OFFICIAL STATEMENT ADDENDUM DATED MAY 14, 2009

$1,000,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF MAY, 2009

Dated: Date of Delivery | Due: As shown below

The purpose of this Official Statement Addendum is to set forth the details of sale of the $1,000,000,000 General Obligation Certificates of May, 2009 (the "*Certificates*"), sold by the State of Illinois (the "*State*") on May 14, 2009. The Certificates 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
April 26, 2010	$500,000,000	4.00%	1.65%	102.153	4521517G2
May 20, 2010	$500,000,000	4.00%	1.73%	102.225	4521517H0

The Preliminary Official Statement of the State, dated May 11, 2009, relating to the Certificates, 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 Certificates (as that term is defined in Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Act of 1934, as amended) 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 Certificates not described herein and for the definition of all capitalized terms not defined herein. The Certificates are expected to be delivered on or about May 21, 2009.

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

USE OF CERTIFICATE PROCEEDS

The Certificate proceeds will be deposited in the following State funds for the purposes described in the Deemed Final Official Statement and in the amounts as follows.

FUND	AMOUNT
Deposit to General Revenue Fund	$1,000,000,000.00
Deposit to the General Obligation Bond Redemption and Interest Fund, equal to the amount of net premium.	$20,195,000.00
Total use of Certificate Proceeds	$1,020,195,000.00

FORM OF APPROVING LEGAL OPINION

The form of the approving opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, as Bond Counsel, is contained in *Appendix A* hereto.

UNDERWRITING

The Certificates maturing on April 26, 2010 have been purchased by Morgan Stanley & Co Incorporated as the Successful Purchaser (the "Morgan Stanley"), at a purchase price of $510,030,000.00. Morgan Stanley may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering prices set forth in the table above. After the initial public offering, the public offering price may be changed from time to time by the Morgan Stanley.

The Certificates maturing on May 20, 2010 have been purchased by Morgan Stanley & Co Incorporated as the Successful Purchaser, at a purchase price of $510,165,000.00 which excludes provision for the payment of issuance expenses in the total amount of $246,300.00 to be paid by the Morgan Stanley on behalf and at the direction of the State. Morgan Stanley may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering prices set forth in the table above. After the initial public offering, the public offering price may be changed from time to time by the Morgan Stanley.

AUTHORIZATION

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

/s/ Ginger Ostro

Director, Governor's Office of Management and Budget

Dated: May 14, 2009

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

May 21, 2009

State of Illinois
State Capitol
Springfield, Illinois

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $1,000,000,000 aggregate principal amount of General Obligation Certificates of May, 2009 (the "Certificates") of the State of Illinois (the "State"). The Certificates are authorized and issued pursuant to the provisions of Section 9(d) of Article IX of the State Constitution and the Short Term Borrowing Act, 30 Illinois Compiled Statutes 340.

The Certificates are issuable in the form of fully registered certificates in the denominations of $100,000 and any integral multiple thereof. The Certificates delivered on original issuance are dated May 21, 2009. The Certificates mature (without option of prior redemption) on the following maturity dates in the respective principal amount set opposite each such maturity date in the following table, and the Certificates maturing on each such maturity date bear interest from their date payable at maturity at the respective rate of interest per annum set forth opposite such maturity date:

Maturity Date	Principal Amount	Interest Rate
April 26, 2010	$500,000,000	4.00 %
May 20, 2010	500,000,000	4.00 %

In our opinion, the Certificates are valid and legally binding general obligations of the State of Illinois. However, the enforceability of rights or remedies with respect to the Certificates may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

In our opinion, the Short Term Borrowing Act constitutes an appropriation out of any moneys in the State Treasury of an amount sufficient to pay the principal of and interest on the Certificates as the same shall become due and payable; and the Governor, the Comptroller and Treasurer of the State are authorized to order the transfer of any moneys in the State Treasury into the General Obligation Bond Retirement and Interest Fund of the State to provide for the payment of the principal of and interest on the Certificates.

We are of the opinion that, under existing law, interest on the Certificates is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Certificates will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that interest on the Certificates is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Certificates. These requirements relate to the use and investment of the proceeds of the Certificates, the payment of certain amounts to the United States, the security and source of payment of the Certificates and the use of the property financed with the proceeds of the Certificates. The State has covenanted to comply with these requirements.

