OFFICIAL STATEMENT ADDENDUM DATED APRIL 1, 2010

$246,095,000
STATE OF ILLINOIS
GENERAL OBLIGATION BONDS, SERIES OF APRIL 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 $246,095,000 General Obligation Bonds, Series of April 2010 (the "*Bonds*"), sold by the State of Illinois (the "*State*") on April 1, 2010. The Bonds will mature on the date, in the amount and bearing interest (computed on the basis of a 360-day year of twelve 30-day months) as follows:

MATURITY DATE	PRINCIPAL	RATE	REOFFERING YIELD	REOFFERING PRICE	CUSIP
March 31, 2011	$246,095,000	2.50%	0.85%	101.586	452152 DB4

The Preliminary Official Statement of the State, dated March 23, 2010, relating to the Bonds which was deemed final by the State (the "*Deemed Final Official Statement*"), is incorporated herein and made a part hereof. The Final Official Statement of the State relating to the Bonds (as that term is defined in Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Act of 1934, as amended) shall consist 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 Bonds not described herein and for the definition of all capitalized terms not defined herein. The Bonds are expected to be delivered on or about April 12, 2010.

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

SOURCES AND USES OF FUNDS

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

Sources:	
Principal Amount Issued	$246,095,000.00
Original Issue Premium	3,903,066.70
Total Sources	$249,998,066.70
Uses:	
Deposit to Healthcare Provider Relief Fund	$249,587,323.95
Costs of Issuance	300,000.00
Underwriter's Discount	110,742.75
Total Uses	$249,998,066.70

RATINGS

Short term ratings for the Bonds have been assigned by Fitch Ratings Inc. ("*Fitch*") and Standard and Poor's ("*S&P*") as "F1" and "SP-1", respectively.

On March 26, 2010, S&P has revised the State's long-term General Obligation Bonds Outlook from "Negative" to "CreditWatch Negative." The long-term rating of "A+" was affirmed by S&P. On March 29, 2010, Fitch downgraded the State's long-term General Obligation Bonds Rating from "A" to "A-" and maintained the State's rating on "Rating Watch Negative".

FORM OF APPROVING LEGAL OPINION

The form of the approving opinion of Foley & Lardner LLP, Chicago, Illinois, as Bond Counsel, is contained in *Appendix A* hereto.

UNDERWRITING

The Bonds maturing on March 31, 2011 have been purchased by J.P. Morgan Securities Inc. as the Successful Purchaser ("*JP Morgan*"), at a purchase price of $249,587,323.95. JP Morgan may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds 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 the JP Morgan.

AUTHORIZATION

The State has authorized the distribution of this Official Statement Addendum. At the time of delivery of the Bonds, 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 Bonds to the Underwriter) and this Official Statement Addendum does not (as of the date of delivery of the Bonds) 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: April 1, 2010

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

[Proposed Form of Opinion of Foley & Lardner LLP]

[To Be Dated the Delivery Date of the Bonds]

State of Illinois
Springfield, Illinois

Re: State of Illinois General Obligation Bonds, Series of April, 2010

Dear Ladies and Gentlemen:

We have served as bond counsel to the State of Illinois (the "State") in connection with the issuance of its $246,095,000 General Obligation Bonds, Series of April, 2010 (the "Bonds"). The Bonds are being issued pursuant to the General Obligation Bond Act, as amended (the "Act"), of the State and the Bond Sale Order of the Governor of the State and the Director of the Governor's Office of Management and Budget of the State, dated March 17, 2010.

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law as of the date hereof:

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

2. The full faith and credit of the State are irrevocably pledged to the payment of the principal of premium, if any, and interest on the Bonds as those amounts become due.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest to be, or continue to be, excluded from gross income for federal income tax purposes. A failure to comply with such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactive to the date the Bonds were issued. This opinion expresses no opinion about other federal tax law consequences regarding the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). We express no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, dated March 23, 2010, relating to the Bonds, the Official Statement Addendum, dated April 1, 2010, relating to the Bonds, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

This opinion speaks as of its date. We assume no duty to change this opinion to reflect any facts or circumstances that later come to our attention or any changes in law.

Very truly yours,

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
FSC
www.fsc.org Cert no. BV-COC-960893
© 1996 Forest Stewardship Council

Printed by: ImageMaster, Inc.

OFFICIAL NOTICE OF BOND SALE AND BID FORM

STATE OF ILLINOIS

$250,000,000[*]
General Obligation Bonds, Series of April 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 Until
11:00 A.M. Central Daylight Time
April 1, 2010
As Described Herein

Bond Counsel
Foley & Lardner LLP (Chicago, Ill.).

[*] Preliminary, subject to change.

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL NOTICE OF BOND SALE
$250,000,000*
STATE OF ILLINOIS
GENERAL OBLIGATION BONDS, SERIES OF APRIL 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 April 1, 2010 unless changed in the manner described below (see "CHANGES TO BID DATE, CLOSING DATE, PRINCIPAL AMOUNT"), via BiDCOMP/PARITY, for the purchase of the following described bonds of the State:

> $250,000,000* State of Illinois General Obligation Bonds, Series of April 2010 (the *"Bonds").* The Bonds will be dated the date of issuance thereof, and will be issued in fully registered form. The Bonds 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 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Closing on the Bonds is expected to occur through the facilities of DTC on or about April 12, 2010. The successful bidder will not receive certificates representing its interest in the Bonds purchased unless the book-entry system is terminated. See "Appendix C - BOOK-ENTRY SYSTEM" in the Preliminary Official Statement relating to the Bonds (the *"Preliminary Official Statement").* The Bonds, in the aggregate principal amount of $250,000,000* will mature on March 31, 2011. Proposals that would otherwise result in proceeds (par, plus original issue premium) in excess of $250,000,000.00 shall be subject to adjustment of principal in accordance with "ADJUSTMENT OF PRINCIPAL AMOUNT" below. Bids will be received for the purchase of the Bonds as described below under the heading "BIDDING DETAILS."

Interest on the Bonds 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 Bonds, as more fully described in the Preliminary Official Statement.

Bids shall be submitted electronically via BiDCOMP/PARITY pursuant to this Official Notice of Bond 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

* Preliminary, subject to change.

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 Bond Sale and the Official Bid Form. Any such electronic bid shall be deemed to constitute an irrevocable offer to purchase the Bonds 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 Bond 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 Bonds, together with all other General Obligation Bonds ("*GO Bonds*") of the State, are direct, general obligations of the State, and by law, the full faith and credit of the State is pledged for the punctual payment of interest thereon and principal thereof at maturity. The Bond Act provides that the sections of the Bond Act making such pledge are not repealable until all GO Bonds issued under the Bond Act, including the Bonds, have been paid in full.

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

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

On or before the last day of each month, the Bond Act requires the Treasurer and Comptroller to transfer from the General Revenue Fund to the "General Obligation Bond Retirement and Interest Fund" (the "GOBRI Fund") an amount sufficient to pay the aggregate of the principal of and interest on such GO Bonds payable by their terms on the next payment date divided by the number of full calendar months between the date of the GO Bonds and the first such payment date, and thereafter, divided by the number of months between each succeeding payment date after the first payment date. Due to the fact that interest is not due until maturity of the Bonds, it is anticipated that the Treasurer and Comptroller will transfer from the General Fund to the GOBRI Fund principal and interest due on March 31, 2011 with respect to the Series of April 2010 Bonds: i) in twelve monthly installments commencing in April 2010, with respect to principal, and ii) in six monthly installments commencing in October 2010, with respect to interest. This transfer of moneys is not required if moneys in the GOBRI Fund are more than the amount otherwise to be transferred as hereinabove provided, and if the Governor or his authorized representative notifies the Treasurer and Comptroller of such fact in writing.

RATINGS AND BOND INSURANCE

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

Notification of the underlying short-term ratings on the Bonds 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 Bonds with bond insurance or any other form of credit enhancement.

Bidders, at their own expense, may elect to insure the Bonds, 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 Bonds will be awarded on a whole maturity basis. The Bonds will be awarded to the bidder (herein, the "*Purchasers*" or "*successful Purchaser*") which makes a bid conforming to the terms of this offering that produces the lowest total interest cost ("*TIC*") to the State for the Bonds, 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 Bonds, 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. Proposals that would otherwise result in proceeds (par, plus original issue premium) in excess of $250,000,000.00 shall be subject to adjustment of principal in accordance with "ADJUSTMENT OF PRINCIPAL AMOUNT" below. No proposal for the purchase of the Bonds will be considered which does not offer to purchase all of the Bonds. In the event of more than one proposal specifying the lowest TIC for the Bonds, the Bonds will be awarded on the basis of an agreement to syndicate the full amount of the Bonds 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 Bonds will be awarded to the bidder whose proposal is selected by lot by the Director from among all such proposals.

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

(i) the Bonds must bear 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 Bonds; and

(iii) the Initial Reoffering Price (as defined below) of the Bonds shall not be less than 100% of their par value.

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 (April 1, 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 $250,000.

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 Bonds, until disposed of as follows: (a) at the delivery of the Bonds and upon compliance with the Purchasers' obligation to take up and pay for the Bonds, the full amount of the Deposit held by the State, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the State, and (b) if the Purchasers fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the State as liquidated damages.

Action awarding the Bonds 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 Purchasers will be required to provide the State within two (2) hours after the award of the Bonds the initial offering price of the Bonds to the 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 Bonds the first offering prices at which more than 10% of the principal amount of the Bonds has been sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The Purchasers shall make a bona fide public offering of the Bonds at the Initial Reoffering Prices and 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."

