OFFICIAL STATEMENT ADDENDUM DATED JULY 20, 2010

$1,300,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF JULY, 2010

Dated: Date of Delivery Due: As shown below

The purpose of this Official Statement Addendum is to set forth the details of sale of the $1,300,000,000 General Obligation Certificates of July, 2010 (the "Certificates") sold by the State of Illinois (the "State") on July 20, 2010.

The Preliminary Official Statement of the State, dated July 12, 2010 as supplemented and amended by the Preliminary Official Statement Supplement dated July 15, 2010, relating to the Certificates which was deemed final by the State (together the "*Deemed Final Official Statement*"), is incorporated herein and made a part hereof. The Final Official Statement of the State relating to the Certificates (as that term is defined in Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Act of 1934, as amended) consists of the Deemed Final Official Statement and this Addendum. Reference is made to the Deemed Final Official Statement for a description of all terms and provisions of the Certificates not described herein and for the definition of all capitalized terms not defined herein. The Certificates are expected to be delivered on or about July 28, 2010.

For further information with respect to the Certificates, please contact the Governor's Office of Management and Budget at (217) 782-5886.

CERTIFICATE SUMMARY

The first sentence in the paragraph titled "Form of Certificates" in the Deemed Final Official Statement under the heading "CERTIFICATE SUMMARY" is replaced by the following:

Certificates will be issued in denominations of $5,000 or integral multiples thereof, in fully registered form through a global book-entry system.

DESCRIPTION OF CERTIFICATES

The Certificates will be dated as of the date of issuance and will mature and bear interest as follows:

Maturity Date	Principal	Rate	Reoffering Yield	Reoffering Price	CUSIP
April 15, 2011	$500,000,000	3.00%	1.875%	100.792	452152GT2
May 20, 2011	$400,000,000	3.00%	2.000%	100.798	452152GU9
June 14, 2011	$400,000,000	3.00%	2.125%	100.753	452152GV7

Interest on each Certificate is payable only on the respective maturity date thereof, at the interest rate per annum specified above, and such interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Certificates will be issued in denominations of $5,000 or any integral multiple thereof, in fully registered form 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 Certificates. Principal of and interest on the Certificates will be paid by the Treasurer, as registrar and paying agent (the "*Certificate 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 Certificates. See "APPENDIX C – GLOBAL BOOK-ENTRY SYSTEM."

SOURCES AND USES OF CERTIFICATE PROCEEDS

The sources and uses of funds in connection with the issuance of Certificates are as follows:

Sources:	
Principal Amount Issued	$1,300,000,000
Net Original Issue Premium	9,010,000
Total Sources	$1,309,010,000
Uses:	
Deposit to General Revenue Fund	$1,300,000,000
Deposit to GOBRI Fund	9,010,000
Total Uses	$1,309,010,000

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STATE FINANCIAL INFORMATION

Table 3 in the *Deemed Final Official Statement* under the heading "STATE FINANCIAL INFORMATION" is replaced by the following:

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

Category	FY09	FY10 Adopted Budget	$Change	%Change
Elementary & Secondary Education	$ 7,445	$ 7,308	$ (137)	-1.8%
Higher Education	$ 2,466	$ 2,220	$ (246)	-10.0%
Healthcare & Family Services (public aid)	$ 9,642	$ 7,809	$ (1,833)	-19.0%
Revenue	$ 164	$ 143	$ (21)	-12.8%
Human services	$ 4,228	$ 4,047	$ (181)	-4.3%
Corrections	$ 1,351	$ 1,177	$ (174)	-12.9%
Children & Family Services	$ 914	$ 865	$ (49)	-5.4%
Central Management Services	$ 76	$ 90	$ 14	18.4%
State Pollice	$ 28	$ 287	$ 259	925.0%
Other Agencies	$ 3,969	$ 2,394	$ (1,575)	-39.7%
Budgeted Appropriations	$ 30,283	$ 26,340	$ (3,943)	-13.0%
Unspent Appropriations (Salvage)	$ (507)	$ (1,014)	$ (507)	100.0%
Net Appropriations (Spending)	$ 29,776	$ 25,326	$ (4,450)	-14.9%

RATINGS

The Certificates have been assigned a short-term rating by Standard and Poor's as "SP-1".

FORM OF APPROVING LEGAL OPINION

The form of the approving opinion of Gonzalez, Saggio and Harlan, L.L.C, Chicago, Illinois, as Bond Counsel, is contained in *Appendix A* hereto.

UNDERWRITING

The Certificates have been purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated as the Successful Purchaser ("*MLPF&S*"), at a purchase price of $1,309,010,000. MLPF&S may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering price set forth above. After the initial public offering, the public offering price may be changed from time to time by MLPF&S.

AUTHORIZATION

The State has authorized the distribution of this Official Statement Addendum. At the time of delivery of the Certificates, the State will furnish a certificate executed by the Director of the Governor's Office of Management and Budget of the State stating that to the best of his knowledge the Deemed Final Official Statement did not (as of the date of sale of the Certificates to the Underwriter) and this Official Statement Addendum does not (as of the date of delivery of the Certificates) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

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

Dated: July 20, 2010

APPENDIX A

PROPOSED FORM OF OPINION OF GONZALEZ, SAGGIO AND HARLAN, L.L.C.

[Date of Issuance of the Certificates]

State of Illinois
Springfield, Illinois

Ladies and Gentlemen:

We have examined a record of proceedings of the Governor of the State of Illinois (the "State"), the Comptroller of the State and the Treasurer of the State relating to the issuance by the State of its $1,300,000,000 State of Illinois General Obligation Certificates of July 2010 (the "Certificates"). The Certificates are being issued pursuant to the provisions of Section 9(d) of Article IX of the State Constitution and the Short Term Borrowing Act, 30 Illinois Compiled Statutes 340, as amended (the "Act").

The Certificates are issuable in the form of fully registered certificates in the denominations of $5,000 and any integral multiple thereof. The Certificates are dated the date hereof, mature on the following dates in the respective principal amounts and bear interest from their date payable at maturity at the respective rates per annum set forth opposite such maturity date in the table below:

Maturity Date	Principal Amount	Interest Rate
April 15, 2011	$500,000,000	3.00%
May 20, 2011	400,000,000	3.00
June 14, 2011	400,000,000	3.00

The Certificates are not subject to redemption prior to maturity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Certificates so that interest on the Certificates be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements may cause interest on the Certificates to become subject to Federal income taxation retroactive to their date of issue. The State has made covenants pursuant to which the pertinent Code requirements can be satisfied.

Based upon the foregoing, we are of the opinion that:

1. The Certificates are valid and legally binding obligations of the State.

2. The Act constitutes an appropriation out of any money in the State Treasury sufficient to provide for the payment of the principal of and interest on the Certificates as the same shall become due and payable, and the Governor, the Comptroller and the Treasurer of the State are authorized to order the transfer of any moneys on deposit in the State Treasury into the General Obligation Bond Retirement and Interest Fund of the State at the times and in the amounts necessary to provide for the payment of principal of and interest on the Certificates.

3. Under existing law and court decisions, interest on the Certificates (i) is excludable from gross income of the owners thereof for Federal income tax purposes and (ii) is not treated as a specific preference item for purposes of the Federal individual or corporate alternative minimum taxes and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In rendering this opinion, we have relied on certain representations, certifications of fact and statements of reasonable expectations made by the State with certain covenants to comply with applicable Code requirements to assure the exclusion of interest on the Certificates from gross income under the Code.

4. Interest on the Certificates is not exempt from present State income taxes.

We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may come to our attention or to reflect any changes in law that may occur or become effective after the issuance of the Certificates. We express no opinion on the effect of any action hereafter taken or not taken in reliance on an opinion of other counsel on the exclusion from gross income for Federal tax purposes of interest on the Certificates.

In rendering this opinion, we advise you that the enforceability of rights and remedies with respect to the Certificates may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,

STATE OF ILLINOIS
$1,300,000,000
GENERAL OBLIGATION CERTIFICATES
OF JULY, 2010
(the "Certificates")

OFFICIAL NOTICE

relating to the
Official Notice of Sale of the Certificates dated July 12, 2010

Notice is hereby given that the Preliminary Official Statement dated July 12, 2010 in connection with the offering of the Certificates (the "Original Preliminary Official Statement") has been supplemented by the Preliminary Official Statement Supplement dated July 15, 2010 (the "Supplement"). Potential bidders must read the Supplement together with the Original Preliminary Official Statement. Copies of the Supplement and the Original Preliminary Official Statement may be obtained from http://www.i-dealprospectus.com and from the State of Illinois, Governor's Office of Management and Budget, Attention: Debt Management Unit, at 603 Stratton Building, Springfield, Illinois 62706, Telephone: (217) 782-5886, or from Public Resources Advisory Group, Financial Advisor, Attention: Thomas Huestis, 117 Gayley Street, Media, PA 19063, telephone number 610-565-5990 or Gonzalez, Saggio and Harlan, L.L.C. Attention: Darryl Tom, 180 N. Stetson Avenue, Suite 4525 Chicago, Illinois 60601, telephone number 312-236-0475.

The audited *Comprehensive Annual Financial Report* for Fiscal Year 2009 was made public on July 14, 2010 and is now available at http://www.apps.ioc.state.il.us/ioc-pdf/CAFR_2009.pdf. Based upon the 2009 CAFR the deficit for the General Funds was $7,682 million as of June 30, 2009. The revised amount compares to the Fiscal Year 2008 deficit of $4,035 million, as restated. The prior fiscal years' audited CAFRs can be found at http://www.ioc.state.il.us/Library/cr.cfm. The Supplement includes a new Table 6 for the Preliminary Official Statement, and notes thereto, containing information derived from the 2009 CAFR. In addition, Table 5D has been updated to reflect Inter-Fund borrowings of approximately $1,000 million, as authorized in the Emergency Budget Act relating to the adopted FY 2011 Budget. The Unfunded Accrued Actuarial Liability for Other Post Employment Benefits has also been updated as has the Annual Required Contribution for such benefits.

Bidders will be required to certify that they have examined the Supplement and the Original Preliminary Official Statement.

OFFICIAL NOTICE OF SALE AND BID FORM

STATE OF ILLINOIS

$1,300,000,000
General Obligation Certificates of July, 2010

PAT QUINN
Governor, State of Illinois

DAVID VAUGHT
Director, Governor's Office of Management and Budget

JOHN SINSHEIMER
Director of Capital Markets

Bids Will Be Received Via BiDCOMP/PARITY Until11:00 A.M. Central Daylight Time
July 20, 2010
As Described Herein

Bond Counsel
Gonzalez, Saggio and Harlan, L.L.C. (Chicago, Ill.)

OFFICIAL NOTICE OF SALE
$1,300,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF JULY, 2010

NOTICE is hereby given that sealed bids will be received by the Director (the "*Director*") of the Governor's Office of Management and Budget (the "*GOMB*") of the State of Illinois (the "*State*") until the hour of 11:00 A.M. (Central Daylight Time) on July 20, 2010 unless changed in the manner described below (see "CHANGES TO BID DATE, CLOSING DATE, PRINCIPAL AMOUNTS, BIDDING DETAILS"), via BiDCOMP/PARITY, for the purchase of the following described certificates of the State:

> $1,300,000,000 State of Illinois General Obligation Certificates of July, 2010 (the *"Certificates")*. The Certificates will be dated the date of issuance thereof, and will be issued in fully registered form. The Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company *("DTC")*, New York, New York, which will act as securities depository for the Certificates. Individual purchases will be made in book-entry form only, in the principal amount of $100,000 and integral multiples thereof. Closing on the Certificates is expected to occur through the facilities of DTC on or about July 28, 2010. The successful bidder will not receive certificates representing its interest in the Certificates purchased unless the book-entry system is terminated. See "Appendix C - BOOK-ENTRY SYSTEM" in the Preliminary Official Statement relating to the Certificates (the *"Preliminary Official Statement")*. Of the aggregate principal amount of the Certificates, $500,000,000* will mature on April 15, 2011*, $400,000,000* will mature on May 20, 2011* and $400,000,000* will mature on June 14, 2011*. Bids will be received for the purchase of the Certificates as described below under the heading "BIDDING DETAILS."
>
> *Subject to change as described herein.

Interest on the Certificates will be payable only at maturity and will be computed on the basis of a 360-day year of twelve 30-day months. Both principal and interest will be paid by the State Treasurer to DTC, which will remit such principal and interest to DTC's Participants, who in turn will be responsible for remitting such payments to the Beneficial Owners of the Certificates, as more fully described in the Preliminary Official Statement.

Bids shall be submitted electronically via BiDCOMP/PARITY pursuant to this Official Notice of Sale until the time specified above, but no bid will be received after the time for receiving bids specified above. **Any prospective bidder that intends to submit a bid must submit its bid through BiDCOMP/PARITY. No in-person or faxed bids will be accepted.** Subscription to IPREO's BiDCOMP/PARITY Competitive Bidding System is required in order to submit an electronic bid. The State will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

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

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

SECURITY

The Short Term Borrowing Act, 30 ILCS 340/1.1. et seq., pursuant to which the Certificates are being issued, constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the interest on and principal of the Certificates as the same become due. The anticipated sources of funds to repay the principal of and interest on the Certificates when due and the anticipated schedule of transfers of such funds to the GOBRI Fund (as defined in the Preliminary Official Statement) is outlined in Tables 5-A and 5-B of the Preliminary Official Statement. The Certificates are full faith and credit, general obligations of the State repayable by the Treasurer from amounts deposited into the General Obligation Bond and Retirement Fund.

RATINGS AND BOND INSURANCE

The State expects to apply for short-term ratings on the Certificates from one or more national rating agencies.

Notification of the short-term ratings on the Certificates shall be made via Thomson Municipal Market Monitor ("*TM3*") (www.tm3.com) wire (if such ratings are not directly released via TM3 wire by one or more of the rating agencies).

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

Bidders, at their own expense, may elect to insure the Certificates, and such insurance may be obtained from one or more bond insurance providers.

The Purchasers, as defined herein, agree to disclose to the State the cost of any such insurance obtained from each (if more than one) insurance provider used. The Purchasers must certify to the net interest cost benefit from the use of bond insurance. Insured ratings with the use of bond insurance, if required, are to be applied for by the Purchasers, and costs incurred for such ratings must be paid at the Purchasers' expense.

BIDDING DETAILS

The Certificates will be awarded on a whole maturity basis. Bidders must submit bids for all maturities of the Certificates. The Certificates of each maturity will be awarded to the bidder (herein, the "*Purchaser*" or "*successful Purchaser*" and collectively, the "*Purchasers*") which makes a bid conforming to the terms of this offering that produces the lowest total interest cost ("*TIC*") to the State for such maturity, determined as follows: The TIC is the discount rate (expressed as a per-annum percentage rate) which, when used in computing the present value of all principal and interest to be paid on the maturity of the Certificates, from the scheduled payment date back to the date of delivery, produces a present value amount equal to the price bid, including premium, if any to the date of delivery.

In the event of more than one proposal specifying the lowest TIC for a maturity of the Certificates, the Certificates of a given maturity will be awarded on the basis of an agreement to syndicate the full amount of the Certificates among all such bidders at the lowest TIC, provided further that only one such Purchaser shall assume the role as lead Purchaser. If under circumstances as described in the immediately foregoing, such agreement among multiple Purchasers at the lowest TIC cannot be reached, all of the Certificates of a given maturity will be awarded to the bidder whose proposal is selected by lot by the Director from among all such proposals.

The successful Purchaser of the Certificates maturing on April 15, 2011 shall be responsible for the payment of all Certificate costs of issuance including, without limitation, the fees of Gonzalez, Saggio and Harlan, L.L.C. *("Bond Counsel")*, Public Resources Advisory Group *("Financial Advisor")*, the fiscal advisor, the rating agencies, the cost of advertising, the cost of the BiDCOMP/PARITY bidding system, printing expenses and any other cost of issuance incurred by the State. The total cost of issuance for the Certificates will be $400,000. The successful Purchaser of the Certificates maturing on April 15, 2011 agrees to make payment for such expenses within seven (7) business days following receipt of invoices properly authorized and presented by the State.

