electing to hold their Bonds through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional EuroBonds in registered form. Securities will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Bonds held beneficially through Clearstream will be credited to the cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by its U.S. Depository. Distributions with respect to the Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Bonds on behalf of a Clearstream customer or Euroclear Participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

Secondary Market Trading

Secondary market trading between Participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds. Secondary market trading between Euroclear Participants and/or Clearstream customers will be settled using the procedures applicable to conventional EuroBonds in same-day funds. When securities are to be transferred from the account of a Participant (other than U.S. Depositories) to the account of a Euroclear Participant or a Clearstream customer, the purchaser must send instructions to the applicable U.S. Depository one business day before the settlement date. Euroclear or Clearstream, as the case may be, will instruct its U.S. Depository to receive the securities against payment. Its U.S. Depository will then make payment to the Participant's account against delivery of the securities. After settlement has been completed, the securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream customers' accounts. Credit for the securities will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Bonds will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the securities are credited to their accounts one day later. As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream customers purchasing securities would incur overdraft charges for one day, assuming they cleared the overdraft when the securities were credited to their accounts. However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's/customer's particular cost of funds. Because the settlement is taking place during New York business hours, Participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear Participants or Clearstream customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the Participant, a cross- market transaction will settle no differently from a trade between two Participants.

Due to time zone differences in their favor, Euroclear Participants and Clearstream customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another Participant's. In these cases, Euroclear will instruct its U.S. Depository to credit the securities to the Participant's account against payment. The payment will then be reflected in the account of the Euroclear Participant or Clearstream customer the following business day, and receipt of the cash proceeds in the Euroclear Participants' or Clearstream customers' accounts will be backvalued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear Participant or Clearstream customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream customer's accounts would instead be valued as of the actual settlement date.

Procedures May Change

Although DTC, Clearstream and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its Participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

General Statement

THE STATE CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFERING MEMORANDUM.

THE STATE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM PARTICIPANTS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE DOCUMENTS RELATED TO THE BONDS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE BONDS.

APPENDIX D
CONTINUING DISCLOSURE UNDERTAKING

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

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The State covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB") for purposes of the Rule. The State is required to deliver such information so that such entities receive the information by the dates specified in the Undertaking and described below.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by specific reference to other documents available to the public on the MSRB's Internet website, or filed with the SEC. If the information included by reference is contained in a final official statement, the final official statement must be submitted by the State through EMMA.

"*Annual Financial Information*" means financial information and operating data of the type contained herein (i) in Tables 1 through 3 and 6 under the heading "State Financial Information", and (ii) in Tables 7, 8, 11, 12 and 18 under the heading "Indebtedness." Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by 330 days after the last day of the State's fiscal year, which is currently June 30 of each year.

"*Audited Financial Statements*" means the General Purpose Financial Statements of the State prepared in accordance with generally accepted accounting principles applicable to governmental units. Audited Financial Statements will be provided through EMMA within 30 days after availability to the GOMB. Audited Financial Statements are also available from the Comptroller as described in this Official Statement under the heading "State Financial Information—GAAP Financial Report."

MATERIAL EVENTS DISCLOSURE

The State covenants that it will disseminate through EMMA for purposes of the Rule in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events", certain of which may not be applicable to the Bonds, are:

- principal and interest payment delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax-exempt status of the security;
- modifications to the rights of security holders;
- bond calls;
- defeasances;
- release, substitution or sale of property securing repayment of the securities; and
- rating changes.

CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION

The State will give timely notice through EMMA of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when they are due under the Undertaking.

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

AMENDMENT; WAIVER

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

(a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State, or type of business conducted;

(b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by a party unaffiliated with the State (such as bond counsel).

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the State no longer has any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Sale Order. The State shall give timely notice through EMMA if there is such a termination.

ADDITIONAL INFORMATION

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

DISSEMINATION AGENT

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

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