State law requires that no more than 0.5 percent of the principal amount of the Bonds be used to pay the reasonable costs of issuance and sale, including, without limitation, underwriter's discount and fees, but excluding bond insurance. The successful Purchaser of the Bonds shall be responsible for the payment of all costs of issuance including, without limitation, the fees of Foley & Lardner LLP *("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 Bonds will be $300,000. The successful Purchaser of the Bonds agrees to make payment for such expenses within seven (7) business days following receipt of invoices properly authorized and presented by the State. Bidders should note that principal amount of the Bonds is subject adjustment in accordance with "ADJUSTMENT OF PRINCIPAL AMOUNT" below, which will affect the permitted maximum amount of cost of issuance and sale.

The Purchasers will request the assignment of a CUSIP numbers for the Bonds. All expenses for the printing of a CUSIP numbers, including the CUSIP Service Bureau charge for the assignment of said number, 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.

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

In order for the Purchasers to be awarded the Bonds, 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 Bonds to the Purchasers.

ADJUSTMENT OF PRINCIPAL AMOUNT

If, after final computation of the bids, the State determines, in its sole discretion, that the proceeds of the sale (par, plus original issue premium) exceed $250,000,000.00, the State reserves the right to decrease the principal amount and correspondingly adjust the issue size of the Bonds. Proceeds of the sale (par, plus original issue premium) shall be approximately, but not more than $250,000,000.00. Costs of issuance (including underwriter's discount) will result in a reduction of the net proceeds available to the State.

In the event of any such adjustment, no rebidding or recalculation of the bid submitted will be required or permitted. The purchase price of the Bonds will be computed by taking the adjusted par amount for such Bonds: (a) adding the net original issue premium, computed based on the price provided by the successful Purchaser, and (b) then subtracting therefrom an amount equal to the per bond dollar amount of the underwriter's spread, holding the per dollar amount of the underwriter's discount, net of the $300,000 in costs of issuance, constant, (adjusted for any change in the cost of bond insurance, if any) multiplied by the adjusted par amount of the Bonds. The Bonds, as adjusted, will bear interest at the same rate and must have the same initial reoffering yield for the Bonds as specified in the bid of the successful Purchaser. However, the award will be made to the bidder whose bid produces the lowest true interest cost, calculated as herein specified, without taking into account any adjustment in the par amounts pursuant to this paragraph.

CHANGES TO BID DATE, CLOSING DATE, PRINCIPAL AMOUNT

The State expects to take bids on the Bonds on April 1, 2010. However, the State reserves the right to change, from time to time, the date and/or time established for the receipt of bids 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 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 Bonds, such bids to conform in all respects to the provisions of this Official Notice of Bond 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 Bonds 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 Bonds, 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 Bonds. A reoffering price and yield must be provided for the Bonds 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 Bonds 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 Bonds, 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 Bonds, 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 Bonds, including a statement that there is no litigation pending, or to the knowledge of the signer thereof, threatened, affecting the legality of the Bonds. The Bonds are expected to be ready for delivery on or about April 12, 2010, and at delivery will be registered in the name of Cede & Co., as described above. Delivery of the Bonds will be made to DTC in New York, New York, without cost to the Purchasers. Payment for the Bonds must be made in Federal Reserve Bank funds which will be immediately available in Chicago, Illinois on the day of delivery. The Purchasers shall have the right, at its option, to cancel its contract to purchase if the Bonds are not tendered for delivery to the Purchasers within thirty (30) days from the date of sale thereof, and in such event the Purchasers shall be entitled to the return of the Deposit. The State shall have the right, at its option, to cancel the contract of purchase if upon tender of the Bonds for delivery the Purchasers shall not have accepted delivery and paid for the Bonds, 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 the Bonds.

The Preliminary Official Statement, the Official Notice of Bond 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) 782-9643, or from Public Resources Advisory Group, Financial Advisor, Attention: Thomas Huestis, 117 Gayley Street, Media, PA 19063, telephone number 610-565-5990 or Foley & Lardner LLP, Bond Counsel, Attention: Heidi Jeffery, 321 North Clark Street, Suite 2800, Chicago, Illinois 60654-5313, telephone number 312-832-4518. Also see www.munios.com for copies of the Preliminary Official Statement, the Official Notice of Bond Sale and the Official Bid Form.

Dated this 23rd day of March, 2010

PAT QUINN
Governor

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

JOHN SINSHEIMER
Director of Capital Markets

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL BID FORM

April __, 2010

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

Director:

For the General Obligation Bonds, Series of April 2010, dated the date of issuance thereof, we will pay you the price (not less than the par amount of the Bonds) and we hereby bid the interest rate per annum as follows:

MATURITY DATE	PRINCIPAL AMOUNT	PURCHASE PRICE	RATE
March 31, 2011		$	%

Said Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Foley & Lardner LLP, 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 Bonds 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 $250,000.00 in accordance with your Official Notice of Bond 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 Bonds sold on April __, 2010, and receipt is hereby acknowledged of the Deposit in accordance with the terms of the Official Notice of Bond 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 Bonds Described Above
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")
$250,000,000* General Obligation Bonds Series of April 2010 (the "Bonds")

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 Bonds.

We hereby certify that as of April __, 2010, the date on which the Bonds were sold by the Issuer (the "Sale Date"), all of the Bonds were offered and the first 10 percent or more of the Bonds were actually sold to the General Public for money in a *bona fide* public offering at the initial offering price of $_______________ (the "Issue Price"), which does not exceed the fair market value of the Bonds as of the Sale Date. On this basis, we have determined the Issue Price of the Bonds 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 Bonds are tax-exempt under Section 103 of the Internal Revenue Code of 1986.

Dated: April __, 2010

[PURCHASER]

By: _________________________________
Its:

*Preliminary, subject to change

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
FSC
www.fsc.org Cert no. BV-COC-960893
© 1996 Forest Stewardship Council

Printed by: ImageMaster, Inc.

PRELIMINARY OFFICIAL STATEMENT

STATE OF ILLINOIS

$250,000,000*
General Obligation Bonds, Series of April 2010

Date of Sale: April 1, 2010**

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

Preliminary Official Statement Printed: March 23, 2010

*Preliminary, Subject to change.
**Subject to change as provided for in the Official Notice Bond 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

TABLE OF CONTENTS

$250,000,000*
STATE OF ILLINOIS
General Obligation Bonds, Series of April 2010

INTRODUCTION

This introduction contains only a brief summary of certain terms of the Series of April 2010 Bonds being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Illinois Constitution and laws of the State of Illinois and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

The purposes of this Official Statement (which includes the cover page and the Appendices) is to set forth certain information concerning the State of Illinois (the "State") and the State's $250,000,000* General Obligation Bonds, Series of April 2010 (the "Series of April 2010 Bonds"). The Series of April 2010 Bonds are being issued to fund deposits into the Healthcare Provider Relief Fund for the exclusive purpose of funding Medicaid services subject to the enhanced federal participation due to expire on December 31, 2010, and to pay costs of financing, including, but not limited to, the costs of issuance of the Series of April 2010 Bonds. The Series of April 2010 Bonds are issued pursuant to the provisions of the General Obligation Bond Act of the State of Illinois, as amended (the "Bond Act").

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

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

SECURITY

The Series of April 2010 Bonds are direct, general obligations of the State, and, pursuant to the Bond Act, the full faith and credit of the State is pledged for the punctual payment of interest on all GO Bonds (as hereinafter defined) issued under such act, including the Series of April 2010 Bonds, as it comes due and for the punctual payment of the principal thereof at maturity, or any earlier redemption date, and premium, if any. These provisions are not repealable until all GO Bonds issued under the Bond Act are paid in full as to both principal and interest. See "THE OFFERING – SECURITY."

TAX TREATMENT OF INTEREST

In the opinion of Foley & Lardner LLP, Chicago, Illinois, Bond Counsel, interest on the Series of April 2010 Bonds is excluded from the gross income of the owners thereof for federal income tax purposes. Interest on the Series of April 2010 Bonds is <u>not</u> exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

* Preliminary, subject to change.

AUTHORITY FOR ISSUANCE

The Series of April 2010 Bonds are being issued pursuant to authorization contained in Section 7.3 of Public Act 96-885 signed into law by the Governor of Illinois. Public Act 96-885 amends the Bond Act to enable the State to fund deposits into the Healthcare Provider Relief Fund for the exclusive purpose of funding Medicaid services subject to the enhanced federal participation due to expire on December 31, 2010, and to pay costs associated with issuance of the Series of April 2010 Bonds.

The Bond Act authorizes the State to issue and sell direct, general obligations of the State (the "GO Bonds"), including the Series of April 2010 Bonds, for purposes other than refunding, in the currently authorized aggregate principal amount of $36,486,777,443 of which $20,829,497,670 is outstanding. The Bond Act further authorizes the issuance of GO Bonds in the amount of up to $4,839,025,000, at any time and from time-to-time outstanding, for the purpose of refunding any outstanding GO Bonds. The Bond Act consolidated the authorization contained in prior bond acts into a single act. See "INDEBTEDNESS – GENERAL OBLIGATION BONDS" for a description of the authorized and previously issued GO Bonds under the Bond Act and prior bond acts.

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

THE OFFERING

DESCRIPTION OF THE SERIES OF APRIL 2010 BONDS

The Series of April 2010 Bonds will bear interest from their issue date and will mature on March 31, 2011.

Maturity Date	Principal	Rate	Reoffering Yield	Reoffering Price	CUSIP
March 31, 2011					

REDEMPTION

The Series of April 2010 Bonds are not subject to redemption prior to their maturity.

SECURITY

Direct, General Obligations

The Series of April 2010 Bonds, together with all other GO Bonds, are direct, general obligations of the State, and by law the full faith and credit of the State is pledged for the punctual payment of interest on the Series of April 2010 Bonds as the interest becomes due and for the punctual payment of the principal thereof at maturity, or any earlier redemption date, and premium, if any. The Bond Act provides that the sections of the Bond Act making such pledge are not repealable until all GO Bonds issued under the Bond Act, including the Series of April 2010 Bonds, have been paid in full.