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

(i) the Certificates of any particular maturity must bear one rate of interest and no maturity of Certificates shall bear more than one rate of interest; and

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

(iii) the bid for each maturity of the Certificates shall not be less than 100% of the par amount of the Certificates bid.

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

Action awarding the Certificates or rejection of all bids will be taken no later than three (3) hours after expiration of the time prescribed in this Notice for the receipt of bids. Notice of award will be given promptly to the Purchasers. The right is reserved to reject any or all bids and to waive any irregularity or informality in any bid. The right is reserved to rebid any maturity or maturities for which bids have been rejected, so long as notice is given in accordance with "CHANGES TO BID DATE, CLOSING DATE, PRINCIPAL AMOUNTS, BIDDING DETAILS" herein.

Good Faith Deposit

The successful Purchaser(s) will be required to post a good faith deposit (the *"Deposit")* by wire transfer to be received by the State Treasurer prior to 2:00 pm CDT on day of the bid (July 20, 2010, unless the bid date is modified as provided herein). GOMB will provide wire transfer directions at the time of the award. The amount of the Deposit shall be equal to .10% of the principal amount of the Certificates for which the bidder was the successful Purchaser.

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

Required Information and Certifications

The Purchasers will be required to provide the State within two (2) hours after the award of the Certificates the initial offering price of the Certificates to the general public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the *"Initial Reoffering Price")*. The Purchasers will be required to confirm to the State within 24 hours after the award of the Certificates that they reasonably expected to sell, in a bona fide public offering to the general public more than 10% of the principal amount of each maturity of the Certificates at the prices shown in the Official Statement for the Certificates. The Purchasers will be required to provide a certificate at closing confirming the Initial Reoffering Prices for purposes of complying with Section 148 of the Internal Revenue Code of 1986, as amended. Such form of certificate is attached as Exhibit I to this Notice and is entitled "Certificate of Purchaser."

The Purchasers will request the assignment of CUSIP numbers for the Certificates. All expenses for the printing of CUSIP numbers, including the CUSIP Service Bureau charge for the assignment of said numbers, shall be the responsibility of and shall be paid for by the Purchasers.

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

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

CHANGES TO BID DATE, CLOSING DATE, PRINCIPAL AMOUNTS, BIDDING DETAILS

The State expects to take bids on the Certificates on July 20, 2010. However, the State reserves the right to change, from time to time, the date and/or time established for the receipt of bids, the closing date, the principal amounts of the Certificates and the bidding rules as described in "BIDDING DETAILS" above, and will undertake to notify prospective bidders via notification published on TM3.

A change of the bid date and/or time will be announced via TM3 not later than 9:30 a.m., Central Daylight Time, on any announced date for receipt of bids, and an alternative sale date and time for bids or rebids will be announced via TM3 at least 18 hours prior to such alternative date and time for receipt of bids.

On any such alternative date and time for receipt of bids, the State will accept electronic bids for the purchase of the Certificates, such bids to conform in all respects to the provisions of this Official Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time that the new date and time for receipt of bids are announced. The State may change the scheduled delivery date for the Certificates, the principal amounts of the Certificates and the bidding rules by notice given in the same manner as that set forth for a change in the date for the receipt of bids.

PROVISIONS RELATING TO RULE 15c2-12

Final Official Statement

Upon the sale of the Certificates, the State will publish an Official Statement in substantially the same form as the Preliminary Official Statement subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of a bid, each bidder will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. The State will provide the Purchasers with a reasonable number of final Official Statements at the time of closing. The successful Purchaser agrees to supply to the State all necessary pricing information and any Purchaser identification necessary to complete the Official Statement within 24 hours after the award of the Certificates. A reoffering price and yield must be provided for the Certificates and none such may be indicated as "not reoffered."

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

OTHER MATTERS

The approving opinion of Bond Counsel covering the legality of and federal tax-exempt status of the interest on the Certificates, the form of which is set forth as APPENDIX B in the Preliminary Official Statement, will be furnished at the expense of the Purchasers, as the purchaser of the Certificates, as described above, and all bids must be so conditioned. The State will provide customary closing certificates dated as of the date of delivery of and payment for the Certificates, including a statement that there is no litigation pending, or to the knowledge of the signer thereof, threatened, affecting the legality of the Certificates. The Certificates are expected to be ready for delivery on or about July 28, 2010, and at delivery will be registered in the name of Cede & Co., as described above. Delivery of the Certificates will be made to DTC in New York, New York, without cost to the Purchasers. Payment for the Certificates must be made in Federal Reserve Bank funds which will be immediately available in Chicago, Illinois on the day of delivery. Each Purchaser shall have the right, at its option, to cancel its contract to purchase if the Certificates awarded to such Purchaser are not tendered for delivery to such Purchaser within thirty (30) days from the date of sale thereof, and in such event such Purchaser shall be entitled to the return of its Deposit. The State shall have the right, at its option, to cancel any contract of purchase if upon tender of the related Certificates for delivery the related Purchaser shall not have accepted delivery and paid for such Certificates, in which event the Deposit, without adjustment for interest, accompanying such bid shall be forfeited to the State as payment of damages for failure to comply with the contract of purchase for such Certificates.

The Preliminary Official Statement, the Official Notice of Sale and the Official Bid Form, together with other pertinent information, may be obtained from the State of Illinois, Governor's Office of Management and Budget, Attention: Debt Management Unit, at 603 Stratton Building, Springfield, Illinois 62706, Telephone: (217) 782-5886, or from Public Resources Advisory Group, Financial Advisor, Attention: Thomas Huestis, 117 Gayley Street, Media, PA 19063, telephone number 610-565-5990 or Gonzalez, Saggio and Harlan, L.L.C. Attention: Darryl Tom, 180 N. Stetson Avenue, Suite 4525 Chicago, Illinois 60601, telephone number 312-236-0475. Also see www.munios.com for copies of the Preliminary Official Statement, the Official Notice of Sale and the Official Bid Form.

Dated this 12th day of July, 2010

PAT QUINN
Governor

DAVID VAUGHT
Director of Governor's Office of Management and Budget

JOHN SINSHEIMER
Director of Capital Markets

OFFICIAL BID FORM

July __, 2010

David Vaught
Director, Governor's Office of Management and Budget
State of Illinois

Director:

For the General Obligation Certificates of July, 2010, dated the date of issuance thereof, we will pay you the prices (not less than the par amount of the Certificates) and we hereby bid the interest rates per annum as follows:

MATURITY DATE*	PRINCIPAL AMOUNT*	PURCHASE PRICE	INTEREST RATE
April 15, 2011	$500,000,000	$	%
May 20, 2011	400,000,000	$	%
June 14, 2011	400,000,000	$	%

*Subject to change in accordance with the terms of the Official Notice of Sale.

Said Certificates are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Gonzalez, Saggio and Harlan, L.L.C., Bond Counsel.

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

As evidence of our good faith we agree to wire payment by 2:00 p.m. CDT today (the *"Deposit")* in an amount equal to $_________ in accordance with your Official Notice of Sale, which is made a part hereof by reference.

Wire Transfer

____
Amount: $________________
Name of Bank

____
City_______________ State ___________
Dated ______________________________

Respectfully submitted:

Name: ______________________________
ACCOUNT MANAGER
By: ________________________________
Address _____________________________
City________________ State ____________
Telephone ___________________________
E-mail Address _______________________

BIDDERS OPTION INSURANCE

We have purchased insurance from:
(Check One)
Yes _____ No _______

Issuer ________________

This bid was accepted and Certificates sold on July __, 2010, and receipt is hereby acknowledged of the Deposit in accordance with the terms of the Official Notice of Sale.

____
Director, Governor's Office of Management and Budget

____________________ **Not a Part of Bid** ____________________

For information only, and not as a part of this bid, our calculation of interest cost from above is as follows:

	For the Certificates Maturing April 15, 2011	For the Certificates Maturing May 20, 2011	For the Certificates Maturing June 14, 2011
Total Interest	$_________________	$_________________	$_________________
Less Premium	$_________________	$_________________	$_________________
Net Interest Cost	$_________________	$_________________	$_________________
Net Interest Rate	_________________%	_________________%	_________________%

E X H I B I T I

CERTIFICATE OF PURCHASER

Re: STATE OF ILLINOIS (the "Issuer")
$1,300,000,000 General Obligation Certificates of July, 2010 (the "Certificates")

Defined terms used in this Purchaser's Certificate have the respective meanings set forth in the Issuer's Tax Certificate and Agreement relating to the Certificates.

We hereby certify that as of July __, 2010, the date on which the Certificates were sold to us by the Issuer (the "Sale Date"), we reasonably expected to sell at least 10% of each maturity of the Certificates to the General Public for money in a *bona fide* public offering at the prices shown in the Official Statement for the Certificates (the "Initial Offering Prices").

The aggregate of the Initial Offering Prices is $ ________.

At the time we agreed to purchase the Certificates, based on then prevailing market conditions, we had no reason to believe that any of the Certificates would initially be sold to the General Public at initial offering prices greater than the respective prices shown in the Official Statement. In our opinion, the Initial Offering Prices do not exceed the fair market prices of the Certificates as of the Sale Date.

As of the date hereof, all of the Certificates have actually been offered to the General Public at the prices shown in the Official Statement.

On this basis, we have determined the Issue Price of the Certificates to be $__________.

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

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

Dated: July __, 2010

[PURCHASER]

By: ________________________________
Its:

PRELIMINARY OFFICIAL STATEMENT SUPPLEMENT

Dated July 15, 2010

to the Preliminary Official Statement dated July 12, 2010
relating to the

STATE OF ILLINOIS
$1,300,000,000
GENERAL OBLIGATION CERTIFICATES
OF JULY, 2010
(the "Certificates")

OFFICIAL NOTICE

THE FOLLOWING INFORMATION SUPPLEMENTS THE ABOVE-REFERENCED PRELIMINARY OFFICIAL STATEMENT (THE "ORIGINAL PRELIMINARY OFFICIAL STATEMENT") FOR THE CERTIFICATES. THE ORIGINAL PRELIMINARY OFFICIAL STATEMENT IS SUPPLEMENTED, MODIFIED AND AMENDED BY THIS SUPPLEMENT ONLY TO THE EXTENT EXPRESSLY PROVIDED IN THIS SUPPLEMENT. THIS SUPPLEMENT DOES NOT REPLACE THE ORIGINAL PRELIMINARY OFFICIAL STATEMENT BUT MUST BE READ WITH THE ORIGINAL PRELIMINARY OFFICIAL STATEMENT AND TOGETHER THE SUPPLEMENT AND THE ORIGINAL PRELIMINARY OFFICIAL STATEMENT SHALL CONSTITUTE THE PRELIMINARY OFFICIAL STATEMENT FOR THE CERTIFICATES. TERMS USED BUT NOT OTHERWISE DEFINED IN THIS SUPPLEMENT SHALL HAVE THEIR RESPECTIVE MEANINGS AS USED IN THE ORIGINAL PRELIMINARY OFFICIAL STATEMENT.

SUMMARY

The audited *Comprehensive Annual Financial Report* for Fiscal Year 2009 was made public on July 14, 2010 and is now available at http://www.apps.ioc.state.il.us/ioc-pdf/CAFR_2009.pdf. Based upon the 2009 CAFR, the deficit for the General Funds was $7,682 million as of June 30, 2009. The revised amount compares to the Fiscal Year 2008 deficit of $4,035 million, as restated. The prior fiscal years' audited CAFRs can be found at http://www.ioc.state.il.us/Library/cr.cfm. Attached hereto is a new Table 6 for the Preliminary Official Statement, and notes thereto, containing information derived from the 2009 CAFR. In addition, Table 5D has been updated to reflect Inter-Fund borrowings of approximately $1,000 million, as authorized in the Emergency Budget Act relating to the adopted FY 2011 Budget. The Unfunded Accrued Actuarial Liability for Other Post Employment Benefits has also been updated as has the Annual Required Contribution for such benefits.

STATE FINANCIAL INFORMATION

The first paragraph in the Original Preliminary Official Statement under the heading "STATE FINANCIAL INFORMATION" is replaced by the following:

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 2009 Comprehensive Annual Financial Report ("2009 CAFR") may be found at: *http://www.apps.ioc.state.il.us/ioc-pdf/CAFR_2009.pdf*. 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.

The last paragraph in the Original Preliminary Official Statement under the subheading "STATE FINANCIAL INFORMATION—Fiscal Year 2009 Results" is replaced by the following:

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* (CAFR) for Fiscal Year 2009 was posted by the IOC on July 14, 2010 and can be found at http://www.apps.ioc.state.il.us/ioc-pdf/CAFR_2009.pdf. Previously, 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 reported that the GAAP-basis fund balance deficit for the General Funds was estimated to be $8,187 million as of June 30, 2009. The Fiscal Year 2009 CAFR reported the GAAP basis fund balance deficit for the General Funds was actually $7,682 million, or approximately $500 million better than reported in January, 2010. The revised and audited Fiscal Year 2009 deficit of $7,682 million compares to the restated Fiscal Year 2008 deficit of $4,035 million, originally reported as $3,934 million in the Fiscal Year 2008 CAFR. The prior fiscal years' audited CAFRs can be found at http://www.ioc.state.il.us/Library/cr.cfm.

Tables 5D and 6 and "GAAP Financial Report" in the Original Preliminary Official Statement under the heading "STATE FINANCIAL INFORMATION" are replaced by the following:

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TABLE 5D
MONTHLY CASHFLOW - ALL FUNDS
(In millions)