In order to pay its General Fund obligations, including without limitation, principal and interest on the Series of April 2010 Bonds, the State currently imposes various taxes and fees. See "STATE FINANCIAL INFORMATION – TAX STRUCTURE."

State Funding Payments

To provide for the manner of repayment of the Series of April 2010 Bonds, the Bond Act requires the Governor of the State (the "Governor") to include an appropriation in each annual State Budget of moneys in such amount as will be necessary and sufficient, for the period covered by such budget, to pay the interest, as it becomes payable, on all outstanding GO Bonds and to pay and discharge the principal and premium, if any, of such GO Bonds falling due during such period.

The Bond Act also creates a separate fund in the State Treasury called the "General Obligation Bond Retirement and Interest Fund" (the "GOBRI Fund") to be used for such repayment. The Bond Act requires the General Assembly annually to make appropriations to pay the principal of, interest on and premium, if any, on outstanding GO Bonds from the GOBRI Fund.

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

Upon delivery of the Series of April 2010 Bonds, the Bond Act requires the Comptroller to compute and certify to the Treasurer the total amount of principal of and interest on the Series of April 2010 Bonds that will be payable in order to retire such Series of April 2010 Bonds and the amount of principal of and interest that will be payable on each payment date during the current and succeeding fiscal year.

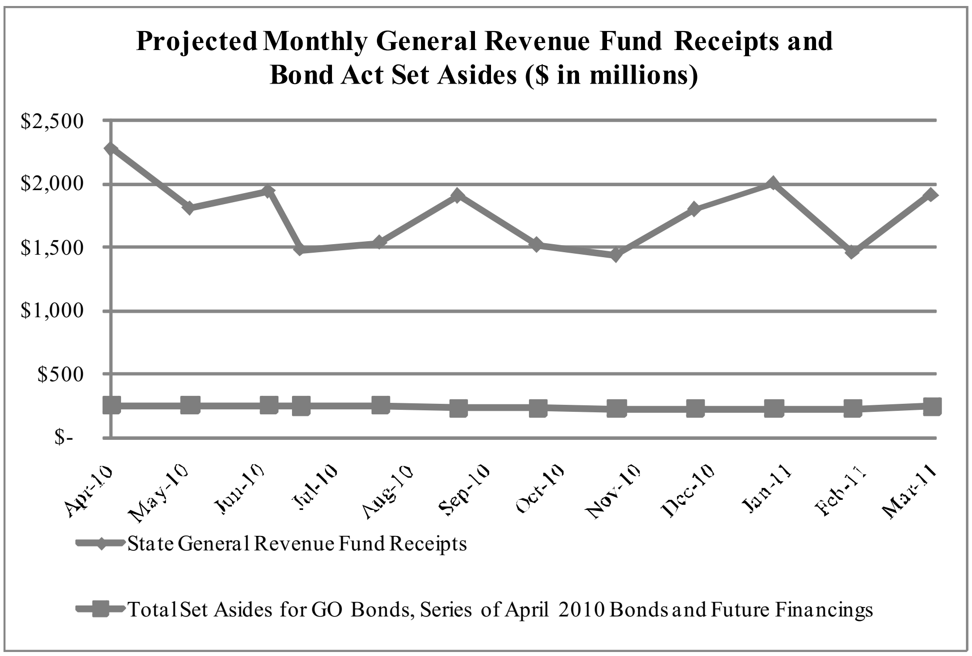
SET ASIDE PROVISIONS IN THE BOND ACT.

On or before the last day of each month, the Bond Act requires the Treasurer and Comptroller to transfer from the General Revenue Fund, or with respect to GO Bonds issued for Transportation A-Highway purposes (or GO Bonds issued to refund GO Bonds issued for such purposes) the Road Fund, to the GOBRI Fund an amount sufficient to pay the aggregate of the principal of and interest on such GO Bonds payable by their terms on the next payment date divided by the number of full calendar months between the date of the GO Bonds and the first such payment date, and thereafter, divided by the number of months between each succeeding payment date after the first payment date. Due to the fact that interest on the Series of April 2010 Bonds is not due until maturity, it is anticipated that the Treasurer and Comptroller will transfer from the General Revenue Fund to the GOBRI Fund principal and interest due on March 31, 2011with respect to the Series of April 2010 Bonds: i) in twelve monthly installments commencing in April 2010, with respect to principal, and ii) in six monthly installments commencing in October 2010, with respect to interest. This transfer of moneys is not required if moneys in the GOBRI Fund are more than the amount otherwise to be transferred as hereinabove provided, and if the Governor or his authorized representative notifies the Treasurer and Comptroller of such fact in writing.

Except as described in the "INVESTMENT OF FUNDS" paragraph below, moneys in the GOBRI Fund are used only for the payment of the principal of and interest on all GO Bonds issued under the Bond Act and for the payment of the principal of and interest on short-term cash flow obligations issued from time to time as described under the heading "INDEBTEDNESS – SHORT-TERM DEBT". However, moneys deposited into the GOBRI Fund to provide for the payment of short-term debt certificates are excluded from any calculation used in determining the ability of the State to suspend transfers to the GOBRI Fund for the payment of the Series of April 2010 Bonds as described above.

GENERAL FUND RECEIPTS COMPARED TO GOBRI FUND SET ASIDES.

The chart below provides a comparison of projected monthly General Revenue Fund Receipts and Transfers In compared to the estimated future required deposits into the GOBRI Fund for the period during which the Series of April 2010 Bonds are to be outstanding. Projected monthly General Revenue Fund Receipts and Transfers In are based on the information described in FISCAL YEAR 2010 BUDGET below for remaining three months of the current fiscal year and the Governor's Fiscal Year 2011 proposed operating budget introduced on March 10, 2010 as described below in FISCAL YEAR 2011 BUDGET, excluding the proposed 1% surcharge in both individual and corporate income tax rates, for the first nine month of next fiscal year. Debt service on all existing GO Bonds, the proposed Series of April 2010 Bonds and the Series 2010-2 Bonds, Taxable Series 2010 Bonds and the Series 2010-3 Bonds as defined and described in the FUTURE FINANCINGS section below are included for purposes of calculating the potential monthly set aside deposits into the GOBRI Fund, however, no accumulated balances in the GOBRI Fund are assumed and thus the full amount of monthly set asides are shown. Total set asides do not include the payment of the principal of and interest on short-term cash flow obligations issued from time to time as described under the heading "INDEBTEDNESS – SHORT-TERM DEBT". From April 2010 to March 2011, projected monthly General Revenue Fund receipts and Transfers In range from approximately $2,275 million to $1,435 million per month and projected GOBRI deposit amounts range from approximately $250 million to $230 million.



INVESTMENT OF FUNDS

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

STATE OF ILLINOIS

ORGANIZATION

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

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

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

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

CONSTITUTIONAL PROVISIONS RELATING TO REVENUES AND EXPENDITURES

Article VIII, Section 2 of the State Constitution requires the Governor to prepare and submit to the General Assembly, at a time prescribed by law, a State budget for the ensuing fiscal year. See "STATE FINANCIAL INFORMATION - UPDATED CERTAIN RECENT LEGISLATION RELATING TO THE STATE BUDGET LAW AND STATE BUDGET INFORMATION AS OF MARCH 15, 2010" herein. Proposed expenditures may not exceed funds estimated to be available for the fiscal year as shown in the budget. Article VIII, Section 2 also requires the General Assembly to review the proposed budget and make appropriations for all expenditures of public funds by the State, which appropriations for a fiscal year may not exceed funds estimated by the General Assembly to be available during that fiscal year.

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

CONSTITUTIONAL PROVISIONS RELATING TO LONG-TERM BORROWING

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

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

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

CONSTITUTIONAL PROVISIONS RELATING TO REFUNDINGS

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

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

CONSTITUTIONAL PROVISIONS RELATING TO SHORT-TERM BORROWING

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

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

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

In May 2009, General Obligation Certificates in the amount of $1,000 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(d) of Article IX of the State Constitution as set forth above. The May 2009 General Obligation Certificates are to be paid in two maturities on April 2010 and May 2010. In August 2009, General Obligation Certificates in the amount of $1,250 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(d) of Article IX of the State Constitution as set forth above. The August General Obligation Certificates are to be paid in three maturities on March 23, 2010, April 13, 2010 and June 10, 2010. See "INDEBTEDNESS – SHORT-TERM DEBT."

GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

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

STATE FINANCIAL INFORMATION

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

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

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Available Balance, Beginning	**$182**	**$497**	**$590**	**$642**	**$141**
Receipts					
State Revenues					
Income Tax	$9,151	$10,063	$11,158	$12,180	$10,933
Sales Tax	$6,595	$7,092	$7,136	$7,215	$6,773
Public Utility Tax	$1,056	$1,074	$1,131	$1,157	$1,168
Cigarette Tax	$450	$400	$350	$350	$350
Inheritance Tax	$310	$272	$264	$373	$288
Liquor Gallonage Tax	$147	$152	$156	$158	$158
Insurance Tax & Fees	$342	$317	$310	$298	$334
Corporate Franchise Tax	$181	$181	$193	$225	$201
Investment Income	$73	$153	$204	$212	$81
Intergovernmental Transfers	$433	$350	$307	$302	$253
Other	$652	$479	$482	$474	$445
Total, State Revenues	**$19,390**	**$20,533**	**$21,691**	**$22,944**	**$20,984**
Federal Revenues					
Medicaid & Social Services[3]	$4,257	$4,725	$4,703	$4,815	$6,567
Transfers In					
From Other State Funds[4]	$2,513	$2,101	$2,246	$1,900	$1,593
Hospital Provider Fund[5]	$3	-	-	-	-
Total Revenues	**$26,163**	**$27,359**	**$28,640**	**$29,659**	**$29,144**
Short-Term Borrowing	$765	$1,000	$900	$2,400	$2,400
Total Cash Receipts[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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

[1] Based on information from the Office of the Comptroller.
[2] Reflects debt service on General Obligation Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Category	FY09	FY 10 Adopted Budget	$ Change	% Change
Elementary & Secondary Education	$7,445	$7,308	-$137	-1.8%
Higher Education	$2,466	$2,002	-$464	-18.8%
Healthcare & Family Services (Public Aid)	$9,642	$7,809	-$1,834	-19.0%
Revenue	$164	$143	-$22	-13.1%
Human Services	$4,228	$3,992	-$236	-5.6%
Corrections	$1,351	$1,147	-$204	-15.1%
Children & Family Services	$914	$865	-$49	-5.4%
Central Management Services	$76	$90	$14	18.4%
State Police[3]	$28	$287	$259	926.1%
Other Agencies	$3,969	$2,442	-$1,527	-38.5%
Budgeted Appropriations	**$30,283**	**$26,085**	**-$4,199**	**-13.9%**
Unspent Appropriations (Salvage)	-$322	-$951	-$629	195.4%
Net Appropriations (Spending)	**$29,961**	**$25,133**	**-$4,828**	**-16.1%**

[1] Based on information from the Office of the Comptroller and GOMB.
[2] FY 2009 appropriation amounts include state pension contributions, while FY2010 appropriations amounts do not.
[3] Prior to FY2010, the majority of State Police funding was appropriated and expended through the Road Fund.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 Tax	**$12,180**	**$10,863**	**$10,933**	**($1,247)**	**-10.24%**
Sales Tax	**$7,215**	**$6,715**	**$6,773**	**($442)**	**-6.13%**
Other Sources					
Public Utility Taxes	$1,157	$1,159	$1,168	$11	0.95%
Cigarette Taxes	$350	$350	$350	$0	0.00%
Inheritance Tax (gross)	$373	$275	$288	($85)	-22.79%
Liquor Gallonage Taxes	$158	$161	$158	$0	0.00%
Insurance Tax and Fees	$298	$325	$334	$36	12.08%
Corporation Franchise Tax & Fees	$225	$205	$201	($24)	-10.67%
Investment Income	$212	$80	$81	($131)	-61.85%
Cook County IGT	$302	$253	$253	($49)	-16.31%
Riverboat Gambling Taxes	$0	$0	$0	($0)	
Other	$474	$452	$445	($29)	-6.20%
Total: Other State Sources	**$3,550**	**$3,260**	**$,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	36.9%
Total: Federal Sources	**$4,815**	**$7,123**	**$6,567**	**$1,752**	**36.39%**
Total Revenues and Transfers In	**$29,660**	**$29,831**	**$29,144**	**($516)**	**-1.74%**
Short-Term borrowing	$2,400	$0	$2,400	$0	0.00%
Transfer from Budget Stabilization Fund	$276	$0	$576	$300	108.70%
Hospital Provider Fund	$1,504	$0	$0	($1,504)	-100.00%
Total: Cash Receipts	**$33,840**	**$29,831**	**$32,120**	**($1,720)**	**-5.08%**

[1] Source: Office of the Comptroller

TABLE 4A
FISCAL YEAR END CASH BALANCES BY FUND CATEGORY: FY2000 TO FY 2009
(AMOUNTS IN MILLIONS)

FUND CATEGORY	FY2000	FY2001	FY2002	FY2003 *	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
General Funds	$ 1,517	$ 1,126	$ 256	$ 317	$ 182	$ 497	$ 590	$ 642	$ 141	$ 280	
Highway Funds	$ 1,014	$ 1,310	$ 1,198	$ 701	$ 522	$ 733	$ 926	$ 747	$ 814	$ 688	
Special State Funds	$ 2,297	$ 2,153	$ 2,180	$ 1,924	$ 2,618	$ 2,327	$ 2,433	$ 2,734	$ 2,741	$ 2,574	
Bond Financed Funds	$ 569	$ 494	$ 269	$ 252	$ 199	$ 228	$ 533	$ 203	$ 77	$ 68	
Debt Service Funds	$ 458	$ 436	$ 487	$ 1,050	$ 624	$ 648	$ 626	$ 638	$ 649	$ 654	
Revolving Funds	$ 60	$ 43	$ 47	$ 48	$ 127	$ 91	$ 69	$ 63	$ 63	$ 29	
State Trust Funds	$ 1,369	$ 1,344	$ 1,335	$ 1,301	$ 1,356	$ 1,619	$ 1,944	$ 2,220	$ 2,520	$ 2,357	
June 30th amounts	**$ 7,283**	**$ 6,906**	**$ 5,773**	**$ 5,592**	**$ 5,628**	**$ 6,142**	**$ 7,122**	**$ 7,247**	**$ 7,005**	**$ 6,650**	**N/A**
January 31st amounts	**$ 5,575**	**$ 5,889**	**$ 5,120**	**$ 5,021**	**$ 6,361**	**$ 5,246**	**$ 6,151**	**$ 6,226**	**$ 6,718**	**$ 6,355**	**$ 6,611**

* Excludes proceeds of 2003 Pension Bonds for comparability purposes.

FISCAL YEAR 2009 OVERVIEW

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

FISCAL YEAR 2009 UNAUDITED RESULTS

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

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

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

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

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

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

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

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

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

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

FISCAL YEAR 2009 CAPITAL BUDGET

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

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

Total capital funded out of current revenues is $9,420 million. The Fiscal Year 2009 Capital Budget included $1,945 million in new pay-as-you-go Road Program appropriations and $2,556 million in Federal Recovery funds, the primary purpose of which is to maintain existing roads and bridges. Investment in transportation infrastructure was further emphasized in the passage of the "Jump Start" capital bill which provides $3 billion in state bond funds for critical improvements for roads, bridges and transit.

FISCAL YEAR 2010 BUDGET

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

The Fiscal Year 2010 Adopted Budget, as originally adopted in July 2009, projected total State source revenues of $19,947 million, which was $1,037 million or 4.9% lower than Fiscal Year 2009 Revenues. The Fiscal Year 2010 revenue forecast in the Fiscal Year 2010 Adopted Budget reflected the deepening and continuing recession and projected the following changes in economically-sensitive base revenues: (1) Individual Income Tax (net of estimated refunds) of $9,206 million which was an $18 million or 0.2% reduction from actual Fiscal Year 2009 revenues, (2) Corporate Income Tax (net of estimated refunds) of $1,133 million, a $577 million or 33.7% reduction from the actual Fiscal Year 2009 amount, and (3) Sales Tax of $6,394 million, a $379 million or 5.6% reduction from the actual Fiscal Year 2009 collections. The Fiscal Year 2010 Adopted Budget maintains the same Refund Fund Rates for income taxes (as discussed in the "Tax Structure" section that follows below) as utilized in the Fiscal Year 2009 budget, resulting in an estimated balance in the Refund Fund backlog for income tax refunds of approximately $800 million by the end of Fiscal Year 2010.

Beyond these reductions in economically sensitive taxes, the Fiscal Year 2010 Adopted Budget projected an increase of $564 million in Federal Revenues, an 8.6% increase over the estimated Fiscal Year 2009 amount. The increased revenue reflected an increase in Fiscal Year 2010 Medicaid receipts as well as approximately $374 million in Federal stimulus receipts available for any General Funds purpose. In addition, Transfers In reflected $352 million of excess balances from other state Special Funds as well as $245 million of increased revenue to support the capital program that will be transferred to the General Funds to cover expenses that were shifted to the General Revenue Fund. Reflecting those non-recurring amounts, Transfers In for Fiscal Year 2010 were projected to be $2,221 million which is a $628 million or 39.4% increase over the estimated Fiscal Year 2009 amount.

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

Subsequent to the adopted Fiscal Year 2010 budget, and in conjunction with offering statements published in January and February of 2010 as well as the introduction of the Fiscal Year 2011 Budget, additional facts and information were identified that are reflected in the Fiscal Year 2010 Revised Budget illustrated in Table 5. These facts and information include the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Budget estimates, projections and forecasts are based solely on information available as of the date of this offering and are subject to subsequent revision without notice.

FISCAL YEAR 2010 CAPITAL BUDGET

Illinois Jobs Now!, the State's first capital bill in over 10 years, is a $31 billion multi-year program that emphasizes job creation and retention, economic stimulus and accessing federal ARRA dollars while making crucial investments in the State's schools, roads, bridges, airports and transit system. The major Fiscal Year 2010 components of Illinois Jobs Now! are: $14,299 million of road and bridge projects; $3,621 million for school construction; and $5,660 million for state-wide mass transit. The Illinois Jobs Now! program provides access to over $3.7 billion in ARRA funds, including funding for roads and bridges, airports, transit, rail and waste water and drinking water infrastructure.

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

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

The Governor introduced the Fiscal Year 2011 proposed operating budget on March 10, 2010, which can be found at http://www2.illinois.gov/budget, and is incorporated into Table 5. **The budget submitted by the Governor requires approval of the legislature, and there is no assurance that the budget finally adopted will be similar to the budget submitted by the Governor.**

Total revenues from all sources and transfers in are forecast at $27,444 million, a 2% decrease from the Fiscal Year 2010 Revised Budget. Total state source revenues are forecast to increase by $599 million or 3.1% above the revised 2010 amount reflecting a $226 million increase or 2.7% in net individual income taxes, $260 million or 19.8% in net corporate income taxes and a $90 million or 1.5% increase in sales tax. Diversion rates to the Income Tax Refund Fund will remain at the Fiscal Year 2010 levels of 9.75% of individual income tax collections and 17.5% of corporate income taxes, which are projected to result in a refund backlog of approximately $1,370 million by the end of fiscal 2011. All other state source revenues, excluding transfers in, were basically flat increasing by $26 million or 0.7% over the revised 2010 forecast.