7/14/2010

FY 2011

All Funds Pro Forma Cashflow	Projected											
	Jul-10	**Aug-10**	**Sep-10**	**Oct-10**	**Nov-10**	**Dec-10**	**Jan-11**	**Feb-11**	**Mar-11**	**Apr-11**	**May-11**	**Jun-11**
GENERAL FUNDS												
Beginning Cash Balance	130	100	100	100	100	100	100	100	100	100	100	100
Receipts	3,481	2,284	2,589	2,135	3,267	6,006	2,535	1,775	2,476	2,989	2,716	2,566
Disbursements	(3,510)	(2,284)	(2,589)	(2,135)	(3,267)	(6,006)	(2,535)	(1,775)	(2,476)	(2,989)	(2,716)	(2,536)
Ending Cash Balance	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**130**
HIGHWAY FUNDS												
Beginning Cash Balance	805	821	792	805	713	713	707	681	652	715	787	822
Receipts	514	456	475	421	412	399	374	347	416	433	435	469
Disbursements	(499)	(484)	(462)	(513)	(411)	(405)	(400)	(376)	(353)	(361)	(400)	(452)
Ending Cash Balance	**821**	**792**	**805**	**713**	**713**	**707**	**681**	**652**	**715**	**787**	**822**	**838**
SPECIAL STATE FUNDS												
Beginning Cash Balance	2,043	1,772	1,549	1,891	1,730	1,706	1,896	1,779	1,837	1,888	2,345	2,209
Receipts	1,326	1,175	1,547	1,368	1,130	1,283	1,194	1,571	2,160	2,531	1,864	1,670
Disbursements	(1,597)	(1,397)	(1,206)	(1,529)	(1,154)	(1,093)	(1,312)	(1,513)	(2,109)	(2,075)	(2,000)	(1,844)
Ending Cash Balance	**1,772**	**1,549**	**1,891**	**1,730**	**1,706**	**1,896**	**1,779**	**1,837**	**1,888**	**2,345**	**2,209**	**2,036**
BOND FINANCED FUNDS												
Beginning Cash Balance	2,226	3,123	2,434	1,982	1,606	1,344	1,162	974	566	397	226	31
Receipts	1,290	0	0	0	0	0	0	0	0	0	0	0
Disbursements	(394)	(689)	(452)	(376)	(262)	(182)	(188)	(408)	(169)	(172)	(195)	(30)
Ending Cash Balance	**3,123**	**2,434**	**1,982**	**1,606**	**1,344**	**1,162**	**974**	**566**	**397**	**226**	**31**	**1**
DEBT SERVICE FUNDS												
Beginning Cash Balance	920	829	1,031	1,214	1,584	1,353	1,551	925	1,056	1,646	1,857	1,777
Receipts	400	300	321	536	373	301	277	254	842	923	1,031	704
Disbursements	(490)	(98)	(138)	(166)	(605)	(102)	(903)	(124)	(252)	(712)	(1,111)	(1,149)
Ending Cash Balance	**829**	**1,031**	**1,214**	**1,584**	**1,353**	**1,551**	**925**	**1,056**	**1,646**	**1,857**	**1,777**	**1,333**
REVOLVING FUNDS												
Beginning Cash Balance	41	52	59	45	29	24	24	22	26	26	19	21
Receipts	61	68	46	33	31	47	54	48	55	49	40	54
Disbursements	(51)	(61)	(60)	(49)	(36)	(48)	(56)	(45)	(55)	(56)	(38)	(54)
Ending Cash Balance	**52**	**59**	**45**	**29**	**24**	**24**	**22**	**26**	**26**	**19**	**21**	**21**
STATE TRUST FUNDS												
Beginning Cash Balance	1,881	1,874	1,901	1,913	1,856	1,893	1,955	1,966	2,012	2,048	1,901	1,916
Receipts	2,981	3,450	3,311	3,461	3,304	3,577	3,666	3,235	3,917	4,016	3,750	4,105
Disbursements	(2,988)	(3,423)	(3,300)	(3,517)	(3,267)	(3,515)	(3,655)	(3,189)	(3,881)	(4,162)	(3,736)	(3,939)
Ending Cash Balance	**1,874**	**1,901**	**1,913**	**1,856**	**1,893**	**1,955**	**1,966**	**2,012**	**2,048**	**1,901**	**1,916**	**2,081**
SUMMARY OF ALL FUNDS												
BEGINNING CASH BALANCE	**8,047**	**8,377**	**7,481**	**7,371**	**6,846**	**6,168**	**6,430**	**5,482**	**5,284**	**5,855**	**6,269**	**5,910**
RECEIPTS	**10,053**	**7,733**	**8,289**	**7,954**	**8,515**	**11,613**	**8,101**	**7,231**	**9,866**	**10,941**	**9,838**	**9,569**
DISBURSEMENTS	**(9,531)**	**(8,436)**	**(8,206)**	**(8,285)**	**(9,001)**	**(11,351)**	**(9,049)**	**(7,429)**	**(9,294)**	**(10,528)**	**(10,196)**	**(10,004)**
BUDGET ACT BORROWING(1)	**(193)**	**(193)**	**(193)**	**(193)**	**(193)**	-	-	-	-	-	-	-
ENDING CASH BALANCE	**8,377**	**7,481**	**7,371**	**6,846**	**6,168**	**6,430**	**5,482**	**5,284**	**5,855**	**6,269**	**5,910**	**5,475**

(1) Represents Inter-Fund borrowings authorized by the Emergency Budget Act of 2011 not yet allocated. See "STATE OF ILLINOIS -- Emergency Budget Act of 2011" and TABLE 5B, herein.

TABLE 6
STATE OF ILLINOIS
GENERAL FUNDS RECONCILIATION
FISCAL YEAR 2009
($ IN THOUSANDS)

	Cash Basis	Adjustments for Budgetary Basis	Budgetary Basis	Adjustments for GAAP	GAAP Basis
Revenues:					
Income Taxes (net)	$ 10,932,843	$ -	$ 10,932,843	$ (128,604)	$ 10,804,239
Sales Taxes (net)	6,772,792	7	6,772,799	(114,214)	6,658,585
Public Utility Taxes (net)	1,167,764	-	1,167,764	598	1,168,362
Federal government (net)	6,495,655	-	6,495,655	2,628,640	9,124,295
Other (net)	2,097,691	-	2,097,691	2,308,518	4,406,209
Total revenues	27,466,745	7	27,466,752	4,694,938	32,161,690
Expenditures:					
Current:					
Health and Social Services	13,906,767	1,492,513	15,399,280	3,196,532	18,595,812
Education	10,251,577	1,088,851	11,340,428	597,181	11,937,609
General Government	654,485	56,442	710,927	192,217	903,144
Employment and Economic Development	133,885	(7,421)	126,464	4,184	130,648
Transportation	20,172	5,314	25,486	41,030	66,516
Public Protection and Justice	1,894,344	156,571	2,050,915	312,278	2,363,193
Environment and Business Regulation	81,709	2,435	84,144	38,806	122,950
Debt Service:					
Principal	-	-	-	1,935	1,935
Interest	-	-	-	924	924
Capital Outlays	22,026	(1,653)	20,373	(10,125)	10,248
Total expenditures	26,964,965	2,793,052	29,758,017	4,374,962	34,132,979
Excess of revenues over expenditures	501,780	(2,793,045)	(2,291,265)	319,976	(1,971,289)
Other sources (uses) of financial resources:					
Transfers-in	6,151,663	-	6,151,663	(3,181,539)	2,970,124
Transfers-out	(8,914,166)	(184,569)	(9,098,735)	4,456,118	(4,642,617)
Proceeds from general and special obligation bond issues	2,400,000	-	2,400,000	(2,400,000)	-
Proceeds from capital lease financing	-	-	-	916	916
Net other (uses) of financial resources	(362,503)	(184,569)	(547,072)	(1,124,505)	(1,671,577)
Excess of revenues over expenditures and net other (uses) of financial resources	139,277	(2,977,614)	(2,838,337)	(804,529)	(3,642,866)
Fund balances (deficit), July 1, 2008	140,541	(975,032)	(834,491)	(3,099,830)	(3,934,321)
Restatement	-	-	-	(101,099)	(101,099)
Fund balances (deficit), July 1, 2008, as restated	140,541	(975,032)	(834,491)	(3,200,929)	(4,035,420)
Increase (decrease) for changes in inventories	-	-	-	(3,217)	(3,217)
Fund balances (deficit), June 30, 2009	$ 279,818	$ (3,952,646)	$ (3,672,828)	$ (4,008,675)	$ (7,681,503)

Source: Based on information from the Comptroller and derived from the State's FY 2009 Comprehensive Annual Financial Report, which may be found at: *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2009.pdf*.

GAAP FINANCIAL REPORT

The complete General Purpose Financial Statements for Fiscal Year 2009, prepared in accordance with GAAP, have been filed with Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board ("MSRB") 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 2009 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

The budgetary basis fund balance deficit of $3,672,828 equals the June 30, 2009 cash balance of $279,818 less cash lapse period expenditures and transfers-out of $3,952,646. Adjustments from the cash basis of accounting for fiscal year 2009 to the budgetary basis include adding fiscal year 2009 lapse period spending (July 1 – August 31, 2009) and subtracting fiscal year 2008 lapse period spending (July 1 – August 31, 2008). 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 2009 "lapsing accounts." These expenditures include refunds which have been netted against the related revenue. Lapse period transfers-out are statutory transfers approved on or prior to June 30, 2009 but not made until after June 30, 2009.

Note 3 – Budget to GAAP Adjustments

A detail of the reconciliation of the budgetary basis vs. 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

The June 30, 2008 fund balance for the General Fund has been restated $101,099 from a deficit of $3,934,321 to a deficit of $4,035,420. The restatement was due to the understatement of reimbursements owed to the Workers' Compensation Revolving Fund.

OTHER POST EMPLOYMENT BENEFITS

The information in the Original Preliminary Official Statement under the heading "OTHER POST EMPLOYMENT BENEFITS" is replaced by the following:

As required by the Government Accounting Standards Board (GASB) in its Statement No. 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 2009 Comprehensive Annual Financial Report was $27,124 million as of June 30, 2009. 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 2009 the State incurred an Annual Required Contribution of $1,840 million, while making an actual contribution of $604 million, resulting in a $1,236 million increase of the balance sheet liability to a total of $2,474 million as of June 30, 2009.

PRELIMINARY OFFICIAL STATEMENT

STATE OF ILLINOIS

$1,300,000,000
GENERAL OBLIGATION CERTIFICATES OF JULY, 2010

DATE OF SALE: JULY 20, 2010*

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

Preliminary Official Statement Dated: July 12, 2010

Expected Date of Issuance (Delivery): July 28, 2010

**Subject to change as provided for in the Official Notice of Sale.*

STATE OF ILLINOIS

Pat Quinn

Governor

David Vaught

Director of the Governor's Office of Management and Budget

John Sinsheimer

Director of Capital Markets

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PREFACE

No dealer, broker, salesperson, or other person has been authorized by the State of Illinois or the purchasers of these General Obligation Certificates (the "Purchasers") 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 Certificates 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 Purchasers are authorized to incorporate the following sentence for inclusion in this Official Statement. The Purchasers have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchasers do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES 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 Certificates 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.

CERTIFICATE SUMMARY

This Certificate Summary contains certain information for quick reference only. It is not a summary of the Offering. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Issuer:	State of Illinois
Offering:	$1,300,000,000 General Obligation Certificates of July, 2010 (the "Certificates").
Bidding Details:	Bids will be received until 11:00 A.M., Central Daylight Savings Time, July 20, 2010 via BiDCOMP/PARITY, unless changed as provided in the Official Notice of Sale.
Dated Date:	Date of issuance (expected to be July 28, 2010).
Maturity:	$500,000,000 of the aggregate principal amount will mature on April 15, 2011, $400,000,000 of the aggregate principal amount will mature on May 20, 2011, $400,000,000 of the aggregate principal amount will mature on June 14, 2011. The foregoing is subject to change as provided for in the Official Notice of Sale.
Interest:	Interest on each Certificate, computed on the basis of a 360-day year of twelve 30-day months, will be payable only on the maturity date thereof.
Security:	The Short Term Borrowing Act, 30 ILCS 340/1.1. et seq. (the "Act"), pursuant to which the Certificates are being issued, constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the interest on and principal of the Certificates as the same become due. The Certificates are full faith and credit, general obligations of the State repayable by the Treasurer from amounts deposited into the General Obligation Bond and Retirement Fund.
Form of Certificates:	Certificates will be issued in denominations of $100,000 or integral multiples thereof, in fully registered form through a global book-entry system. The Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Owners of the Certificates will not receive a certificate representing ownership interest.
Legal Opinion:	Gonzalez, Saggio and Harlan, L.L.C., Chicago, Illinois, as Bond Counsel.
Tax Treatment of Interest	In the opinion of Gonzalez, Saggio and Harlan, L.L.C., Chicago, Illinois, Bond Counsel, interest on the Certificates is excludable from gross income of the owners thereof for Federal income tax purposes. Interest on the Certificates is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.
Registrar / Paying Agent:	Treasurer of the State of Illinois, Springfield, Illinois.
Certificate Ratings:	The State expects to apply for short-term ratings on the Certificates from one or more national rating agencies.

$1,300,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF JULY, 2010

INTRODUCTION

This introduction contains only a brief summary of certain terms of the Certificates 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 and documents.

The purpose of this Official Statement (which includes the cover page, Certificate Summary and the Appendices) is to set forth certain information concerning the State of Illinois (the "*State*") and the State's $1,300,000,000 General Obligation Certificates of July, 2010 (the "*Certificates*").

The Certificates are being issued pursuant to the provisions of Article IX, Section 9(d) of the Illinois Constitution and the provisions of the Short Term Borrowing Act, 30 ILCS 340/1.1 et seq., (the "*Act*") of the State for the purpose of supplementing fiscal year 2010 revenues to provide for payment of fiscal year 2010 expenses of the State, as more fully described under the heading "THE OFFERING -"PLAN OF FINANCE" below. Pursuant to the Act, the Certificates must be repaid within twelve months.

Illinois is a sovereign state of the United States and 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 is ranked 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 – CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS - Economic Data" for further information regarding the State.

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THE OFFERING

DESCRIPTION OF CERTIFICATES

The Certificates will be dated as of the date of issuance and will mature as follows:

Issuance	Maturity*	Amount*
Date of Delivery	April 15, 2011	$500,000,000
Date of Delivery	May 20, 2011	$400,000,000
Date of Delivery	June 14, 2011	$400,000,000

**Subject to change as provided for in the Official Notice of Sale.*

Interest on each Certificate is payable only on the respective maturity date thereof, at the interest rate per annum specified by the successful bidder, and such interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Certificates will be issued in denominations of $100,000 or any integral multiple thereof, in fully registered form 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 Certificates. Principal of and interest on the Certificates will be paid by the Treasurer, as registrar and paying agent (the "*Certificate 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 Certificates. See "APPENDIX C – GLOBAL BOOK-ENTRY SYSTEM."

REDEMPTION

The Certificates are not subject to redemption prior to maturity.

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PLAN OF FINANCE

The State will apply the proceeds of the Certificates for purposes of making payments on fiscal year 2010 obligations that resulted from a revenue shortfall versus budgeted amounts in that year, pay interest on the Certificates and pay costs of financing, including, but not limited to, the cost of issuance of the Certificates.

APPLICATION OF CERTIFICATE PROCEEDS

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

Sources:	
Principal Amount of Certificates	$1,300,000,000
Net Re-Offering Premium	
Total Sources	
Uses:	
Deposit to General Revenue Fund	
Deposit of Premium to GOBRI Fund	
Total Uses	

SECURITY

The Certificates are full faith and credit, general obligations of the State repayable by the Treasurer from amounts deposited into the General Obligation Bond Retirement and Interest Fund (the "*GOBRI Fund*"). The Act constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the interest on and principal of the Certificates as the same become due. The Governor provided the requisite notice to the Clerk of the House of Representatives, the Secretary of the Senate and Secretary of State setting forth the reasons for the proposed borrowing and the corrective measures recommended to restore the State's fiscal soundness on June 1, 2010. In connection with the sale of the Certificates, the Governor, the Comptroller and the Treasurer of the State will execute a Certificate Sale Order, pursuant to which the Certificates will be issued (the "*Certificate Order*"), authorizing among other things, the Governor, the Comptroller and Treasurer of the State to provide for the transfer of moneys on deposit in any funds of the State Treasury into the GOBRI Fund at such times and in such amounts as they deem necessary for the timely payment of the principal of and interest on the Certificates.

The anticipated sources of funds to repay the principal of and interest on the Certificates when due and the anticipated schedule of transfers of such funds to the GOBRI Fund to provide for such payment are set forth in Tables 5-A and 5-B of this Official Statement.

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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 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 2009 General Obligation Certificates was paid in March 2010, $250 million was paid in April 2010, and the balance of $500 million was paid on June 10, 2010. See "INDEBTEDNESS – SHORT-TERM DEBT."

GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

The 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 "LIMITED CONTINUING DISCLOSURE" and "APPENDIX D – LIMITED CONTINUING DISCLOSURE UNDERTAKING."

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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 Comprehensive Annual Financial Report ("2008 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 ("2009 CAFR") is not available as of the date of this Preliminary Official Statement. An executive summary of the 2009 CAFR has been posted by the Comptroller at: http://www.apps.ioc.state.il.us/ioc-pdf/Exec_Summ_2009.pdf. When the 2009 CAFR is released, it will be posted online at *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2009.pdf*. 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.

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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[4]	**$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[6]	$768	$1,014	$911	$2,400	$1,424
Debt Service Funds[7]	$852	$1,026	$1,064	$1,132	$1,102
Other State Funds[4]	$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
Certificate 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	**$2,056**	**$2,343**	**$2,396**	**$2,570**	**$2,593**
(Revenues + Transfers In)					
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	**$1,887**	**$1,878**	**$2,752**	**$2,602**	**2,564**
(Expenditures + Transfers Out)					
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	FY 2009	FY 2010 Adopted Budget	$ Change	% Change
Elementary & Secondary Education	7,445	7,308	-137	-1.8%
Higher Education	2,466	2,220	-246	-10.0%
Healthcare & Family Services (public aid)	9,642	7,809	-1,834	-19.0%
Revenue	164	143	-22	-13.4%
Human services	4,228	4,047	-181	-4.3%
Corrections	1,351	1,177	-174	-12.9%
Children & Family Services	914	865	-49	-5.4%
Central Management Services	76	90	14	18.4%
State Police[3]	28	287	259	925.0%
Other Agencies	3,969	2,394	-1,574	-39.7%
Budgeted Appropriations	**$30,283**	**$26,340**	**($3,944)**	**-13.0%**
Unspent Appropriations (Salvage)[4]	($507)	($1,014)	($629)	195.4%
Net Appropriations (Spending)	**$29,776**	**$25,326**	**($4,573)**	**-15.4%**

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.