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

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

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

Pension appropriations are $4,157 million before estimated reductions of $267 million associated with various "pension stabilization" proposals that are being pursued for new employees. The Fiscal Year 2011 pension appropriation also reflects an amortization of actuarial losses incurred in Fiscal Year 2009, as further discussed in the Pension Systems section which follows. As previously described, Fiscal Year 2010 pension contributions associated with the General Fund were not appropriated in that fund but were paid through issuance of the $3,466 million General Obligation Bonds, Taxable Series of January 2010.

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

As illustrated in Table 5, the Budget Basis Operating Deficit is forecast as $4,672 million. The Governor has proposed various borrowing options to finance that deficit which may include the issuance of additional pension funding General Obligation bonds, or other instruments which have been collectively referred to as "Voucher payment notes" in Table 5. On the assumption of such instrument(s), the budget basis accounts payable as of June

30, 2011 would remain unchanged at $6,148 million, as would ending cash balance in the General Fund and Budget Stabilization Fund of $280 million and $275 million, respectively, for a total of $556 million at that date.

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

Budget estimates, projections and forecasts are based solely on information available as of the date of this offering and are subject to subsequent revision without notice.

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 budget submitted by the Governor requires approval of the legislature, and there is no assurance that the budget finally adopted will be similar to the budget submitted by the Governor.

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

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

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

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

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

BUDGET STABILIZATION FUND

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

CERTAIN RECENT LEGISLATION RELATING TO THE STATE BUDGET LAW

The State Budget Law was amended effective February 11, 2010 to require the Governor to submit a State budget for Fiscal Year 2011 no later than March 10, 2010. That budget can be found at: **http://www2.illinois.gov/budget** The amendment also required the Governor, by February 24, 2010, to file a written report with the Secretary of the Senate and the Clerk of the State House of Representatives. That report was required to contain (1) for Fiscal Year 2010, the revenues for all budgeted funds, both actual to date and estimated for the full fiscal year, (2) for Fiscal Year 2010, the expenditures for all budgeted funds, both actual to date and estimated for the full fiscal year, (3) for Fiscal Year 2011, the estimated revenues for all budgeted funds, including without limitation the affordable General Revenue Fund appropriations, for the fiscal year, and (4) for Fiscal Year 2011, an estimate of the anticipated liabilities for all budgeted funds, including without limitation the affordable General Revenue Fund appropriations, debt service on bonds issued, and the State's contribution to the pension systems, for the full fiscal year.

Information contained in this Official Statement may differ from the written report which was filed on February 24, 2010, in compliance with the amended State Budget Law. Any such differences reflect updated forecasts or other information as contained in the Fiscal Year 2011 operating and capital budgets submitted by the Governor on March 10, 2010 and available at: http://www2.illinois.gov/budget

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

3/12/2010

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

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

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

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

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

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

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

Source: Based on information from the Comptroller and derived from the State's Comprehensive Annual Financial Report, which may be found at: *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2008.pdf*).
Note: Columns may not add due to rounding.

GAAP FINANCIAL REPORT

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

Note 1 – Cash/Budget to GAAP Perspective Difference

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

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

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

Note 3 – Budget to GAAP Adjustments

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

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

Note 4 – Restatement (amounts in $ thousands)

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

TAX STRUCTURE

GENERAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ROAD FUND

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

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

- Motor fuel tax of 19 cents per gallon;

- Additional motor fuel tax on diesel fuel of 2.5 cents per gallon (21.5 cents per gallon on diesel fuel);

- Leaking Underground Storage Tank (LUST) tax of 0.3 cents per gallon and Environmental Impact Fee (EIF) ($60 per 7500 gallons of fuel, equivalent to 8/10 of a cent per gallon) for a total of 1.1 cents per gallon on fuel received in Illinois; and

- Motor Fuel Use Tax is imposed upon the use of motor fuel upon highways in the State by commercial motor vehicles. The tax is comprised of 2 parts. Part (a) is comprised of the motor fuel tax (19 cents per gallon or 21.5 cents per gallon for diesel fuel); Part (b) is the rate established by the Department of Revenue as of January 1 of each year using the average selling price per gallon of motor fuel sold in Illinois during the previous 12 months, multiplied by 6.25% to determine the cents per gallon rate.

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

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

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

TAX BURDEN

According to two commonly cited measures of tax burden, tax receipts per capita and tax receipts per $1,000 of personal income, Illinois has an average state tax burden. In 2008, the State's tax collections per capita of $2,472 ranked 25th among the states, below the national average of $2,593. When taking into consideration the wealth of states in the United States, the State's 2008 state tax collections per $1,000 of personal income of $58 was below the national average of $65.

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

MONEY PAID TO THE STATE UNDER PROTEST

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

INDEBTEDNESS

SHORT-TERM DEBT

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

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

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

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

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

[1] Hospital Assessment Conduit Financings

GENERAL OBLIGATION BONDS

GO Bonds of the State may be authorized by a vote of three-fifths of the members of each house of the General Assembly or by a majority of the voters at a general election. The Bond Act consolidated the authorization contained in prior bond acts into a single act and currently authorizes the issuance of multiple purpose GO Bonds in the aggregate amount of $20,829,497,670 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, and again in accordance with Public Act 96-885.

The following table shows the statutory general obligation bond authorization and all GO Bonds outstanding as of March 15, 2010.

TABLE 8
GENERAL OBLIGATION BONDS

Authorization Category	Authorized[3,6]	Issued	Unissued	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 [2,4]				
Multi-purpose[6]	22,770,777,443	16,897,386,352	5,873,391,091	7,213,497,670
Special-purpose[5]	250,000,000	250,000,000	0	250,000,000
Refunding Bonds[3]	4,839,025,000	6,070,824,239	1,709,239,671	3,129,785,329
Subtotal	$27,859,802,443	$23,218,210,591	$7,582,630,762	$10,593,282,999
Pension Bonds	13,466,000,000	13,466,000,000	0	13,366,000,000
Total	$41,325,802,443	$36,684,210,591	$7,582,630,762	$23,959,282,999
Currently Authorized less Refunding	$36,486,777,443			
Currently Outstanding less Refunding				$20,829,497,670

—

[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 $2,941,038,910 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] Includes the $250,000,000* Series of April 2010 Bonds being offered in connection with this Official Statement.

[6] Includes $300,000,000* General Obligation Bonds, Taxable Build America Bonds, Series 2010-2, and $56,000,000* General Obligation Bonds, Taxable Series 2010 expected to be priced in April and shown in "Amount Outstanding".

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

As of March 15, 2010 a total of $468.7 million was available in the GOBRI Fund. Since these moneys are not segregated as to amounts of principal and interest, the amounts of outstanding GO Bonds shown above have not been reduced by this $468.7 million.

In addition to the issuance of the Series of April 2010 Bonds, The State currently anticipates issuing the following GO Bonds, during the month of April:

- $300,000,000* General Obligation, Taxable Build America Bonds, Series 2010-2
- $56,000,000* General Obligation Bonds, Taxable Series 2010; and
- $700,000,000* General Obligation, Taxable Build America Bonds, Series 2010-3.

See "Future Financings" herein.

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.

* Preliminary, subject to change.

HISTORICAL BORROWING

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

TABLE 9
GENERAL OBLIGATION BOND SALES
($ IN MILLIONS)

Fiscal Year	Capital Improvement	Refunding	Special Purpose	Pension
2006	$925.0	$275.0		-
2007	258.0	329.0		-
2008	125.0	-		-
2009	150.0	-		-
2010[1]	1,756.0	1,501.3	$250.0	$3,466.0

[1] As of the date of this Official Statement. Includes under Special Purpose, the Series of April 2010 Bonds, expected to be issued in accordance with this Official Statement and under Capital Improvement, the $300,000,000* General Obligation Bonds, Taxable Build America Bonds, Series 2010-2, and $56,000,000* General Obligation Bonds, Taxable Series 2010 described below under "Future Financings" and expected to be issued shortly after the issuance of the Series of April 2010 Bonds.

INDEBTEDNESS IN PRIOR YEARS

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

TABLE 10
GENERAL OBLIGATION BONDS OUTSTANDING
($ IN MILLIONS)

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

FUTURE FINANCINGS

Within 30 days following the issuance of the Series of April 2010 Bonds, State plans to issue its $300,000,000* General Obligation Bonds, Taxable Build America Bonds, Series 2010-2 (the "Series 2010-2 Bonds"), $56,000,000* General Obligation Bonds, Taxable Series 2010 (the "Taxable Series 2010 Bonds") and $700,000,000* General Obligation Bonds, Taxable Build America Bonds, Series 2010-3 (the "Series 2010-3 Bonds") to provide funds for grants to school districts within the State for the acquisition and construction of public school facilities, and to provide funds for transportation projects and to pay costs of financing, including, but not limited to, the cost of issuance of the Series 2010-3 Bonds, the Taxable Series 2010 Bonds, and the Series 2010-3 Bonds. There is no assurance that the State will proceed with these financings within the anticipated timeframe.

Further, the State monitors its capital expenditures and anticipates issuing additional taxable Build America Bonds (beyond the Series 2010-3 Bonds, the Taxable Series 2010 Bonds, and the Series 2010-3 Bonds) within 90 days after the Series of April 2010 Bonds are issued. The amount and timing of such an issuance has not been determined. In addition, based on current spending projections, the State may seek to issue short-term general obligation debt for the purpose of providing cash flow support during Fiscal Year 2010. See "STATE FINANCIAL INFORMATION – FISCAL YEAR 2010 BUDGET." The precise amount and timing of such an issuance has not been determined.

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

DEBT SERVICE PAYMENTS

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

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

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

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

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

MEASURES OF DEBT BURDEN

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

* Preliminary, subject to change.