4 Estimated for FY 2010 as of June 30, 2010.

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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**	**($422)**	**-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		$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
($ IN MILLIONS)

7/9/2010

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	$130
Highway Funds	1,014	1,310	1,198	701	522	733	926	747	814	688	805
University Funds	0	0	0	0	0	0	0	0	0	0	0
Special State Funds	2,297	2,153	2,180	1,924	2,618	2,327	2,433	2,734	2,741	2,574	2,041
Bond Financed Funds	569	494	269	252	199	228	533	203	77	68	2,226
Debt Service Funds	458	436	487	1,050	624	648	626	638	649	654	920
Revolving Funds	60	43	47	48	127	91	69	63	63	29	41
State Trust Funds	1,369	1,344	1,335	1,301	1,356	1,619	1,944	2,220	2,520	2,357	1,881
June 30th amounts	**$7,283**	**$6,906**	**$5,773**	**$5,592**	**$5,628**	**$6,142**	**$7,122**	**$7,247**	**$7,005**	**$6,650**	**$8,045**

* Excludes proceeds of 2003 Pension Obligation Pensions 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 Fund’s 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.

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 were 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 is not yet available 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 reported that the GAAP-basis fund balance deficit for the General Funds was $8,187 million as of June 30, 2009. Subsequently, on July 2, 2010, the IOC issued its *Executive Summary for the Fiscal Year ended June 30, 2009* (see http://www.apps.ioc.state.il.us/ioc-pdf/Exec_Summ_2009.pdf.) which reported the GAAP basis fund balance deficit for the General Funds was actually $7,682 million, or approximately $500 million better than reported in January, 2010. The revised amount compares to the Fiscal Year 2008 deficit of $3,934 million. The prior fiscal years' audited CAFRs can be found at http://www.ioc.state.il.us/Library/cr.cfm. When the 2009 CAFR is released, it will be posted online at http://www.ioc.state.il.us/ioc-pdf/CAFR 2009.pdf

FISCAL YEAR 2009 CAPITAL BUDGET

The Fiscal Year 2009 Capital Budget contained 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 was $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 was 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.

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 Budgets 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.

In conjunction with this Offering, and reflecting events subsequent to the March 10, 2010 revision, the following additional revisions and actual cash basis revenues, as reported by the Illinois Office of the Comptroller, are incorporated as the Fiscal Year 2010 Preliminary – Results (unaudited) found in Table 5:

- Federal Revenues collected were $823 million lower than the March revision reflecting the following: (a) revised Medicaid payment projections resulting in a timing difference with Medicaid reimbursements being recognized as revenue in Fiscal Year 2011 rather than Fiscal Year 2010, (b) Medicaid payments being made from the Healthcare Provider Relief Fund resulting in Medicaid reimbursements being deposited into that fund rather than the General Funds, and (c) additional ARRA receipts in the General Funds.
- Statutory Transfers In were approximately $331 million below the March revision reflecting a combination of: (a) revenue shortfalls in other State funds that annually transfer excess balances to the General Funds per statute, (b) revenue shortfalls in select State funds that were scheduled as a onetime occurrence to have excess balances transferred ("swept") to the General Funds, and (c) timing delays in implementation of video gaming and motor vehicle fee increases associated with financing the capital program.
- Supplemental Appropriations in various categories totaling approximately $30 million.
- Unspent Appropriations ("Salvage") has been increased by $614 million, to a total of $1,014 million, reflecting the above mentioned Medicaid spending being paid from the Healthcare Provider Relief Fund rather the General Funds, as originally appropriated in the Fiscal Year 2010 Adopted Budget. The final net appropriations amount will not be determined until subsequent to the end of the "Lapse Period," as well as completion of the audit of the budget basis financial statements for fiscal 2010. Any Fiscal Year 2010 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 still remains for that fiscal year, is deemed a Lapse Period Expenditure and charged to the Fiscal Year 2010 appropriation.
- Debt Service has been increased by approximately $63 million to reflect required transfers to the General Obligation Bond Retirement & Interest fund associated with the April 2010 issuance of $246 million in General Obligation Bonds issued for purposes of expediting Medicaid payments from the Healthcare Provider Relief Fund, where the bond proceeds were deposited, and to receive the additional FMAP reimbursements under ARRA provisions.

Reflecting actual collections (unaudited cash basis), total Fiscal Year 2010 State Source Revenues were $19,334 million, which was $1,650 million or 7.9% below Fiscal Year 2009 results. State Transfers In were $242 million or 15.2% higher than the Fiscal Year 2009 results. Federal Revenues were $5,920 million, which was $647 million or 9.9% lower than Fiscal Year 2009 results. Total Revenues and Transfers In from all sources were $27,090 million, which was $2,055 million or 7.1% below Fiscal Year 2009 results.

Also reflecting the above revisions, the revised Fiscal Year 2010 appropriations (excluding pension contributions) totaled $26,340 million, which is $1,457 million or 5.2% below final Fiscal Year 2009 appropriations. Unspent Fiscal Year 2010 appropriations are now estimated to be $1,014 million, which is $507 million or almost 100% more than the Fiscal Year 2009 amount of $507 million, largely reflecting the transferred Medicaid spending discussed above. Fiscal Year 2010 Transfers Out were $3,539 million which was $355 million or 11.1% above Fiscal Year 2009 transfers. The Fiscal Year 2010 Transfers Out include $991 million of statutory cash transfers that were not executed as of June 30, 2010, but will be effectuated in Fiscal Year 2011. Taken together, net appropriation spending and Transfers Out for Fiscal Year 2010 are now estimated at $28,865 million, which is $4,094 million or 12.4% below the Fiscal Year 2009 amount, reflecting reduced amounts in the Adopted Fiscal Year 2010 Budget particularly pensions being financed outside of the General Funds and subsequent revisions described above.

As detailed in Table 5 and reflecting the above changes in forecasted amounts, the Fiscal Year 2010 Preliminary Results (unaudited) projects a budget basis operating deficit of $1,775 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 were repaid in Fiscal Year 2010, the budget basis deficit is now estimated to be $2,801 million resulting in a projected General Funds budget basis fund balance deficit of $6,475 million as of June 30, 2010.

The current expectation is that the Fiscal Year 2010 deficit will be financed by an anticipated increase in budget basis accounts payable as well as through the issuance of the Certificates. Since this borrowing is being effectuated after the close of the fiscal year on June 30, 2010, Table 5 reflects an estimated budget basis accounts payable amount of $6,604 million excluding this borrowing. Proceeds of the borrowing will be used to pay various liabilities reflected in the accounts payable amount. The Short Term Borrowing Act requires repayment within one year of the issuance.

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. Pursuant to the Emergency Budget Act (SB3660), that was passed by the General Assembly on May 27, 2010 and is awaiting transmittal to the Governor, the lapse period has been extended to December 31, 2010, versus the statutory date of 60 days after the end of the fiscal year.

As of June 30, 2010, and per certification by the Illinois Office of the Comptroller, vouchers on hand at that date totaled $4,712 million including $1,267 million of Fiscal Year 2010 statutory transfers that were not executed (i.e., cash transfers were not made) as of that date. Those transfers will be effectuated in Fiscal Year 2011.

General Funds cash at June 30, 2010 for Fiscal Year 2010 was $130 million. Reflecting liquidity needs, the Budget Stabilization Fund, which is used for working cash purposes during each fiscal year, was not replenished by the budgeted cash transfer from the General Funds as of the close of Fiscal Year 2010.

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 $33 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: $15,399 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 $14.6 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 summarized in Table 5.

As introduced on March 10, 2010 and titled the "Introduced Budget" (March 2010) in Table 5, total revenues from all sources and transfers in were forecast at $27,444 million, a 2% decrease from the Fiscal Year 2010 Revised Budget (March 2010). Total state source revenues were forecast to increase by $599 million or 3.1% above the Fiscal Year 2010 (March 2010) Revised Budget amount reflecting, among other things, a $226 million or 2.7% increase in net individual income taxes, a $260 million or 19.8% increase in net corporate income taxes and a $90 million or 1.5% increase in sales tax. Diversion rates to the Income Tax Refund Fund were forecast to remain at the Fiscal Year 2010 levels of 9.75% of individual income tax collections and 17.5% of corporate income taxes, which were 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 March 2010 revised forecast.

State transfers in were forecast in the Introduced Budget to decrease by $439 million or -20.3% from the March revision of the Fiscal Year 2010 Budget, 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 Year 2010 plus an annual inflation factor for a total of $636 million in Fiscal Year 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 were forecast in the Introduced Budget to decrease by $711 million or -10.5% from the March revision of the Fiscal Year 2010 Budget, 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 were forecast in the Introduced Budget to increase by $2,972 million, a 10.2% increase over the revised (March 2010) Fiscal Year 2010 amount. Total appropriations excluding pensions were proposed to be $1,532 million or -5.8% lower reflecting reduced appropriations for education of $1,159 million or -12.2%, $135 million 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 the March 2010 Fiscal Year 2010 Revised Budget appropriations. Unspent Appropriations (“Salvage”) for Fiscal 2011 were estimated at two percent of total 2011 appropriations or $496 million which represents a $96 million increase over the 2010 estimate. The 2% estimate reflects historical experience in recent years.

Pension appropriations were $4,157 million before estimated reductions of $267 million associated with various “pension stabilization” proposals that were 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 were estimated to increase by $710 million or 21.9% over Fiscal Year 2010 amounts estimated in the March 2010 revision. 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 in the Introduced Budget was forecast as $4,672 million. The Governor proposed various borrowing options to finance that deficit which included the issuance of additional General Obligation bonds to fund pensions, or other instruments which were 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 was projected to remain unchanged at $6,142 million, as would ending cash balance in the General Fund and Budget Stabilization Fund of $280 million and $276 million, respectively, for a total of $556 million at that date.

Enacted Budget. On May 27, 2010, the General Assembly approved a Fiscal Year 2011 Budget for the State. On July 1, 2010, Governor Pat Quinn signed into law the following legislation:

- House Bill 859: Appropriations-Reduction vetoed as executed by the Governor.
- Senate Bill 1215: Technical Appropriations Changes.
- Senate Bill 3660: Emergency Budget Act
- Senate Bill 3662: Budget Implementation Act

In conjunction with this Offering, and reflecting events subsequent to the March 10, 2010 introduction which included the Gubernatorial approvals above and the imposition of spending reserves pursuant to the Emergency Budget Act as further described below (SB3660), the following revisions are incorporated as the Fiscal Year 2011 Enacted Budget (July 1, 2010) found in Table 5:

- State Source Revenues have been increased by $28 million reflecting assumed collections of $250 million from a Tax Amnesty provision (SB377) adopted by the General Assembly as reduced by a $222 million reduction in the Inheritance Tax associated with a continued "coupling" of the Illinois inheritance tax base to the Federal base. The introduced budget assumed adoption of a "decoupling" bill that would have resulted in a materially higher estimated collection of $278 million.

- Federal Revenues have been increased by $195 million, to a total of $6,227 million, reflecting $383 million of additional Medicaid reimbursements, as previously described for payments shifted to fiscal 2011, net of $188 million in reduced Medicaid reimbursements associated with reduced Fiscal Year 2011 Medicaid appropriations that will be re-allocated to fund Group Health Insurance payments.

- Appropriations approved by the General Assembly on May 27, 2010, and reflecting Gubernatorial actions on July 1, 2010 including reduction vetoes and allocations of a lump sum appropriation of approximately $3,266 million to individual agencies, increased by $1,054 million, from the introduced amount on March 10, 2010. That increase primarily reflected additional education appropriations of $831 million. The net remaining increase of $221 million is associated with a series of changes (both increases and decreases) from the introduced appropriation amounts of individual agencies.

- Unspent Appropriations ("Salvage") has been increased by $395 million to a total of $891 million, reflecting additional reserves that will be imposed by the Governor under provisions of the Emergency Budget Act, as further discussed below (SB3660).
- Pension spending has been increased by $267 million. The adjusted total of $4,157 million reflects the current amount of Fiscal Year 2011 pension contributions certified by the independent pension board of the state. As required by Public Act 96-0889, adopted on March 24, 2010, the State will pursue a new certification of the Fiscal Year 2011 contributions consistent with the provisions of the new pension act which would result in a material revision to the Fiscal Year 2011 pension contributions and currently projected to be in excess of the original estimate of $267 million.
- Statutory Transfers Out have increased by approximately $460 million reflecting additional debt service associated with the April 2010 General Obligation Bond as well as continuation of distributions of net income tax collections to municipalities at the statutory level of ten percent versus the proposed reduction to seven percent in the introduced budget.
- Voucher payment notes of $4,672 million in the March 10, 2010 Introduced Budget have been replaced by the following Other Financial Sources: (a) Tobacco securitization proceeds of approximately $1,200 million as authorized in the Emergency Budget Act (SB3660), (b) General Obligation Pension Bond proceeds of approximately $3,700 million as proposed in SB3514, and (c) Inter-Fund borrowings of approximately $1,000 million, as authorized in the Emergency Budget Act.

Based upon the above revisions, total Fiscal Year 2011 State Source Revenues are now estimated as $19,712 million, which is $378 million or 2% above the actual Fiscal Year 2010 collections. State Transfers In are now estimated to be $1,716 million, which is $120 million or 6.5% below the actual Fiscal Year 2010 collections, largely reflecting a reduction in non-recurring "sweeps" from other state funds. Federal Revenues are now estimated to be $6,227 million, which is $307 million or 5.2% higher than actual Fiscal Year 2010 amounts. Total Revenues and Transfers In from all sources are now estimated to be $27,655 million, which is $565 million or 2.1% above the Fiscal Year 2010 collections. All Fiscal Year 2010 amounts are unaudited data and subject to adjustment.

Also reflecting the above revisions, the Fiscal Year 2011 appropriations total $25,831 million, which is $509 million or 1.9% below final Fiscal Year 2010 appropriations. Unspent Fiscal Year 2011 appropriations are now estimated to be $891 million versus the revised Fiscal Year 2010 projection of $1,014 million which included approximately $614 million of Medicaid spending shifted either to Fiscal Year 2011 or to the Health Care Provider Relief Fund during Fiscal Year 2010, as described earlier. Fiscal Year 2011 Transfers Out are now estimated at $4,406 million, which is $867 million or 24.5% above Fiscal Year 2010 transfers, reflecting changes noted above.

Excluding pension contributions, Fiscal Year 2011 net appropriations plus transfers out total $29,346 million, which is $481 million or 1.7% higher than the comparable amount for the revised Fiscal Year 2010 Budget reflecting the shifts in Medicaid spending. Including pensions, net appropriation spending and Transfers Out for Fiscal Year 2011 are now estimated at $33,502 million, which is $4,638 million or 16.1% above the revised Fiscal Year 2010 amount, largely reflecting the $4,157 million in pension contributions appropriated in Fiscal Year 2011 versus the Fiscal Year 2010 contributions not appropriated in the General Funds.

As detailed in Table 5 and reflecting the above changes in forecasted amounts, the Fiscal Year 2011 Enacted Budget projects a budget basis deficit of $5,847 million. That deficit is addressed through the securitization of revenues received by the State under the Tobacco Master Settlement Agreement, which is anticipated to generate $1,200 million, and Inter-Fund borrowings of approximately $1,000 million, both as authorized by SB3660. In addition, the Governor proposed General Obligation Pension Bonds of approximately $3,700 million in the Introduced Budget. SB3514, Pension Fund Borrowing, while approved by the House of Representatives, remains pending on the floor of the Senate. The Governor will continue to seek passage of SB3514. The pension bonds authorized by this bill will be issued upon approval by the Senate.

The Governor, in order to bring the budget into balance, has executed and/or will be executing adjustments in appropriations including line item reductions veto totaling $155 million and imposing unspent appropriations of approximately $891 million. In addition, the Governor, utilizing powers granted to him by SB3660, will be seeking additional reserves, as needed, on a program-by-program, agency-by-agency basis in order to ensure a continuing balanced budget.

Reflecting the above measures, the General Funds budget basis fund balance deficit is projected at $6,475 million as of June 30, 2011, the same as at the end of Fiscal Year 2010. Similarly, the budget basis accounts payable is projected to remain at $6,604 million as of June 30, 2011, the same estimated amount as of the end of Fiscal Year 2010.

To support payment of Fiscal Year 2010 outstanding vouchers, the Certificates are being issued.

General Funds cash is assumed to remain unchanged from Fiscal Year 2010 at $130 million, and the Budget Stabilization Fund is projected to be funded 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 2011 year-end results.

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EMERGENCY BUDGET ACT OF 2011

The General Assembly passed SB3660 on May 27, 2010 which provides significant and additional budget management authority to the Governor including the following key provisions:

- Authorizes the Governor to require reserves in all State agencies for up to 30% of outstanding vouchers as of June 30, 2010. The Comptroller has certified the total amount of outstanding vouchers as of that date was $4,712 million, including $1,267 million of Fiscal Year 2010 statutory transfers that were not executed as of that date. As such, total reserves authorized by the Emergency Borrowing Act total approximately $1,413 million.

- Reserves cannot be spent unless released by the Governor or upon passage of new revenue sources in amount greater than released reserves.

- Allows the Governor to unilaterally borrow from other state funds under the following conditions:

    - Individual fund cannot be reduced below its next 12 month appropriations/expenditures.

    - All funds, taken together, cannot be reduced below the next 12 months total debt service for all outstanding long and short term debt.

    - Funds will be compensated at rate set by the Treasurer.

    - Funds can be borrowed for no longer than 18 months.

    - Irrevocable and continuing appropriation to repay funds from General Revenue Fund.

- Extends the lapse spending period to December 31, 2010, which permits payment of fiscal 2010 liabilities incurred by June 30, 2010 against any remaining appropriation authority of that year.

- Mandates a three year budget forecast from the Commission of Government Forecasting and Accountability, beginning with Fiscal Year 2012.

- Requires the review and rebid of all major contracts.

- Creates a Management by Objective requirement with following provisions:

    - All State agencies/programs must create priorities and objectives needed to meet those priorities.

    - Agencies/programs that do not meet priorities or objectives can have their appropriations cut in mid-year or altogether eliminated.

- Requires General Assembly members to take furlough days, reduce per diem amounts and eliminates cost of living salary increases.

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 $33 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.

As of the date of this Official Statement, the Fiscal Year 2011 Capital Budget has not been approved by the General Assembly.

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. Reflecting additional liquidity needs, the Comptroller did not repay the Fiscal Year 2010 cash flow borrowing from the Budget Stabilization Fund to the General Revenue Fund as of June 30, 2010. The Fiscal Year 2011 Operating Budget assumes the Budget Stabilization Fund will be restored to the amount of $276 million.

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

7/11/2010

	Fiscal Year 2009 Actual		Fiscal Year 2010 Revised Budget (March 2010)		Fiscal Year 2010 Preliminary Results (unaudited) (June 30, 2010)		Fiscal Year 2011 Introduced Budget (March 2010)		Fiscal Year 2011 Enacted Budget (July 1, 2010)	
OPERATING REVENUES PLUS TRANSFERS IN										
REVENUES										
State Sources	$ 20,984		$ 19,085		$19,334		$ 19,684		$ 19,712	
Federal Sources	$ 6,567		$ 6,743		$5,920		$ 6,032		$ 6,227	
TOTAL REVENUES		$ 27,551		$ 25,828		$ 25,254		$ 25,716		$ 25,939
STATUTORY TRANSFERS IN										
Statutory Transfers In	$ 1,593		$ 2,167		$ 1,836		$ 1,728		$ 1,716	
TOTAL TRANSFERS		$ 1,593		$ 2,167		$ 1,836		$ 1,728		$ 1,716
TOTAL OPERATING REVENUES PLUS TRANSFERS IN		$ 29,144		$ 27,995		$ 27,090		$ 27,444		$ 27,655
OPERATING EXPENDITURES AND TRANSFERS OUT										
CURRENT YEAR EXPENDITURES										
APPROPRIATIONS (Total Budget) [1]	$ 27,796		$ 26,309 [1]		$26,340 [#]		$ 24,777		$ 25,831	
Less: **Unspent Appropriations** (Unspent Budget plus Uncashed Checks)	($507)		($400)		($1,014)		($496)		($891)	
Equals: **Cureent Year Expenditures before Pensions**	$ 27,288		$ 25,909		$ 25,326		$ 24,281		$ 24,940	
PENSION CONTRIBUTIONS	$ 2,486		$ - [1]		$ - [#]		$ 4,157		$ 4,157	
Less: Savings from Pension Stabilization	$ -		$ -		$ -		($267)		$0	
Equals: **CURRENT YEAR EXPENDITURES** (Net Appropriations Spent)		$ 29,775		$ 25,909		$ 25,326		$ 28,171		$ 29,097
STATUTORY TRANSFERS OUT										
Legislatively Required Transfers (Diversions to Other Funds) [2,3]	$ 2,082 [2]		$ 2,002		$ 2,242 [#]		$ 2,004		$ 1,823	
Debt Service Transfers for Capital Projects	$ 636		$ 670		$ 670		$ 638		$ 645	
Debt Service on FY2010 Medicaid Borrowing	$ -		$ -		$ 63		$ -		$ 183	
Pension Obligation Bond Debt Service (includes FY2010 Pension Funding Bonds)	$ 466		$ 564		$ 564		$ 1,611		$ 1,754	
Less: Reduced Transfer to Local Government Distributive Fund	$ -		$ -		$ -		($308)		$0	
TOTAL TRANSFERS OUT		$ 3,184		$ 3,236		$ 3,539		$ 3,946		$ 4,406
TOTAL OPERATING EXPENDITURES AND TRANSFERS OUT		$ 32,959		$ 29,145		$ 28,865		$ 32,117		$ 33,502
BUDGET BASIS FINANCIAL RESULTS AND BALANCE										
BUDGET BASIS OPERATING SURPLUS (DEFICIT) [Receipts less Payments]		($3,815)		($1,150)		($1,775)		($4,672)		($5,847)
OTHER FINANCIAL SOURCES (USES)										
Short-Term Borrowing Proceeds	$2,400		$1,250		$1,250		$0		$1,300	
Repay Short-Term Borrowing (including interest)	($1,424)		($2,295)		($2,276)		$0		($1,317)	
Pension Obligation Bond FY2011	$0		$0		$0		$0		$3,700	
Tobacco Revenue Liquidation	$0		$0		$0		$0		$1,200	
Inter Fund Borrowing (per Emergency Budget Act)	$0		$0		$0		$0		$964	
Voucher payment notes [4]	$0		$0		$0		$4,672 [4]		$0	
TOTAL OTHER FINANCIAL SOURCES (USES)		$976		($1,045)		($1,026)		$4,672		$5,847
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($2,839)		($2,195)		($2,801)		$0		($0)
Plus: Budget Basis Fund Balance at Beginning of the Fiscal Year		($834)		($3,673)		($3,673)		($5,869)		($6,475)
BUDGET BASIS FUND BALANCE (DEFICIT) AT END OF FISCAL YEAR		($3,673)		($5,869)		($6,475)		($5,869)		($6,475)
CASH BASIS FINANCIAL RESULTS										
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR [5]		($2,839)		($2,195)		($2,801)		$0		$0
Change in Accounts Payable (Change in Lapse Period Amounts)										
Accounts Payable at End of Prior Fiscal Year [2,3]	$975		$3,953 [2]		$3,953 [#]		$6,148		$6,604 [3]	
Less: Accounts Payable at End of Current Fiscal Year [2,3]	($3,953) [2]		($6,148)		($6,604) [#]		($6,148)		($6,604)	
Equals: **Increase/(Paydown) of Accounts Payable During Fiscal Year**		$2,978		$2,195		$2,651		$0		$0
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR [6]		$139		$0		($150)		$0		$0
CASH POSITION										
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		$139		$0		($150)		$0		$0
Plus: **Cash Balance in General Funds at Beginning of Fiscal Year**		$ 141		$ 280		$280		$ 280		$130
Equals: **Cash Balance in General Funds at End of Fiscal Year**		$ 280		$280		$130		$280		$130
Plus: **Cash Balance in Budget Stabilization Fund at End of Fiscal Year** [3]		$ 276		$ 276		$ -		$ 276		$ 276
Equals: **Total Cash at End of Fiscal Year**		$ 556		$ 556		$ 130		$ 556		$ 406

[1] FY2010 appropriations do not reflect the FY2010 statutory pension contribution for the General Funds. That amount was financed and paid through issuance of approximately $3,466 million in General Obligation Bonds, Taxable Series of January 2010. However, during the fiscal year, approximately $843 million was initially paid from the General Funds to the State's pension systems, pursuant to a continuing appropriation for FY2009 pension contributions. Subsequently, the General Funds were reimbursed by that same amount from proceeds of the January 2010 bond issuance. Given that exact offset, and since neither the fund balance or cash position of the General Funds was therefore affected as of June 30, 2010, both the appropriation expenditure and reimbursement are excluded from the respective accounts for purposes of presentation and comparability purposes.

[2] FY2009 Transfers Out and FY2009 Accounts Payable include $185 million of FY 2009 Statutory Expenditures that were not executed (i.e., cash transfers were not made) as of June 30, 2009, per the Traditional Budgetary Financial Report for FY 2009 issued by the Illinois Office of the Comptroller. Those transfers were subsequently effectuated in July of 2009.

[3] FY2010 Transfers Out and FY2010 Accounts Payable include $991 million of FY2010 statutory transfers that were not executed (i.e., cash transfers were not made) as of June 30, 2010, per the Illinois Office of the Comptroller. Such unexecuted statutory transfers are considered Transfers Payable for this presentation and reflected in the estimated June 30, 2010 Accounts Payable amount. In addition, approximately $276 million of cash was not transferred back to the Budget Stabilization Fund as of June 30, 2010, such that the total of FY2010 statutory transfers not executed by year end totaled approximately $1,266 million.

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

[5] Budget Basis Surplus (Deficit) *equals* "Operating Revenues and Transfers In" *minus* "Operating Expenditures and Transfers Out" *plus (minus)* "Other Financing Sources (Uses)"

[6] 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 5A
MONTHLY CASHFLOW - GENERAL FUNDS
(in $ millions)

PRELIMINARY & UNAUDITED
FY 2010

General Funds Cashflow	Actual											
	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
SOURCES												
Net Individual Income Tax	592	571	737	622	527	755	942	597	728	1,055	634	750
Net Corporate Income Tax	33	23	184	68	17	188	74	32	253	228	50	211
Sales Tax Revenue	546	532	529	515	489	574	552	431	495	554	528	562
All Other State Revenues	246	193	264	182	226	306	222	301	284	260	290	334
Operating Transfers-In	214	91	97	237	94	200	140	59	138	263	145	204
Total State Revenues & Transfers In	**1,630**	**1,410**	**1,811**	**1,624**	**1,353**	**2,024**	**1,930**	**1,421**	**1,897**	**2,360**	**1,647**	**2,062**
Federal Revenues	333	356	536	417	310	356	553	339	367	358	184	203
Federal Recovery (ARRA)	38	247	82	52	94	37	85	256	568	65	25	58
Total Revenues and Transfers In	**2,002**	**2,014**	**2,428**	**2,094**	**1,757**	**2,417**	**2,569**	**2,015**	**2,832**	**2,783**	**1,856**	**2,323**
Budget Stabilization Fund - borrowing	276	-	-	40	130	70	150	-	60	145	-	275
Short Term Borrowing - G.O. Certificates proceeds	-	1,250	-	-	-	-	-	-	-	-	-	-
Pension Obligation Bonds - GRF reimbursement	-	-	-	-	-	-	843	-	-	-	-	-
TOTAL SOURCES	**2,277**	**3,264**	**2,428**	**2,134**	**1,887**	**2,487**	**3,562**	**2,015**	**2,892**	**2,928**	**1,856**	**2,598**
USES												
Health and Human Services	1,048	1,326	1,455	1,057	845	1,196	1,107	1,093	1,233	709	855	447
Public Safety	113	142	134	120	120	128	110	124	119	107	107	106
Government Services	14	14	27	15	18	22	16	27	16	15	14	14
State Board of Education	52	471	957	565	553	803	487	625	864	540	838	511
All Other Expenditures	90	438	293	504	306	300	409	439	306	157	86	624
Scheduled Transfers-Out	382	263	240	267	237	235	265	265	205	258	153	352
Total Expenditures and Transfers Out	**1,699**	**2,654**	**3,106**	**2,527**	**2,080**	**2,683**	**2,393**	**2,573**	**2,742**	**1,786**	**2,053**	**2,054**
Budget Stabilization Fund - repayment	-	-	-	100	70	230	130	135	-	205	-	-
Short Term Borrowings - G.O. Certificates repayment	-	-	-	-	-	-	-	320	288	850	593	225
FY2010 G.O. Bond (Medicaid borrowing) - repayment	-	-	-	-	-	-	-	-	-	21	21	21
Pension Contributions - Continuing Appropriation	183	174	355	438	242	319	(866)	-	-	-	-	-
TOTAL USES	**1,882**	**2,828**	**3,461**	**3,065**	**2,391**	**3,232**	**1,657**	**3,028**	**3,031**	**2,862**	**2,668**	**2,300**
GENERAL FUNDS CASH BALANCE												
Beginning Cash Balance - General Funds	**280**	**393**	**198**	**208**	**137**	**151**	**150**	**222**	**106**	**361**	**303**	**153**
Plus: **SOURCES**	2,277	3,264	2,428	2,134	1,887	2,487	3,562	2,015	2,892	2,928	1,856	2,598
Less: **USES**	(1,882)	(2,828)	(3,461)	(3,065)	(2,391)	(3,232)	(1,657)	(3,028)	(3,031)	(2,862)	(2,668)	(2,300)
Increase (Decrease) in Voucher Inventory	(282)	(631)	1,042	861	518	744	(1,833)	897	395	(124)	662	(322)
Ending Cash Balance - General Funds	**393**	**198**	**208**	**137**	**151**	**150**	**222**	**106**	**361**	**303**	**153**	**130**
Budget Stabilization Fund Balance	-	-	-	60	-	160	140	275	215	275	275	-
Ending Cash Balance - Operating Funds	**393**	**198**	**208**	**197**	**151**	**310**	**362**	**381**	**576**	**578**	**428**	**130**
GENERAL FUNDS - VOUCHERS PAYABLE (Cash Basis Accounts Payable) *												
Beginning Vouchers Payable (including Lapse Period)	**2,785**	**2,502**	**1,871**	**2,913**	**3,774**	**4,293**	**5,037**	**3,204**	**4,101**	**4,496**	**4,372**	**5,034**
Change in Vouchers Payable at Office of Comptroller	(282)	(631)	1,042	861	518	744	(1,833)	897	395	(124)	662	(322)
(A) Ending Vouchers Payable (including Lapse Period)	**2,502**	**1,871**	**2,913**	**3,774**	**4,293**	**5,037**	**3,204**	**4,101**	**4,496**	**4,372**	**5,034**	**4,712**
(B) Interfund Receivable - Continuing Pension Appropriation **	**183**	**356**	**711**	**1,149**	**1,391**	**1,710**	**-**	**-**	**-**	**-**	**-**	**-**
(C) Pro Forma Vouchers Payable * [C = A - B]**	**2,320**	**1,515**	**2,202**	**2,625**	**2,902**	**3,327**	**3,204**	**4,101**	**4,496**	**4,372**	**5,034**	**4,712**