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

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

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

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

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

[1] U.S. Department of Commerce, Bureau of Economic Analysis, October 2009.
Note: 2009 personal income data not yet available and is estimated to be flat from 2008.

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

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

[1] U.S. Department of Commerce, Bureau of the Census, October 2009. 2009 population is assumed to be flat from 2008.
[2] Approximately 73% of the Pension Bond Debt per Capita is offset by corresponding unfunded pension liability per capita, which existed prior to the issuance of the pension bonds.

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 16
MATURITY SCHEDULE - GENERAL OBLIGATION BONDS
Bond Issuances through March 15, 2010*

	General Obligation Capital Improvement Bonds						General Obligation Pension Bonds			Total
Fiscal Year June 30	Special Purpose	Multiple Purpose	Refunding	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service	Combined Total Debt Service
2010	-	424,752,909	162,711,843	587,464,753	545,813,044	1,133,277,797	50,000,000	493,550,000	543,550,000	1,676,827,797
2011	250,000,000	414,451,202	222,608,829	887,060,031	594,256,086	1,481,316,117	743,200,000	601,177,049	1,344,377,049	2,825,693,166
2012	-	356,693,439	239,780,000	596,473,439	554,712,770	1,151,186,209	793,200,000	591,186,628	1,384,386,628	2,535,572,837
2013	-	297,390,751	304,460,000	601,850,751	511,686,480	1,113,537,231	793,200,000	568,262,716	1,361,462,716	2,474,999,947
2014	-	241,729,607	361,470,000	603,199,607	463,343,624	1,066,543,231	793,200,000	541,391,544	1,334,591,544	2,401,134,775
2015	-	290,375,720	333,025,000	623,400,720	412,866,451	1,036,267,171	793,200,000	509,221,372	1,302,421,372	2,338,688,543
2016	-	302,746,341	308,345,000	611,091,341	385,954,318	997,045,659	100,000,000	474,525,000	574,525,000	1,571,570,659
2017	-	301,986,341	281,300,000	583,286,341	351,220,408	934,506,749	125,000,000	470,175,000	595,175,000	1,529,681,749
2018	-	299,817,806	260,155,000	559,972,806	313,007,362	872,980,169	150,000,000	464,737,500	614,737,500	1,487,717,669
2019	-	320,542,317	205,770,000	526,312,317	283,691,234	810,003,551	175,000,000	458,212,500	633,212,500	1,443,216,051
2020	-	317,691,629	182,820,000	500,511,629	261,920,079	762,431,709	225,000,000	449,550,000	674,550,000	1,436,981,709
2021	-	306,210,883	178,160,000	484,370,883	230,724,054	715,094,937	275,000,000	438,412,500	713,412,500	1,428,507,437
2022	-	363,297,410	96,670,000	459,967,410	196,236,458	656,203,868	325,000,000	424,800,000	749,800,000	1,406,003,868
2023	-	372,932,922	78,800,000	451,732,922	177,042,478	628,775,400	375,000,000	408,712,500	783,712,500	1,412,487,900
2024	-	359,393,968	56,500,000	415,893,968	147,458,724	563,352,692	450,000,000	390,150,000	840,150,000	1,403,502,692
2025	-	342,428,835	5,855,000	348,283,835	129,461,999	477,745,833	525,000,000	367,200,000	892,200,000	1,369,945,833
2026	-	359,270,000	-	359,270,000	109,028,708	468,298,708	575,000,000	340,425,000	915,425,000	1,383,723,708
2027	-	348,185,000	-	348,185,000	90,769,867	438,954,867	625,000,000	311,100,000	936,100,000	1,375,054,867
2028	-	313,845,000	-	313,845,000	72,695,250	386,540,250	700,000,000	279,225,000	979,225,000	1,365,765,250
2029	-	282,610,000	-	282,610,000	55,148,833	337,758,833	775,000,000	243,525,000	1,018,525,000	1,356,283,833
2030	-	227,500,000	-	227,500,000	41,927,733	269,427,733	875,000,000	204,000,000	1,079,000,000	1,348,427,733
2031	-	183,455,000	-	183,455,000	31,010,667	214,465,667	975,000,000	159,375,000	1,134,375,000	1,348,840,667
2032	-	124,575,000	-	124,575,000	22,932,050	147,507,050	1,050,000,000	109,650,000	1,159,650,000	1,307,157,050
2033	-	123,865,000	-	123,865,000	16,734,067	140,599,067	1,100,000,000	56,100,000	1,156,100,000	1,296,699,067
2034	-	157,035,000	-	157,035,000	8,972,917	166,007,917	-	-	-	166,007,917
2035	-	70,240,000	-	70,240,000	2,723,800	72,963,800	-	-	-	72,963,800
2036	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-
Total	250,000,000	7,503,022,079	3,278,430,673	11,031,452,751	6,011,339,461	17,042,792,212	13,366,000,000	9,354,664,309	22,720,664,309	39,763,456,521

General Obligation Debt Service payments for Fiscal Year 2010, as of March 15, 2010*:

09 Months	-	289,524,409	148,645,343	438,169,753	452,348,985	890,518,738	-	246,775,000	246,775,000	1,137,293,738
03 Months	-	135,228,500	14,066,500	149,295,000	93,464,059	242,759,059	50,000,000	246,775,000	296,775,000	539,534,059
FY 2010	-	424,752,909	162,711,843	587,464,753	545,813,044	1,133,277,797	50,000,000	493,550,000	543,550,000	1,676,827,797

Notes: Multi Purpose includes $800,000 of Anti-Pollution bonds maturing in FY 11 and $356 million of BABs to be issued.
Interest on the $1 billion Build America Bonds, Series 2010-1, is shown net of the Federal subsidy of 35%.
*Includes Series of April 2010 Bonds in amount of $250 million and the $356 million in general obligation bonds expected to be issued in April 2010 described under "FUTURE FINANCINGS," herein.

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 MARCH 15, 2010)

($ IN MILLIONS)

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

[1] Metropolitan Pier and Exposition Authority ("MPEA")
[2] Bonds outstanding include capital appreciation bonds expressed in the amount of original principal issuance.
Note: Columns may not add due to rounding.

BUILD ILLINOIS

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

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

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

METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITIES—CIVIC CENTER PROGRAM

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

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

METROPOLITAN PIER AND EXPOSITION AUTHORITY—DEDICATED STATE TAX REVENUE BONDS

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

METROPOLITAN PIER AND EXPOSITION AUTHORITY—EXPANSION PROJECT BONDS

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

ILLINOIS SPORTS FACILITIES AUTHORITY

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

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

In October 2003 ISFA issued $42.535 million of additional revenue bonds (the "2003 ISFA Bonds") to finance a portion of certain renovations to U.S. Cellular Field. In 2008 ISFA issued $10 million of additional revenue bonds (the "2008 ISFA Bonds") to finance a portion of certain infrastructure improvements and renovations to U.S. Celluar 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".

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 18
MATURITY SCHEDULE – REVENUE BONDS
(AS OF MARCH 15, 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	Total Debt Service
2010	141,375,756	24,015,000	50,936,819`	8,595,000	14,465,316	1,945,000	241,332,891	248,755,560	490,088,451
2011	164,834,169	25,595,000	63,289,090	9,085,000	2,786,432	2,055,000	267,644,692	258,005,060	525,649,751
2012	164,143,399	26,735,000	38,426,743	9,555,000	3,787,861	2,170,000	244,818,003	280,368,030	525,186,033
2013	167,492,124	28,145,000	36,491,366	10,095,000	4,742,354	2,305,000	249,270,844	278,788,758	528,059,602
2014	175,019,306	29,600,000	35,991,812	10,705,000	5,649,695	2,440,000	259,405,813	270,523,123	529,928,906
2015	173,026,038	4,850,000	36,234,751	11,415,000	6,517,832	2,5900,000	234,633,621	269,302,869	503,936,490
2016	174,080,000	-	45,846,956	12,020,000	7,363,337	2,750,000	242,060,293	252,603,073	494,663,366
2017	159,060,000	-	50,075,228	5,488,409	8,151,095	2,915,000	225,689,733	257,663,988	483,353,721
2018	144,300,000	-	50,037,243	5,668,835	6,355,418	3,140,000	209,501,496	264,348,779	473,850,275
2019	131,310,000	-	57,165,083	5,875,462	6,569,442	-	200,919,987	262,564,830	463,484,816
2020	115,265,000	-	65,259,453	6,103,026	6,977,726	-	193,605,206	261,529,096	455,134,301
2021	100,575,000	-	104,202,400	5,405,000	7,374,846	-	217,557,246	223,725,810	441,283,056
2022	94,865,000	-	81,118,012	-	7,767,537	-	183,750,549	258,075,601	441,826,150
2023	82,540,000	-	140,272,495	-	8,156,172	-	230,968,667	211,846,306	442,814,973
2024	75,280,000	-	80,281,436	-	8,543,953	-	164,105,388	270,517,797	434,623,185
2025	74,085,000	-	85,297,449		8,891,669	-	168,274,118	264,802,405	433,076,523
2026	72,160,000	-	149,351,189	-	14,950,731	-	236,461,920	194,619,866	431,081,786
2027	63,345,000	-	180,115,836	-	31,842,372	-	275,303,208	147,282,930	422,586,138
2028	57,240,000	-	162,087,687	-	36,240,797	-	255,568,485	161,733,677	417,302,161
2029	36,205,000	-	169,405,321	-	41,040,210	-	246,650,531	151,112,206	397,762,738
2030	33,080,000	-	10,277,690	-	52,405,825	-	95,763,515	296,901,660	392,665,175
2031	28,080,000	-	9,145,954	-	75,355,000	-	112,580,954	278,638,921	391,219,875
2032	22,080,000	-	8,140,997	-	84,295,000	-	114,515,997	274,449,203	388,965,200
2033	22,080,000	-	7,243,844	-	-	-	29,323,844	270,004,681	299,328,525
2034	22,080,000	-	6,447,732	-	-	-	28,527,732	269,673,868	298,201,600
2035	-	-	5,737,216	-	-	-	5,737,216	269,257,459	298,201,600
2036	-	-	5,107,150	-	-	-	5,107,150	269,887,525	274,994,675
2037	-	-	4,545,622	-	-	-	4,545,622	270,449,053	274,994,675
2038	-	-	4,043,951	-	-	-	4,043,951	270,950,724	274,994,675
2039	-	-	3,600,523	-	-	-	3,600,523	271,394,152	274,994,675
2040	-	-	3,202,467	-	-	-	3,202,467	271,792,208	274,994,675
2041	-	-	66,137,223	-	-	-	66,137,223	208,857,452	274,994,675
2042	-	-	265,360,000	-	-	-	265,360,000	9,638,738	274,998,738
Total	2,493,600,792	138,940,000	2,080,876,736	100,010,732	450,230,621	22,310,000	5,285,968,882	8,020,065,406	13,306,034,288

Note: Columns may not add due to rounding
Total Interest in 2031 and thereafter is largely comprised of interest on capital appreciation bonds issued by MPEA.