* *"Vouchers Payable" (or "Vouchers on Hand") represents liabilities of the State approved by agencies and forwarded to the Illinois Office of the Comptroller (IOC) that recognizes those liabilities as "expenditures" awaiting payment through cash disbursements. The Budget Basis Accounts Payable at fiscal year end is equal to Vouchers Payable at June 30th plus vouchers received during that fiscal year's "Lapse Period" (by statute, July 1st to August 31st) that are liabilities of and charged to expenditures of that fiscal year's available appropriations.*

** *FY2010 General Funds pension contributions were financed through the sale of approximately $3,466 million of General Obligation Bonds Taxable, Series of Janaury 2010. Prior to that sale, monthly expenditures were recognized in the General Revenue Fund, payable to the State's five pension funds, pursuant to a continuing appropriation for FY2010 pension contributions. The Interfund Receivable reflects the cumulative amount of pension expenditures charged to the General Revenue Fund as of the end of each month. Upon sale of the pension bonds, the General Revenue Fund was reimbursed for such interim pension expendituress and the Interfund Receivable was extinguished using proceeds of the General Obligation Bonds Taxable, Series of Janaury 2010. The balance of that financing was transferred to the States' five pension funds, pursuant to the enabling statute.*

*** *The Pro Forma Vouchers Payable reflects amounts due vendors of the State, net of the Interfund Receivable balance. A pro forma amount is presented since Vouchers Payable were inflated due to the interim pension expenditures recorded prior to sale of the General Obligation Bonds Taxable, Series of Janaury 2010. The Pro Forma Vouchers Payable reflects the budget basis as utilized by the State and reflected in the FY2010 Budget Plan.*

TABLE 5B

MONTHLY CASHFLOW - GENERAL FUNDS

(in $ millions)

PRELIMINARY & UNAUDITED

FY 2011

7/12/2010

	Projected FY2011											
General Funds Pro Forma Cashflow	**Jul-10**	**Aug-10**	**Sep-10**	**Oct-10**	**Nov-10**	**Dec-10**	**Jan-11**	**Feb-11**	**Mar-11**	**Apr-11**	**May-11**	**Jun-11**
SOURCES												
Net Individual Income Tax	538	582	735	584	556	624	1,070	601	670	1,172	835	748
Net Corporate Income Tax	39	20	259	54	21	229	58	28	306	368	91	223
Sales Tax Revenue	556	546	548	542	515	583	561	452	492	510	526	553
All Other State Revenues	185	217	258	178	241	256	219	295	254	243	292	278
Operating Transfers-In	160	166	113	158	95	106	100	74	189	145	193	217
Total State Revenues & Transfers In	**1,479**	**1,531**	**1,913**	**1,515**	**1,428**	**1,799**	**2,008**	**1,450**	**1,911**	**2,438**	**1,937**	**2,020**
Federal Revenues	432	475	410	362	379	431	447	275	479	467	661	463
Federal Recovery (ARRA)	77	85	73	65	68	77	80	49	86	84	118	83
Total Revenues and Transfers In	**1,988**	**2,091**	**2,396**	**1,942**	**1,874**	**2,306**	**2,535**	**1,775**	**2,476**	**2,989**	**2,716**	**2,566**
Budget Stabilization Fund - borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Borrowing - G.O. Certificate proceeds	1,300	-	-	-	-	-	-	-	-	-	-	-
Inter-Fund borrowings - proceeds	193	193	193	193	193	-	-	-	-	-	-	-
Tobacco Settlement - proceeds	-	-	-	-	1,200	-	-	-	-	-	-	-
G.O. Taxable Bonds (General Funds pensions) - proceeds *	-	-	-	-	-	3,700	-	-	-	-	-	-
TOTAL SOURCES	**3,481**	**2,284**	**2,589**	**2,135**	**3,267**	**6,006**	**2,535**	**1,775**	**2,476**	**2,989**	**2,716**	**2,566**
USES												
Health and Human Services	2,075	1,783	1,114	1,070	1,207	979	1,029	923	1,126	989	1,098	859
Public Safety	138	152	118	111	100	120	119	118	121	110	116	126
Government Services	26	31	20	21	21	20	18	16	22	20	20	18
State Board of Education	119	618	866	576	537	789	484	504	751	537	470	864
All Other Expenditures	152	161	311	305	333	261	275	341	252	173	191	133
Scheduled Transfers-Out	137	235	371	296	262	231	262	350	330	560	609	490
Total Expenditures and Transfers Out	**2,647**	**2,981**	**2,800**	**2,379**	**2,460**	**2,400**	**2,189**	**2,253**	**2,601**	**2,391**	**2,504**	**2,491**
Budget Stabilization Fund - repayment	-	-	-	-	-	-	-	-	-	-	-	276
Pension Contributions	346	346	346	346	346	346	346	346	346	346	346	346
FY2010 G.O. Bond(Medicaid borrowing) - repayment	20	20	20	20	20	20	20	20	20	-	-	-
Short Term Borrowings - G.O. Certificate repayment	-	-	-	-	-	-	-	-	506	405	406	-
TOTAL USES	**3,014**	**3,348**	**3,167**	**2,746**	**2,827**	**2,767**	**2,555**	**2,620**	**3,473**	**3,142**	**3,256**	**3,113**
GENERAL FUNDS CASH BALANCE												
Beginning Cash Balance - General Funds	**130**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Plus: **SOURCES**	3,481	2,284	2,589	2,135	3,267	6,006	2,535	1,775	2,476	2,989	2,716	2,566
Less: **USES**	(3,014)	(3,348)	(3,167)	(2,746)	(2,827)	(2,767)	(2,555)	(2,620)	(3,473)	(3,142)	(3,256)	(3,113)
Increase (Decrease) in Voucher Inventory	(497)	1,064	578	611	(440)	(3,239)	20	845	998	153	540	577
Ending Cash Balance - General Funds	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**130**
Budget Stabilization Fund Balance	-	-	-	-	-	-	-	-	-	-	-	276
Ending Cash Balance - Operating Funds	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**406**
GENERAL FUNDS - VOUCHERS PAYABLE (Cash Basis Accounts Payable) **												
Beginning Vouchers Payable (including Lapse Period)	**4,712**	**4,215**	**5,279**	**5,858**	**6,469**	**6,029**	**2,789**	**2,810**	**3,655**	**4,653**	**4,806**	**5,346**
Change in Vouchers Payable at Office of Comptroller	(497)	1,064	578	611	(440)	(3,239)	20	845	998	153	540	577
Ending Vouchers Payable (including Lapse Period)	**4,215**	**5,279**	**5,858**	**6,469**	**6,029**	**2,789**	**2,810**	**3,655**	**4,653**	**4,806**	**5,346**	**5,922**

* *Assumes passage of SB3514 curently pending in the Senate of the Illinois General Assembly*

** *"Vouchers Payable" (or "Vouchers on Hand") represents liabilities of the State approved by agencies and forwarded to the Illinois Office of the Comptroller (IOC) that recognizes those liabilities as "expenditures" awaiting payment through cash disbursements. The Budget Basis Accounts Payable at fiscal year end is equal to Vouchers Payable at June 30th plus vouchers received during that fiscal year's "Lapse Period" (by statute, July 1st to August 31st) that are liabilities of and charged to expenditures of that fiscal year's available appropriations.*

TABLE 5C
MONTHLY CASHFLOW - ALL FUNDS
(In millions)

7/9/2010

FY 2010

All Funds Pro Forma Cashflow	Actual											
	Jul-09	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
GENERAL FUNDS												
Beginning Cash Balance	280	393	198	207	137	151	150	222	106	362	304	153
Receipts	2,376	3,525	2,733	2,555	2,169	2,858	3,047	2,173	2,892	3,168	2,189	2,947
Disbursements	(2,262)	(3,721)	(2,724)	(2,625)	(2,155)	(2,859)	(2,975)	(2,289)	(2,636)	(3,226)	(2,339)	(2,970)
Ending Cash Balance	**393**	**198**	**207**	**137**	**151**	**150**	**222**	**106**	**362**	**304**	**153**	**130**
HIGHWAY FUNDS												
Beginning Cash Balance	688	808	854	880	843	841	767	784	687	771	778	795
Receipts	602	657	527	459	435	419	369	321	423	412	448	534
Disbursements	(482)	(610)	(501)	(496)	(436)	(493)	(352)	(418)	(339)	(405)	(431)	(524)
Ending Cash Balance	**808**	**854**	**880**	**843**	**841**	**767**	**784**	**687**	**771**	**778**	**795**	**805**
SPECIAL STATE FUNDS												
Beginning Cash Balance	2,574	1,990	1,955	2,253	2,167	2,034	2,381	2,282	2,154	2,365	2,537	2,458
Receipts	1,216	1,173	1,378	1,359	1,376	1,635	4,885	1,466	1,663	2,448	1,975	1,918
Disbursements	(1,800)	(1,208)	(1,080)	(1,445)	(1,509)	(1,289)	(4,983)	(1,594)	(1,452)	(2,276)	(2,053)	(2,335)
Ending Cash Balance	**1,990**	**1,955**	**2,253**	**2,167**	**2,034**	**2,381**	**2,282**	**2,154**	**2,365**	**2,537**	**2,458**	**2,041**
BOND FINANCED FUNDS												
Beginning Cash Balance	68	59	49	345	225	166	672	657	1,611	1,528	2,547	2,446
Receipts	1	0	434	0	0	564	0	994	0	1,049	0	492
Disbursements	(10)	(10)	(137)	(121)	(58)	(58)	(15)	(40)	(83)	(31)	(100)	(712)
Ending Cash Balance	**59**	**49**	**345**	**225**	**166**	**672**	**657**	**1,611**	**1,528**	**2,547**	**2,446**	**2,226**
DEBT SERVICE FUNDS												
Beginning Cash Balance	654	487	542	559	674	468	539	624	1,012	792	1,016	931
Receipts	176	183	172	193	153	234	192	527	2,048	1,045	827	546
Disbursements	(343)	(128)	(155)	(79)	(358)	(164)	(107)	(138)	(2,268)	(821)	(912)	(557)
Ending Cash Balance	**487**	**542**	**559**	**674**	**468**	**539**	**624**	**1,012**	**792**	**1,016**	**931**	**920**
REVOLVING FUNDS												
Beginning Cash Balance	29	57	66	92	56	33	27	42	38	25	27	21
Receipts	95	70	112	25	18	45	57	35	34	58	38	82
Disbursements	(66)	(62)	(86)	(62)	(41)	(51)	(41)	(39)	(47)	(56)	(44)	(61)
Ending Cash Balance	**57**	**66**	**92**	**56**	**33**	**27**	**42**	**38**	**25**	**27**	**21**	**41**
STATE TRUST FUNDS												
Beginning Cash Balance	2,357	2,200	2,168	2,111	1,974	1,938	1,995	1,999	1,964	1,902	1,826	1,856
Receipts	3,603	4,723	3,812	4,029	3,903	4,275	7,353	3,599	4,221	4,249	4,093	4,519
Disbursements	(3,760)	(4,756)	(3,869)	(4,166)	(3,939)	(4,218)	(7,349)	(3,634)	(4,284)	(4,325)	(4,063)	(4,494)
Ending Cash Balance	**2,200**	**2,168**	**2,111**	**1,974**	**1,938**	**1,995**	**1,999**	**1,964**	**1,902**	**1,826**	**1,856**	**1,881**
SUMMARY OF ALL FUNDS												
BEGINNING CASH BALANCE	**6,650**	**5,995**	**5,832**	**6,448**	**6,075**	**5,632**	**6,530**	**6,610**	**7,572**	**7,744**	**9,034**	**8,661**
RECEIPTS	**8,068**	**10,331**	**9,168**	**8,620**	**8,053**	**10,031**	**15,902**	**9,115**	**11,281**	**12,430**	**9,570**	**11,038**
DISBURSEMENTS	**(8,722)**	**(10,495)**	**(8,552)**	**(8,993)**	**(8,498)**	**(9,132)**	**(15,823)**	**(8,153)**	**(11,109)**	**(11,140)**	**(9,943)**	**(11,654)**
ENDING CASH BALANCE	**5,996**	**5,832**	**6,448**	**6,076**	**5,631**	**6,530**	**6,610**	**7,572**	**7,744**	**9,034**	**8,661**	**8,045**

TABLE 5D
MONTHLY CASHFLOW - ALL FUNDS
(In millions)

7/9/2010

FY 2011

All Funds Pro Forma Cashflow	Projected											
	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11
GENERAL FUNDS												
Beginning Cash Balance	130	100	100	100	100	100	100	100	100	100	100	100
Receipts	3,481	2,284	2,589	2,135	3,267	6,006	2,535	1,775	2,476	2,989	2,716	2,566
Disbursements	(3,510)	(2,284)	(2,589)	(2,135)	(3,267)	(6,006)	(2,535)	(1,775)	(2,476)	(2,989)	(2,716)	(2,536)
Ending Cash Balance	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**130**
HIGHWAY FUNDS												
Beginning Cash Balance	805	821	792	805	713	713	707	681	652	715	787	822
Receipts	514	456	475	421	412	399	374	347	416	433	435	469
Disbursements	(499)	(484)	(462)	(513)	(411)	(405)	(400)	(376)	(353)	(361)	(400)	(452)
Ending Cash Balance	**821**	**792**	**805**	**713**	**713**	**707**	**681**	**652**	**715**	**787**	**822**	**838**
SPECIAL STATE FUNDS												
Beginning Cash Balance	2,043	1,772	1,549	1,891	1,730	1,706	1,896	1,779	1,837	1,888	2,345	2,209
Receipts	1,326	1,175	1,547	1,368	1,130	1,283	1,194	1,571	2,160	2,531	1,864	1,670
Disbursements	(1,597)	(1,397)	(1,206)	(1,529)	(1,154)	(1,093)	(1,312)	(1,513)	(2,109)	(2,075)	(2,000)	(1,844)
Ending Cash Balance	**1,772**	**1,549**	**1,891**	**1,730**	**1,706**	**1,896**	**1,779**	**1,837**	**1,888**	**2,345**	**2,209**	**2,036**
BOND FINANCED FUNDS												
Beginning Cash Balance	2,226	3,123	2,434	1,982	1,606	1,344	1,162	974	566	397	226	31
Receipts	1,290	0	0	0	0	0	0	0	0	0	0	0
Disbursements	(394)	(689)	(452)	(376)	(262)	(182)	(188)	(408)	(169)	(172)	(195)	(30)
Ending Cash Balance	**3,123**	**2,434**	**1,982**	**1,606**	**1,344**	**1,162**	**974**	**566**	**397**	**226**	**31**	**1**
DEBT SERVICE FUNDS												
Beginning Cash Balance	920	829	1,031	1,214	1,584	1,353	1,551	925	1,056	1,646	1,857	1,777
Receipts	400	300	321	536	373	301	277	254	842	923	1,031	704
Disbursements	(490)	(98)	(138)	(166)	(605)	(102)	(903)	(124)	(252)	(712)	(1,111)	(1,149)
Ending Cash Balance	**829**	**1,031**	**1,214**	**1,584**	**1,353**	**1,551**	**925**	**1,056**	**1,646**	**1,857**	**1,777**	**1,333**
REVOLVING FUNDS												
Beginning Cash Balance	41	52	59	45	29	24	24	22	26	26	19	21
Receipts	61	68	46	33	31	47	54	48	55	49	40	54
Disbursements	(51)	(61)	(60)	(49)	(36)	(48)	(56)	(45)	(55)	(56)	(38)	(54)
Ending Cash Balance	**52**	**59**	**45**	**29**	**24**	**24**	**22**	**26**	**26**	**19**	**21**	**21**
STATE TRUST FUNDS												
Beginning Cash Balance	1,881	1,874	1,901	1,913	1,856	1,893	1,955	1,966	2,012	2,048	1,901	1,916
Receipts	2,981	3,450	3,311	3,461	3,304	3,577	3,666	3,235	3,917	4,016	3,750	4,105
Disbursements	(2,988)	(3,423)	(3,300)	(3,517)	(3,267)	(3,515)	(3,655)	(3,189)	(3,881)	(4,162)	(3,736)	(3,939)
Ending Cash Balance	**1,874**	**1,901**	**1,913**	**1,856**	**1,893**	**1,955**	**1,966**	**2,012**	**2,048**	**1,901**	**1,916**	**2,081**
SUMMARY OF ALL FUNDS												
BEGINNING CASH BALANCE	**8,047**	**8,570**	**7,867**	**7,950**	**7,618**	**7,133**	**7,395**	**6,447**	**6,249**	**6,820**	**7,234**	**6,875**
RECEIPTS	**10,053**	**7,733**	**8,289**	**7,954**	**8,515**	**11,613**	**8,101**	**7,231**	**9,866**	**10,941**	**9,838**	**9,569**
DISBURSEMENTS	**(9,531)**	**(8,436)**	**(8,206)**	**(8,285)**	**(9,001)**	**(11,351)**	**(9,049)**	**(7,429)**	**(9,294)**	**(10,528)**	**(10,196)**	**(10,004)**
ENDING CASH BALANCE	**8,570**	**7,867**	**7,950**	**7,618**	**7,133**	**7,395**	**6,447**	**6,249**	**6,820**	**7,234**	**6,875**	**6,440**

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 FY 2008 Comprehensive Annual Financial Report, which may be found at: *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2008.pdf*). Upon publication of the FY 2009 CAFR the State will update this Table 6 and make it available.
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 and Fiscal Year 2011 budgets adopted a 9.75% and 8.75% rate, respectively.