MORAL OBLIGATION BONDS

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

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

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

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

[1] The amounts listed include only those bonds containing a moral obligation pledge.
[2] The Illinois Rural Bond Bank, Illinois Research Park Authority and the Illinois Development Finance Authority were consolidated into the Illinois Finance Authority (the "IFA"), which was created on January 1, 2004. Amount reflects outstanding Moral Obligations issued by the IFA and predecessor authorities.

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

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

AGRICULTURAL LOAN GUARANTEE PROGRAM

The Illinois Finance Authority (the "IFA", as successor to the Illinois Farm Development Authority), is authorized at 20 ILCS 3501 Article 830 *et seq.*, (the "Loan Program"), to issue up to $235 million in guarantees for loans by financial institutions ("Secured Lenders") to agriculture and agribusiness borrowers. Under the Program, Secured Lenders may receive a lump-sum payment up to a maximum of 85% of a remaining loan balance in the event of a default. The IFA currently maintains two reserve funds, (i) The Illinois Agricultural Loan Fund, and (ii) The Illinois

Farmer & Agribusiness Loan Guarantee Fund (collectively, the “Reserve Funds”), from which default lump-sum payments may be made. As of October 31, 2008, the available balances in the Reserve Funds held by the IFA were $10.7 million and $7.7 million, respectively.

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

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

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

ILLINOIS STUDENT ASSISTANCE COMMISSION STATE GUARANTEE

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 20
RETIREMENT SYSTEMS' PENSION FUND STATISTICS

Retirement System	Active Members	Inactive / Entitled to Benefits	Retirees and Beneficiaries	Total	Assets[1]	Liabilities[2]	UAAL
	Participants (As of June 30, 2009)				**$ in thousands (As of June 30, 2009)**		
TRS	165,474	108,416	94,419	368,309	$38,026,043.5	$73,027,198.0	$35,001,154.5
SURS	83,545	77,780	46,810	208,135	14,281,998.1	26,316,231.0	12,034,232.9
SERS	65,599	20,857	57,381	143,837	10,999,953.5	25,298,346.1	14,298,392.6
JRS	968	23	982	1,973	616,849.1	1,548,509.5	931,660.4
GARS	181	78	400	659	71,573.9	245,226.3	173,652.4
Total	**315,767**	**207,154**	**199,992**	**722,913**	**$63,996,418.1**	**$126,435,510.9**	**$62,439,092.8**

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

STATE LAW REQUIREMENTS FOR RETIREMENT SYSTEMS FUNDING

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

ISSUANCE OF PENSION BONDS AND ALLOCATION OF PROCEEDS

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

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

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

FUTURE STATE CONTRIBUTIONS TO RETIREMENT SYSTEMS

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

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

PUBLIC ACT 94-4

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

- New benefit increases are prohibited unless there is a specifically identified adequate additional funding source upon adoption of the benefit, and that all such benefit increases will expire five years after their effective date, unless extended by an act of the General Assembly.

- The Money Purchase Option is discontinued for TRS and SURS for participants employed after July 1, 2005. The Option provides that a member is entitled to an annuity computed under the defined benefit formula or the Money Purchase Option, whichever is greater. Employee contributions are matched at 140% and converted to an actuarially equivalent annuity. Under the Pension Act, the Illinois Comptroller assumes the role of setting each one-year Money Purchase Rate for grandfathered participants (those employed prior to July 1, 2005). Taking into account historical and projected future SURS assets performance, and giving effect to certain constitutional provisions, the Comptroller set the 2008 Money Purchase Option rate to 8.5%, a upward revision from 8.0% for 2007.

- Local employers must fund the additional cost of pension benefits attributable to pay increases during the final four years of employment that exceed 6%.

- The Early Retirement Option (ERO) for TRS, which replaces the ERO that expired June 30, 2005, increases the required member and school district contributions and increases the service requirement for unreduced benefits from 34 to 35 years. TRS members who have notified their employer by June 1, 2005 of their intent to retire by July 1, 2007 remain eligible to retire under the prior ERO.

- Local employers are required to pay the normal cost related to sick leave granted in excess of the normal allotment.

- Payments into the Retirement Systems for Fiscal Year 2006 and 2007 are set to $1,431.7 million and $1,868.9 million respectively, which include debt service of approximately $496 million each year required for the 2003 Pension Bonds. Contributions for normal and unfunded pension costs resume under the 50-year funding schedule pursuant to Public Act 88-593 in Fiscal Year 2008, adjusted for debt service on the 2003 Pension Bonds as described further herein.

TASK FORCE RECOMMENDATIONS - PENSION REFORMS

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. The impact of a variety of these reforms is being analyzed at this time. It is anticipated that certain proposed pension reforms will be presented to the legislature during the current calendar year some of which will be intended to reduce the unfunded accrued actuarial liability and the future annual contributions required to be made by the State.

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 2007
($ IN THOUSANDS)

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

[1] The SURS Self Managed Plan (SMP) is not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.
[2] Reflects valuation of assets on a market basis as of June 30, 2006, per GASB Statement 25.
[3] Actuarially determined accrued benefit costs.
Note: Numbers may not add due to rounding.

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

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

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

OTHER POST EMPLOYMENT BENEFITS

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

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

LITIGATION

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

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

TAX PROTEST LITIGATION

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

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 Series of April 2010 Bonds from one or more national rating agencies. These ratings, if assigned, reflect the view of such organizations and an explanation of the significance of such ratings may be obtained only from the respective Rating Agencies. As part of the State's application for the ratings, certain information and materials, some of which are not contained herein, have been supplied to the Rating Agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Series of April 2010 Bonds and the ratings and the Series of April 2010 Bonds should be evaluated independently.

As of the date of the date of the Official Statement, the State's long term GO Bonds were rated A2" with a Negative Outlook by Moody's, "A" with a Negative Watch by Fitch and "A+" with a Negative Outlook by S&P. Each such rating reflects only the view of such rating agency.

The State will provide appropriate periodic credit information necessary for maintaining ratings on the Series of April 2010 Bonds to the Rating Agencies. Except as may be required by the Undertaking as defined below under the heading "CONTINUING DISCLOSURE," the State undertakes no responsibility either to bring to the attention of the owners of the Series of April 2010 Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. If assigned, there is no assurance that any such ratings will be maintained for any given period of time or that they will not be lowered or withdrawn entirely. Any revision or withdrawal of any such ratings may have an adverse effect on the prices at which the Series of April 2010 may be resold.

TAX MATTERS

General

In the opinion of Foley & Lardner LLP, Bond Counsel, based on existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, as described herein, interest on the Series of April 2010 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code (the "Code"). In the further opinion of Bond Counsel, interest on the Series of April 2010 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. A copy of the proposed form of the opinion of Foley & Lardner LLP, as Bond Counsel, is set forth in APPENDIX B.

Interest on the Series of April 2010 Bonds is not exempt from present Illinois income taxes.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series of April 2010 Bonds. The State has covenanted to comply with certain restrictions and requirements designed to assure that the interest on the Series of April 2010 Bonds will not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in such interest being included in gross income for federal income tax purposes, possibly from the original issuance date of the Series of April 2010 Bonds. The opinion of Foley & Lardner LLP, as Bond Counsel, assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the issuance of the Series of April 2010 Bonds may adversely affect the tax status of the interest on the Series of April 2010 Bonds.

The opinion of Bond Counsel relies on factual representations made by the State and other persons. 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 Series of April 2010 Bonds. Bond Counsel has not verified these representations by independent investigation. Bond Counsel does not purport to be an expert in asset valuation and appraisal, financial analysis, financial projections or similar disciplines. Failure of any of these factual representations to be correct may result in interest on the Series of April 2010 Bonds being included in gross income for federal income tax purposes, possibly from the original issuance date of the Series of April 2010 Bonds.

Certain requirements and procedures contained or referred to in the Bond Sale Order, and the Tax Certificate and Agreement relating to the Series of April 2010 Bonds and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any of the Series of April 2010 Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Foley & Lardner LLP.

Although Bond Counsel is of the opinion that interest on the Series of April 2010 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series of April 2010 Bonds may otherwise affect an owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences except as expressly provided in the opinion of Bond Counsel.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Series of April 2010 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent the owners from realizing the full current benefit of the tax status of the interest on the Series of April 2010 Bonds. Prospective purchasers of the Series of April 2010 Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

The opinion of Bond Counsel is based on current legal authorities, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the Series of April 2010 Bonds for federal income tax purposes. It is not binding on the IRS or the courts, and it is not a guarantee of result. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State or about the effect of changes to the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The State has covenanted, however, to comply with the applicable requirements of the Code.

Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the Series of April 2010 Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners and other parties other than the State would have little, if any, right to participate in an IRS examination of the Series of April 2010 Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the State legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series of April 2010 Bonds for examination, or the course or result of such an examination, or an examination of Series of April 2010 Bonds presenting similar tax issues may affect the market price, or the marketability, of the Series of April 2010 Bonds, and may cause the State or the owners to incur significant expense.

De minimis safe harbor exception for tax-exempt interest expense of financial institutions

In the case of a financial institution, the Code generally disallows that portion of the taxpayer's interest expense that is allocable to tax-exempt interest. The amount of interest that is disallowed is an amount which bears the same ratio to such interest expense as the taxpayer's average adjusted bases of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted bases of all assets of the taxpayer. The general rule of section 265(b) of the Code denying financial institutions' interest expense deductions allocable to tax-exempt obligations does not apply to "qualified tax-exempt obligations". The Series of April 2010 Bonds are not "qualified tax-exempt obligations" for this purpose.

The American Recovery and Reinvestment Act of 2009 generally provides that tax-exempt obligations issued during 2009 and 2010 and held by a financial institution, in an amount not to exceed two percent of the adjusted basis of the financial institution's assets, are not taken into account for the purpose of determining the portion of the financial institution's interest expense subject to the pro rata interest disallowance rule of section 265(b). For the purposes of this rule, a refunding bond (whether a current or advance refunding) is treated as issued on the date of issuance of the refunded bond (or, in a case of a series of refundings, the original bond).

The American Recovery and Reinvestment Act also amends section 291(e) of the Code to provide that tax-exempt obligations issued during 2009 and 2010, and not taken into account for purposes of calculation of a financial institution's interest expense subject to the pro rata interest disallowance rule, are treated as having been acquired on August 7, 1986. As a result, such obligations are financial institution preference items, and the amount allowable as a deduction by a financial institution with respect to interest incurred to carry such obligations is reduced by 20 percent.

Premium

Series of April 2010 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series of April 2010 Bonds like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax exempt interest received, and an owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

CONTINUING DISCLOSURE

The State will enter into a Limited Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series of April 2010 to provide notice of certain material events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act"). See "APPENDIX D – CONTINUING DISCLOSURE UNDERTAKING" for a description of the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies. The State has previously undertaken to provide continuing disclosure of its financial information and operating data, in connection with prior general obligation bond issues, and therefore such updates will be submitted to Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB") for purposes of the Rule.

The State is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the State to comply with the Undertaking will not constitute a default under the Bond Sale Order, adopted by the Governor and the Director authorizing the issuance of the Series of April 2010 Bonds (the "Bond Sale Order"), and beneficial owners of the Series of April 2010 Bonds 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 Series of April 2010 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series of April 2010 Bonds 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 Series of April 2010 Bonds. 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 there from or from the sale of the Series of April 2010 Bonds that there has been no change in the affairs of the State or the information contained herein since the dates as of which such information is given. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not be construed as a contract or agreement between the State and the underwriters of any of the Series of April 2010 Bonds.

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

The Director of the GOMB (the "Director") will provide to the underwriters at the time of delivery of the Series of April 2010 Bonds a certificate confirming that, to the best of his knowledge, the Official Statement was, as of its date, and is, at the time of such delivery, true and correct in all material respects and did not and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Additional information regarding the Series of April 2010 Bonds and this Official Statement is available by contacting the Governor's Office of Management and Budget, 108 State House, Springfield, Illinois 62706; telephone: (217) 782-4520.

The State has authorized the distribution of this Official Statement.

STATE OF ILLINOIS

By: ______________________________________

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 thirteenth among all states. Illinois ranks third among all states in total cash receipts from crops, second in feed and grain exports, second in soybean and product exports, third in exports of all commodities and ranks among the top states in several measures of manufacturing activity. Chicago serves as the transportation center of the Midwest and the headquarters of many of the nation's major corporations and financial institutions. Table A-1 compares the workforce composition of Illinois to that of the United States as a whole. Table A-2 shows the distribution of Illinois non-agricultural employment by industry sector.

Table A-1

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

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

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

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

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Table A-2

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

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

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

Agriculture

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

Table A-3

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

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

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

Table A-4

AGRICULTURAL EXPORTS
Federal Fiscal Year 2008
($ in Millions)

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

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

Contracts For Future Construction

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

Table A-5

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

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

[1] Department of Commerce and Economic Opportunity
[2] U.S. Census Bureau, Housing Units Authorized by Building Permits: Annual, various issues, December 2009.

Financial Institutions

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

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

Table A-6

Financial Institutions
($ in Millions)

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

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

Personal Income

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

Table A-7

PERSONAL INCOME
($ in Billions)

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

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

Table A-8

PER CAPITA PERSONAL INCOME

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

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

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Employment

Table A-9

NUMBER OF UNEMPLOYED

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

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

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

Table A-10

UNEMPLOYMENT RATE (%)

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

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

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

Population

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

Table A-11

POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS

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

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

Organization

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Appendix B

[Proposed Form of Opinion of Foley & Lardner LLP]

[To Be Dated the Delivery Date of the Bonds]

State of Illinois
Springfield, Illinois

Re: State of Illinois General Obligation Bonds, Series of April, 2010

Dear Ladies and Gentlemen:

We have served as bond counsel to the State of Illinois (the "State") in connection with the issuance of its $________ General Obligation Bonds, Series of April, 2010 (the "Bonds"). The Bonds are being issued pursuant to the General Obligation Bond Act, as amended (the "Act"), of the State and the Bond Sale Order of the Governor of the State and the Director of the Governor's Office of Management and Budget of the State, dated April __, 2010.

We examined the law, a certified copy of the proceedings relating to the issuance of the Bonds, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon those certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law as of the date hereof:

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

2. The full faith and credit of the State are irrevocably pledged to the payment of the principal of premium, if any, and interest on the Bonds as those amounts become due.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. The State must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Bonds are issued for interest to be, or continue to be, excluded from gross income for federal income tax purposes. A failure to comply with such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactive to the date the Bonds were issued. This opinion expresses no opinion about other federal tax law consequences regarding the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). We express no opinion as to the availability of any particular form of judicial relief.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Preliminary Official Statement, dated March __, 2010, relating to the Bonds, the Official Statement Addendum, dated April __, 2010, relating to the Bonds, or any other offering material relating to the Bonds, and we express no opinion relating thereto.

This opinion speaks as of its date. We assume no duty to change this opinion to reflect any facts or circumstances that later come to our attention or any changes in law.

Very truly yours,

APPENDIX C
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 Series of April 2010 Bonds. The Series of April 2010 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series of April 2010 Bond certificate will be issued for each maturity of the Series of April 2010 Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

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, as amended. 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, the "Participants") are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series of April 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series of April 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is, in turn, to be recorded on the 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 Series of April 2010 Bonds 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 Series of April 2010 Bonds, except in the event that use of the book-entry system for the Series of April 2010 Bonds is discontinued.

To facilitate subsequent transfers, all Series of April 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series of April 2010 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series of April 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series of April 2010 Bonds 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 Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series of April 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series of April 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar of the Series of April 2010 Bonds ("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 Series of April 2010 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series of April 2010 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series of April 2010 Bonds 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 Series of April 2010 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State, 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, or its nominee 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 Series of April 2010 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State, 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.

A Beneficial Owner shall give notice to elect to have its Series of April 2010 Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Series of April 2010 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series of April 2010 Bonds, on DTC's records, to the Registrar. The requirement for physical delivery of Series of April 2010 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series of April 2010 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series of April 2010 Bonds to the Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Series of April 2010 Bonds at any time by giving reasonable notice to the Participant. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2010 Bond certificates will be printed and delivered.

The above 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 completeness or the accuracy thereof, or as to the absence of material adverse changes in such information subsequent to the date hereof.

The State cannot and does not give any assurances that DTC, or a successor securities depository, or Participants will distribute to the Beneficial Owners of the Series of April 2010 Bonds: (i) payments of principal of or interest and premium, if any, on the Series of April 2010 Bonds; (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Series of April 2010 Bonds; or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, or a successor securities depository, as the registered owner of the Series of April 2010 Bonds, or that they will do so on a timely basis, or that DTC or the Participants will serve and act in the manner described in this Official Statement.

The State will have no responsibility or obligation to any Participant, or any Beneficial Owner or any other person with respect to: (i) the Series of April 2010 Bonds; (ii) the accuracy of any records maintained by DTC, or a successor securities depository, or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series of April 2010 Bonds; (iii) the payment by DTC, or a successor securities depository, or any Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series of April 2010 Bonds; (iv) the delivery by DTC, or a successor securities depository, or any Participant of any notice to any Beneficial Owner which is required or permitted to be given to owners of the Series of April 2010 Bonds; (v) the selection of which Beneficial Owners will receive payment in the event of any partial redemption of the Series of April 2010 Bonds; (vi) any consent given or other action taken by DTC, or a successor securities depository as a Bondholder; or, (vii) the performance by DTC, or any successor securities depository, of any other duties as securities depository.

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 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 EMMA for purposes of the Rule in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Series of April 2010 Bonds that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events", certain of which may not be applicable to the Series of April 2010 Bonds, are:

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

CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION

The State will give timely notice through EMMA of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when they are due in accordance with prior Undertakings.

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

AMENDMENT; WAIVER

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

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

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

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Series of April 2010 Bonds, as determined by a party unaffiliated with the State (such as bond counsel).

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the State no longer has any legal liability for any obligation on or relating to repayment of the Series of April 2010 Bonds under the Bond Sale Order. The State shall give timely notice through EMMA if there is such a termination.

ADDITIONAL INFORMATION

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

DISSEMINATION AGENT

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

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. BV-COC-960893
© 1996 Forest Stewardship Council

Printed by: ImageMaster, Inc.