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 and Fiscal Year 2011 budgets adopted a 17.5% rate.

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 May 31, 2010, the total Protest Fund balance was $325.6 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
July 2010[1]	$1,300	June 2011
August 2009	1,250	June 2010
May 2009	1,000	May 2010
December 2008	1,400	June 2009
April 2008[2]	1,200	June 2008
September 2007[2]	1,200	November 2007
February 2007[2]	900	June 2007
November 2005	1,000	June 2006
March 2005[2]	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] Certificates being issued in accordance with this offering.
[2] 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 $23,020,777,443, 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 July 1, 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[5]	22,770,777,443	18,797,386,352	3,973,391,091	8,978,269,170
Special purpose	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	$25,114,305,591	$5,700,602,262	$12,340,082,999
Pension Bonds	13,466,000,000	13,466,000,000	-	13,316,000,000
Total[5]	$41,325,802,443	$38,580,305,591	$5,700,602,262	$25,656,082,999
Currently Authorized less Refunding	$36,486,777,443[4]			
Currently Outstanding less Refunding				$22,540,364,170[5]

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 Excludes $750,000,000 in tobacco securitization bonds as legislative authorization has expired.

5 Takes into account the $900,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-5 expected to be issued around the time of sale of the Certificates, as if issued and outstanding. The par amount of the 2010-5 Bonds is estimated, subject to change.

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 July 1, 2010 a total of $885.2 million was available in the GOBRI Fund. 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 2006-2011.

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	2,456.0	1,501.3	246.1	3,466.0
2011[1]	1,200.0	-	-	-

[1] Includes the $900,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-5 expected to be issued in July 2010. The par amount of the Series 2010-5 Bonds is estimated, subject to change.

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 2005-2010.

TABLE 10
GENERAL OBLIGATION BONDS OUTSTANDING
($ IN MILLIONS)

End of Fiscal Year	Capital Improvement	Special Purpose	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
2010	10,893.9	246.1	13,316.0

[1] Principal of 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.

FUTURE FINANCINGS

Separate from the marketing of the Certificates, the State expects to issue its $900,000,000 General Obligation Bonds, Taxable Build America Bonds, Series 2010-5 which are expected to close in July of 2010.

Upon final approval by the General Assembly, the State plans to issue by the end of calendar year 2010, approximately $3.8 billion in pension bonds to help fund its unfunded pension liability. The State also plans to sell its right to receive payments from the settlement with the tobacco companies to a separate authority which is currently expected to issue approximately $1.4 billion in bonds to acquire those rights. These bonds will not be general obligation bonds of the State, and they will be issued as revenue-backed, non-recourse bonds.

While the State does not currently intend to issue short term debt in addition to the Certificates in Fiscal Year 2011, the State evaluates its short-term cash needs from time to time, and based on such evaluations may seek to issue additional 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 other 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.

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

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Road Fund	$237.5	$258.5	$253.7	$252.9	$252.9	$256.5
School Infrastructure Fund	200.7	230.1	232.9	235.9	223.1	228.7
General Funds	660.6	664.7	693.0	695.6	684.3	648.0
All Funds-Pension[1]	496.2	496.2	496.2	546.2	545.0	543.6

[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 2005-2010

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	37,354	3.11%	1.46%
2010	33,882	3.35%	1.61%

[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[2]	1.65%[2]	1.81%[2]

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

[2] 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.

Table 16
MATURITY SCHEDULE - GENERAL OBLIGATION BONDS
Bond Issuances through July 01, 2010

	General Obligation Capital Improvement Bonds and Short Term Notes						General Obligation Pension Bonds			Total
Fiscal Year June 30	Special Purpose	Multiple Purpose	Refunding	Total Principal	Total Interest	Total Debt Service	Principal	Interest	Debt Service	Combined Total Debt Service
2011	246,095,000	442,451,202	222,608,829	911,155,031	625,887,606	1,537,042,637	743,200,000	601,177,049	1,344,377,049	2,881,419,686
2012	-	396,693,439	239,780,000	636,473,439	591,463,098	1,227,936,537	793,200,000	591,186,628	1,384,386,628	2,612,323,165
2013	-	337,390,751	304,460,000	641,850,751	548,258,074	1,190,108,825	793,200,000	568,262,716	1,361,462,716	2,551,571,541
2014	-	281,729,607	361,470,000	643,199,607	499,421,902	1,142,621,509	793,200,000	541,391,544	1,334,591,544	2,477,213,053
2015	-	330,375,720	333,025,000	663,400,720	448,107,445	1,111,508,165	793,200,000	509,221,372	1,302,421,372	2,413,929,537
2016	-	342,746,341	308,345,000	651,091,341	420,114,468	1,071,205,809	100,000,000	474,525,000	574,525,000	1,645,730,809
2017	-	341,986,341	281,300,000	623,286,341	384,271,273	1,007,557,614	125,000,000	470,175,000	595,175,000	1,602,732,614
2018	-	339,817,806	260,155,000	599,972,806	344,839,847	944,812,653	150,000,000	464,737,500	614,737,500	1,559,550,153
2019	-	360,542,317	205,770,000	566,312,317	314,228,085	880,540,402	175,000,000	458,212,500	633,212,500	1,513,752,902
2020	-	357,691,629	182,820,000	540,511,629	290,976,071	831,487,700	225,000,000	449,550,000	674,550,000	1,506,037,700
2021	-	346,210,883	178,160,000	524,370,883	258,317,097	782,687,980	275,000,000	438,412,500	713,412,500	1,496,100,480
2022	-	403,297,410	96,670,000	499,967,410	222,313,937	722,281,347	325,000,000	424,800,000	749,800,000	1,472,081,347
2023	-	412,932,922	78,800,000	491,732,922	201,543,263	693,276,185	375,000,000	408,712,500	783,712,500	1,476,988,685
2024	-	399,393,968	56,500,000	455,893,968	170,201,929	626,095,897	450,000,000	390,150,000	840,150,000	1,466,245,897
2025	-	382,428,835	5,855,000	388,283,835	150,337,584	538,621,419	525,000,000	367,200,000	892,200,000	1,430,821,419
2026	-	399,270,000	-	399,270,000	128,126,633	527,396,633	575,000,000	340,425,000	915,425,000	1,442,821,633
2027	-	388,185,000	-	388,185,000	108,021,117	496,206,117	625,000,000	311,100,000	936,100,000	1,432,306,117
2028	-	353,845,000	-	353,845,000	88,091,050	441,936,050	700,000,000	279,225,000	979,225,000	1,421,161,050
2029	-	322,610,000	-	322,610,000	68,689,183	391,299,183	775,000,000	243,525,000	1,018,525,000	1,409,824,183
2030	-	267,500,000	-	267,500,000	53,512,633	321,012,633	875,000,000	204,000,000	1,079,000,000	1,400,012,633
2031	-	223,455,000	-	223,455,000	40,740,117	264,195,117	975,000,000	159,375,000	1,134,375,000	1,398,570,117
2032	-	164,575,000	-	164,575,000	30,790,990	195,365,990	1,050,000,000	109,650,000	1,159,650,000	1,355,015,990
2033	-	163,865,000	-	163,865,000	22,722,497	186,587,497	1,100,000,000	56,100,000	1,156,100,000	1,342,687,497
2034	-	197,035,000	-	197,035,000	12,990,837	210,025,837	-	-	-	210,025,837
2035	-	110,240,000	-	110,240,000	4,871,210	115,111,210	-	-	-	115,111,210
2036	-	12,000,000	-	12,000,000	276,900	12,276,900	-	-	-	12,276,900
2037	-	-	-	-	-	-	-	-	-	-
Total	246,095,000	8,078,269,171	3,115,718,829	11,440,083,000	6,029,114,846	17,469,197,846	13,316,000,000	8,861,114,309	22,177,114,309	39,646,312,155

Notes: Multiple Purpose above includes $800,000 of Anti-Pollution bonds maturing in FY 11 and final results of the bonds issued pursuant to this Official Statement.
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. Legislation adopted in May, 2010, increased the airport departure taxes which secure these bonds, extended the allocation of sales tax revenues to meet the deficiency on these bonds to 2060 and provided additional financial support from the State for operations of MPEA.

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 July 1, 2010)

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
2011	164,834,169	25,595,000	63,289,090	9,085,000	2,786,432	2,055,000	267,644,692	254,047,097
2012	164,143,399	26,735,000	38,426,743	9,555,000	3,787,861	2,170,000	244,818,003	277,608,904
2013	167,492,124	28,145,000	36,491,366	10,095,000	4,742,354	2,305,000	249,270,844	276,380,893
2014	175,019,306	29,600,000	35,991,812	10,705,000	5,649,695	2,440,000	259,405,813	268,174,732
2015	173,026,038	4,850,000	36,234,751	11,415,000	6,517,832	2,590,000	234,633,621	267,130,204
2016	174,080,000		45,846,956	12,020,000	7,363,337	2,750,000	242,060,293	250,628,833
2017	159,060,000	-	50,075,228	5,488,409	8,151,095	2,915,000	225,689,733	256,136,105
2018	144,300,000		50,037,243	5,668,835	6,355,418	3,140,000	209,501,496	263,050,065
2019	131,310,000	-	57,165,083	5,875,462	6,569,442		200,919,987	261,448,480
2020	115,265,000	-	65,259,453	6,103,026	6,977,726	-	193,605,206	260,518,996
2021	84,405,000	-	104,202,400	5,405,000	7,374,846	-	201,387,246	222,864,760
2022	94,865,000	-	81,118,012	-	7,767,537	-	183,750,549	258,075,601
2023	82,540,000		140,272,495		8,156,172		230,968,667	211,846,306
2024	75,280,000	-	80,281,436	-	8,543,953	-	164,105,388	270,517,796
2025	74,085,000	-	85,297,449	-	8,891,669	-	168,274,118	264,802,405
2026	72,160,000	-	149,351,189	-	14,950,731	-	236,461,920	194,619,866
2027	63,345,000	-	180,115,836	-	31,842,372	-	275,303,208	147,282,930
2028	57,240,000		162,087,687		36,240,797		255,568,485	161,733,677
2029	36,205,000	-	169,405,321	-	41,040,210	-	246,650,531	151,112,207
2030	33,080,000	-	10,277,690	-	52,405,825	-	95,763,515	296,901,660
2031	28,080,000	-	9,145,954	-	75,355,000	-	112,580,954	278,638,921
2032	22,080,000	-	8,140,997	-	84,295,000	-	114,515,997	274,449,203
2033	22,080,000		7,243,844				29,323,844	270,004,681
2034	22,080,000	-	6,447,732	-	-	-	28,527,732	269,673,868
2035		-	5,737,216	-	-	-	5,737,216	269,257,459
2036	-	-	5,107,150	-	-	-	5,107,150	269,887,525
2037	-	-	4,545,622	-	-	-	4,545,622	270,449,053
2038			4,043,951				4,043,951	270,950,724
2039	-	-	3,600,523	-	-	-	3,600,523	271,394,152
2040	-	-	3,202,467	-	-	-	3,202,467	271,792,208
2041	-	-	66,137,223	-	-	-	66,137,223	208,857,452
2042	-	-	265,360,000	-	-	-	265,360,000	9,638,738
Total	2,336,055,036	114,925,000	2,029,939,917	91,415,732	435,765,305	20,365,000	5,028,465,990	7,749,875,501 1

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.

Upon final approval by the General Assembly, the State intends to issue $3.8 billion of Pension Obligation Bonds by September 30, 2010. The net proceeds of these bonds will be issued to fund 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 costs of issuance of the additional pension bonds. It is anticipated that the additional pension bonds will mature in equal principal installments of $380,000,000 from 2011 to 2019.

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 preceding 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 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 was discontinued for TRS and SURS for participants employed after July 1, 2005. The Option provided that a member was entitled to an annuity computed under the defined benefit formula or the Money Purchase Option, whichever was 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%, an 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 replaced the ERO that expired June 30, 2005, increased the required member and school district contributions and increased the service requirement for unreduced benefits from 34 to 35 years. TRS members who notified their employer by June 1, 2005 of their intent to retire by July 1, 2007 remained eligible to retire under the prior ERO.
- Local employers were 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 were 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 resumed 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 above.

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.

Public Act 96-0889. On March 24, 2010, the General Assembly passed Public Act 96-0889. Public Act 96-0889 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, Public Act 96-0889:

- Changes the minimum age to 67 at which an active employee may retire and commence receipt of the maximum benefits, from 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 Public Act 96-0889 is still being calculated, the State expects the savings to be significant.

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.

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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 No. 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 Certificates, or in any way concerning the validity or enforceability of the Certificates, 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

In the case of Wirtz v. Quinn, et al., No. 09-CH-30136 (Ill. Cir. Ct., Cook County) and No. 09-3163 (Ill. Appellate Ct., First Dist.), petitioners have sought leave to file a taxpayer action that would raise both procedural and substantive constitutional challenges to the validity of Public Acts 96-34 (establishes as a special fund in the State Treasury, the Capital Projects Fund and, through various measures, raises revenue for deposit into the Capital Projects Fund to be used, in part, to pay the debt service for recently authorized General Obligation Bonds), 96-35 (appropriates monies for various projects), 96-37 (makes changes to the Act and various other substantive provisions related to the State’s capital plan) and 96-38 (makes changes with respect to certain revenue measures enacted in Public Act 96-34) (collectively, the “Public Acts”). The court dismissed the petition, but petitioners have appealed.

The cases of Wirtz Beverage Illinois, LLC v. Quinn, No. 09 L 51244, Wirtz Beverage Illinois Belleville, LLC v. Quinn, No. 09 L 51392, and Southern Wine & Spirits of Illinois, Inc. v. Quinn. No. 09 L 51401, were all filed in Cook County and are all predicated on the same allegations of unconstitutionality of the Public Acts described above. Each case involves the payment of additional liquor taxes under protest, and in each case there is in place a restraining order that prevents the transfer of the paid monies from the Protest Fund to the Capital Projects Fund.

With respect to the litigation described above, if plaintiffs are successful in persuading the court to invalidate Public Act 96-35, the State would, to the extent the proceeds of bonds are to be used to pay for projects appropriated in that Public Act, need to reappropriate those projects or apply the proceeds to other appropriated projects.

In the case Bambeneck v. Hynes, No. 09-MR-136 (Champaign County), petitioner seeks 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 expects to apply for short-term ratings on the Certificates from one or more national rating agencies. These ratings, if assigned, reflect the views of such organizations and an explanation of the significance of such ratings may be obtained only from each respective Rating Agency. 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 Certificates and the ratings and the Certificates should be evaluated independently.

As of the date of this Preliminary Official Statement, the State's long term General Obligation Bonds are rated "*A1*" with a Stable Outlook by Moody's Investor Services, Inc. "A+" with a Credit Watch Negative by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. and "*A*" with a Negative Outlook by Fitch Ratings Inc. Each such rating reflects only the views of such rating agency. Any explanation of the significance of such ratings may be obtained only from each respective Rating Agency. The ratings assigned to the State's long term General Obligation Bonds by Moody's and Fitch will 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 Certificates to the Rating Agencies. Except as may be required by the Undertaking as defined below under the heading "LIMITED CONTINUING DISCLOSURE," the State undertakes no responsibility either to bring to the attention of the owners of the Certificates any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. There is no assurance that any such rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely. Any downward revision or withdrawal of any such rating may have an adverse effect on the prices at which the Certificates may be resold.

LEGAL OPINION

The Certificates are offered subject to the approving opinion of Gonzalez, Saggio and Harlan, L.L.C., Chicago, Illinois, Bond Counsel.

The validity and enforceability of the Certificates will be confirmed by Bond Counsel, whose approving opinion will be furnished to the Purchasers upon delivery of the Certificates. The form of the approving opinion expected to be delivered by Bond Counsel is contained in APPENDIX B hereto.

TAX MATTERS

GENERAL

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

Subject to the State's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Certificates (i) is excludable from gross income of the owners thereof for Federal income tax purposes and (ii) is not treated as a specific preference item for purposes of the Federal individual or corporate alternative minimum taxes and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel will rely upon a certificate of the State with respect to certain material facts within the State's knowledge. These factual representations include but are not limited to certifications by the State regarding its reasonable expectations regarding the cash balances of funds and accounts of the State and the use and investment of proceeds of the Certificates. Bond Counsel has not verified these representations by independent investigation.

Interest on the Certificates is not exempt from present State of Illinois income taxes.

Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may come to Bond Counsel's attention or to reflect any changes in law that may occur or become effective after the issuance of the Certificates. The opinions of Bond Counsel express the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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

CERTIFICATE PREMIUM

An amount equal to the excess of the purchase price of a Certificate over the principal amount payable at maturity of such Certificate constitutes amortizable premium that may not be deducted for Federal income tax purposes. However, the amount of tax exempt interest received, and an owner's basis in such Certificate, will be reduced by the amount of amortizable premium properly allocable to such owner. Owners of such Certificates should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

LIMITED CONTINUING DISCLOSURE

The State will enter into a Limited Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Certificates to provide notice of certain events to certain information repositories 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 – LIMITED CONTINUING DISCLOSURE UNDERTAKING" for the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies. As the Certificates have a maturity of less than 18 months, the State is exempt from the provisions of the Rule requiring the delivery of annual financial information to the Municipal Securities Rulemaking Board.

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 Certificate Order, and beneficial owners of the Certificates are limited to the remedies described in the Undertaking. See "APPENDIX D – LIMITED 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 Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

FINANCIAL ADVISOR

Public Resources Advisory Group, New York, New York, is serving as Financial Advisor in connection with the issuance of the Certificates. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities. The Financial Advisor has not and is not obligated to undertake to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

ADDITIONAL INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication may or shall be derived therefrom or from the sale of the Certificates 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 Certificates.

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 Certificates 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 Certificates 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: ____
Director, Governor's Office of Management and Budget

APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

Economic Data

Illinois is a state of diversified economic strength. Personal income and workforce composition in Illinois are similar to that of the United States as a whole. Measured by per capita personal income, Illinois ranks fourth among the ten most populous states and fourteenth 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 products 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, SEASONALLY ADJUSTED – MARCH 2010
(Thousands)

Industry Employment Sector	Illinois	% of Total	U.S.	% of Total
Natural Resources and Mining	9	0.2%	701	0.5%
Construction	199	3.6%	5,611	4.3%
Information and Financial	469	8.4%	10,335	8.0%
Manufacturing	556	10.0%	11,591	8.9%
Trade, Transportation and Utilities	1,130	20.2%	24,700	19.0%
Professional and Business Services	779	13.9%	16,580	12.8%
Education and Health Services	830	14.9%	19,454	15.0%
Leisure and Hospitality	506	9.1%	13,067	10.1%
Other Services	254	4.5%	5,320	4.1%
Government	853	15.3%	22,512	17.3%
Total	**5,584**	**100.0%**	**130,991**	**100.0%**

Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2010.

Table A-2
NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
ILLINOIS - 2004 THROUGH 2009
(Thousands)

Industry Employment Sector	2004	2005	2006	2007	2008	2009
Total Non-Agricultural Employment	5,827	5,931	5,970	5,991	5,784	5,558
Natural Resources and Mining	9	10	10	10	10	9
Construction	265	275	279	273	235	202
Manufacturing	699	688	679	673	616	554
Trade, Transportation and Utilities	1,201	1,223	1,217	1,202	1,177	1,121
Information and Financial Activities	519	524	532	526	496	469
Professional and Business Services	799	837	858	882	816	768
Educational and Health Services	731	758	759	782	804	821
Leisure and Hospitality	509	512	532	539	514	507
Other Services	257	260	261	261	261	253
Government	838	844	843	844	854	854

Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2010

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 2004 to 2008.

Table A-3

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

	2004	2005	2006	2007	2008	2008 Rank
Crops	$7,172	$7,010	$7,232	$10,491	$14,232	3
Livestock	1,956	1,970	1,825	2,113	2,125	25
Total	**$9,128**	**$8,980**	**$9,057**	**$12,604**	**$16,357**	**5**

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

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.

Contract Construction

Contracts for future construction in Illinois averaged $19.4 billion annually during the period 1997 through 2008 and totaled $20.8 billion in 2008. During the period 1997 through 2008, building permits issued for residential construction averaged 52,441 annually, with an average annual valuation of $7.4 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 ACTIVITY
(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 ($ in Millions)
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	24,415	43,020	6,936
2008	20,809	22,528	3,783
2009	13,637	10,912	2,175

[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 September 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.

Financial Institution	**Assets as of 6/30/09 ($ in millions)**
The Northern Trust Company	$62,156
Harris Bank, N.A.	41,572
MB Financial Bank, N.A.	8,383
Total	$112,111

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-6 presents personal income data, and Table A-7 presents per capita income comparisons.

Table A-6

PERSONAL INCOME
($ in Billions)

	1990	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Illinois	$238	$427	$445	$463	$491	$526	$547	$534
United States	4,886	9,150	9,711	10,253	10,977	11,632	12,087	12,016

Source: U.S. Department of Labor, Bureau of Labor Statistics, May 2010.

Table A-7

PER CAPITA PERSONAL INCOME

	1990	2005	2006	2007	2008	2009	Rank
Illinois	$20,835	$37,168	$39,549	$41,569	$42,347	$41,411	14
United States	19,354	35,477	37,728	39,340	40,208	39,138	--
Ten Most Populous States:							
New Jersey	17,421	43,831	46,763	49,511	50,919	50,313	1
New York	21,638	39,967	44,027	46,364	48,076	46,957	2
California	24,572	36,936	39,626	41,805	42,696	42,325	3
Illinois	**$20,835**	**$37,168**	**$39,549**	**$41,569**	**42,347**	**41,411**	**4**
Pennsylvania	18,922	34,937	36,826	38,793	40,265	39,578	5
Florida	19,867	34,001	36,720	38,417	39,070	37,780	6
Texas	23,523	32,460	35,166	37,083	38,575	36,484	7
Ohio	19,564	31,860	33,320	34,468	35,511	35,381	8
Michigan	18,743	32,804	33,788	34,423	35,299	34,025	9
Georgia	17,603	30,914	32,095	33,499	33,975	33,786	10
Great Lakes States:							
Illinois	**$20,835**	**$37,168**	**$39,549**	**$41,569**	**42,347**	**41,411**	**1**
Wisconsin	18,072	33,278	34,405	36,272	36,314	36,822	2
Ohio	19,564	31,860	33,320	34,468	35,511	35,381	3
Michigan	18,743	32,804	33,788	34,423	35,299	34,025	4
Indiana	17,491	31,173	32,288	33,215	34,103	33,725	5
Average	18,599	33,076	34,103	35,878	36,925	36,273	

Source: U.S. Department of Commerce, Bureau of Economic Analysis, May 2010.

Employment

Table A-8

NUMBER OF UNEMPLOYED

	2004	2005	2006	2007	2008	2009	2010*
United States	8,149,000	7,591,000	7,001,000	7,078,000	8,924,000	15,142,000	15,005,000
Illinois	396,900	371,800	302,800	341,020	433,700	674,692	664,946
Bloomington-Normal MSA	3,842	3,688	3,093	3,582	4,679	6,711	6,468
Champaign-Urbana MSA	5,283	5,022	4,530	5,404	6,967	10,349	10,001
Chicago PMSA	294,099	278,513	217,021	242,098	306,184	487,100	487,898
Danville-MSA	3,043	2,481	2,233	2,456	3,096	4,499	4,272
Davenport-Moline-Rock Island MSA	10,347	9,487	8,701	9,047	10,779	17,617	16,408
Decatur MSA	3,637	3,312	2,917	3,242	3,962	6,753	6,259
Kankakee MSA	3,889	3,466	3,095	3,710	4,951	7,057	6,819
Peoria-Pekin MSA	10,232	9,197	7,939	9,314	11,620	23,079	21,098
Rockford MSA	12,249	10,924	9,191	11,254	15,978	27,340	25,665
Springfield MSA	5,797	5,231	4,832	5,407	6,780	8,981	8,503

*Data as of March 2010

Source: United States Department of Labor, Bureau of Labor Statistics Data, May 2010.

Table A-9

UNEMPLOYED RATE (%)

	2004	2005	2006	2007	2008	2009	2010*
United States	5.5	5.1	4.6	4.6	5.8	10.0	9.7
Illinois	6.2	5.8	4.6	5.1	6.5	10.1	11.7
Bloomington-Normal MSA	4.5	4.3	3.6	4.0	5.1	7.2	8.6
Champaign-Urbana MSA	4.6	4.3	3.9	4.5	5.7	8.3	9.5
Chicago PMSA	6.3	6.0	4.5	4.9	6.2	10.0	11.3
Danville MSA	8.1	6.5	6.0	6.5	8.2	11.5	13.7
Davenport-Moline-Rock Island MSA	5.2	4.7	4.3	4.4	5.2	8.1	10.2
Decatur MSA	7.0	6.3	5.6	5.9	7.2	11.4	13.8
Kankakee MSA	7.5	6.6	5.9	6.6	8.8	12.1	15.2
Peoria-Pekin MSA	5.6	4.9	4.2	4.6	5.7	10.4	12.3
Rockford MSA	7.5	6.7	5.6	6.4	9.1	15.0	17.9
Springfield MSA	5.3	4.7	4.4	4.7	5.9	7.4	9.3

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 March 2010
Source: United States Department of Labor, Bureau of Labor Statistics Data, May 2010.

Population

Illinois is the nation's fifth most populous state. The State's population is approximately 12.90 million according to the U.S. Bureau of the Census for calendar year 2008.

Table A-10

POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS

	1980	1990	2000	2008*
Illinois	11,427,409	11,430,602	12,419,293	12,901,563
Chicago CMSA (IL Part)	7,348,874	7,410,858	8,272,768	8,702,701
St. Louis MSA (IL Part)	588,464	588,995	599,845	622,506
Rockford MSA	325,852	329,676	371,236	409,561
Peoria MSA	365,864	339,172	347,387	353,682
Springfield MSA	187,770	189,550	201,437	206,588**
Champaign-Urbana MSA	168,392	173,025	179,669	193,636

Source: U.S. Bureau of the Census, Population Division, Annual Estimates of the Population for Metropolitan Areas of Illinois, April 1, 2000 to July 1, 2008; Census 2000 Rankings and Comparisons, Metropolitan Areas and their Geographic Components. (Population data for 1980 and 1990 were adjusted to reflect Metropolitan Statistical Area definitions.).

* As of July 1, 2008
** As of July 1, 2007

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.

APPENDIX B

PROPOSED FORM OF OPINION OF GONZALEZ, SAGGIO AND HARLAN, L.L.C.

[Date of Issuance of the Certificates]

State of Illinois
Springfield, Illinois

Ladies and Gentlemen:

We have examined a record of proceedings of the Governor of the State of Illinois (the "State"), the Comptroller of the State and the Treasurer of the State relating to the issuance by the State of its $1,300,000,000 State of Illinois General Obligation Certificates of July 2010 (the "Certificates"). The Certificates are being issued pursuant to the provisions of Section 9(d) of Article IX of the State Constitution and the Short Term Borrowing Act, 30 Illinois Compiled Statutes 340, as amended (the "Act").

The Certificates are issuable in the form of fully registered certificates in the denominations of $100,000 and any integral multiple thereof. The Certificates are dated the date hereof, mature on the following dates in the respective principal amounts and bear interest from their date payable at maturity at the respective rates per annum set forth opposite such maturity date in the table below:

Maturity Date	Principal Amount	Interest Rate
April 15, 2011	$500,000,000	%
May 20, 2011	400,000,000	
June 14, 2011	400,000,000	

The Certificates are not subject to redemption prior to maturity.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Certificates so that interest on the Certificates be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements may cause interest on the Certificates to become subject to Federal income taxation retroactive to their date of issue. The State has made covenants pursuant to which the pertinent Code requirements can be satisfied.

Based upon the foregoing, we are of the opinion that:

1. The Certificates are valid and legally binding obligations of the State.

2. The Act constitutes an appropriation out of any money in the State Treasury sufficient to provide for the payment of the principal of and interest on the Certificates as the same shall become due and payable, and the Governor, the Comptroller and the Treasurer of the State are authorized to order the transfer of any moneys on deposit in the State Treasury into the General Obligation

Bond Retirement and Interest Fund of the State at the times and in the amounts necessary to provide for the payment of principal of and interest on the Certificates.

3. Under existing law and court decisions, interest on the Certificates (i) is excludable from gross income of the owners thereof for Federal income tax purposes and (ii) is not treated as a specific preference item for purposes of the Federal individual or corporate alternative minimum taxes and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In rendering this opinion, we have relied on certain representations, certifications of fact and statements of reasonable expectations made by the State with certain covenants to comply with applicable Code requirements to assure the exclusion of interest on the Certificates from gross income under the Code.

4. Interest on the Certificates is not exempt from present State income taxes.

We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may come to our attention or to reflect any changes in law that may occur or become effective after the issuance of the Certificates. We express no opinion on the effect of any action hereafter taken or not taken in reliance on an opinion of other counsel on the exclusion from gross income for Federal tax purposes of interest on the Certificates.

In rendering this opinion, we advise you that the enforceability of rights and remedies with respect to the Certificates may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

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, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one Certificate will be issued with respect to each $500 million of principal amount, and an additional Certificate will be issued with respect to any remaining principal amount.

DTC, 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 U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments 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 Direct Participants and Indirect Participants (collectively, “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 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual Purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. 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 Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Payments of principal of and premium, if any, and interest on the Certificates 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 Certificate 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, Certificate Registrar or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and premium, if any, and interest on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or Certificate 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 Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the State or Certificate Registrar. Under such circumstances, in the event that a successor depository is not obtained, 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, 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.

APPENDIX D

LIMITED 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 under in this Appendix D are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the GOMB.

MATERIAL EVENTS DISCLOSURE

The State covenants that it will disseminate through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board ("MSRB") for the purposes of the Rule in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Certificates 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 Certificates, 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;
- certificate 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

If the State fails to comply with any provision of the Undertaking, the beneficial owner of any Certificate 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 Certificate 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 Certificates, 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 Certificates under the Certificate Order. The State shall give timely notice through the EMMA system, 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.