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

Very truly yours,

LG/be

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

$1,000,000,000
GENERAL OBLIGATION CERTIFICATES OF MAY, 2009

DATE OF SALE: MAY 14, 2009

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

Preliminary Official Statement Printed: May 11, 2009

Expected Date of Issuance (Delivery): May 21, 2009

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

PREFACE

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

CERTIFICATE SUMMARY

Issuer:	State of Illinois
Offering:	$1,000,000,000 General Obligation Certificates of May, 2009.
Bidding Details:	Bids will be received until 11:00 A.M., Central Daylight Savings Time, May 14, 2009 via PARITY, as provided in the Official Notice of Sale.
Dated Date:	Date of issuance (expected to be May 21, 2009).
Maturity:	$500,000,000 of the aggregate principal amount will mature on April 26, 2010, $500,000,000 of the aggregate principal amount will mature on May 20, 2010
Interest:	Interest on each Certificate, computed on the basis of a 360-day year of twelve 30-day months, will be payable only on the maturity date thereof.
Security:	The Short Term Borrowing Act, 30 ILCS 340/1. et seq., pursuant to which the Certificates are being issued, constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the interest on and principal of the Certificates as the same become due.
Form of Certificates:	Certificates will be issued in denominations of $100,000 or integral multiples thereof, in fully registered form through a global book-entry system. The Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Owners of the Certificates will not receive a certificate representing ownership interest.
Legal Opinion:	Katten Muchin Rosenman LLP, Chicago, Illinois, as Bond Counsel.
Certificate Registrar / Paying Agent:	Treasurer of the State of Illinois, Springfield, Illinois.
Certificate Ratings:	Applications for short-term ratings on this issue have been made to Fitch Ratings Inc. and Standard & Poor's, a division of The McGraw-Hill Companies.

For further information on this offering, please contact Phil Culpepper, (217) 782-4520 of the Governor's Office of Management and Budget, Springfield, Illinois or Lewis Greenbaum, (312) 902-5418, of Katten Muchin Rosenman LLP, Chicago, Illinois.

In the opinion of Katten Muchin Rosenman LLP, Bond Counsel, under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Certificates will be excluded from gross income for Federal income tax purposes except as described under "TAX EXEMPTION" herein. In the opinion of Bond Counsel, the Certificates are not "private activity bonds," and the interest thereon is therefore not required to be included as an item of tax preference in computing "alternative minimum taxable income." Interest on the Certificates is not exempt from Illinois income taxes.

THE OFFERING

$1,000,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF MAY, 2009

INTRODUCTION

This Preliminary Official Statement of the State of Illinois (the "*State*"), including the cover and appendices, presents certain information in connection with the issuance by the State of $1,000,000,000 aggregate principal amount of its certificates designated as the State of Illinois General Obligation Certificates of May, 2009 (the "*Certificates*").

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

The State has diversified economic strengths. Measured by per capita personal income, the State 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 – Economic DATA" for further information regarding the State.

AUTHORITY FOR ISSUANCE

The State will borrow pursuant to the provisions of Article IX, Section 9(d) of the Illinois Constitution and the provisions of the Short Term Borrowing Act, 30 ILCS 340/1. et seq., (the "*Act*") of the State for the purpose of supplementing fiscal year 2009 revenues to provide for payment of current expenses of the State, as more fully described under the heading "USE OF CERTIFICATE PROCEEDS" below. Pursuant to the Act, the Certificates must be repaid within twelve months.

DESCRIPTION OF CERTIFICATES

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

Issuance	Maturity	Amount
May 21, 2009	April 26, 2010	$500,000,000
May 21, 2009	May 20, 2010	$500,000,000

Interest on each Certificate is payable only on the respective maturity date thereof, at the interest rate per annum specified by the successful bidder, and such interest will be computed on the basis of a 360-day year of twelve 30-day months. The Certificates are not subject to redemption prior to maturity.

The Certificates will be issued in denominations of $100,000 or integral multiples thereof, in fully registered form through a global book-entry system. Principal of and interest on the Certificates will be paid by the Treasurer of the State, Springfield, Illinois, as certificate registrar and paying agent for the Certificates, to The Depository Trust Company, New York, New York, or its nominee ("*DTC*"). DTC will in turn remit principal and interest payments to its participants for subsequent disbursement to beneficial owners of the Certificates. See "APPENDIX C – GLOBAL BOOK-ENTRY SYSTEM."

SECURITY

The Certificates, together with all other General Obligation Bonds are direct, full faith and credit, general obligations of the State. The Act constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the principal of and interest on the Certificates as the same become due. The Certificate Order, dated as of May 11, 2009 and executed by the Governor, the Comptroller and the Treasurer of the State, pursuant to which the Certificates are issued (the "*Certificate Order*"), authorizes the Governor, the Comptroller and Treasurer of the State to provide for the transfer of moneys on deposit in any funds of the State Treasury into the General Obligation Bond Retirement and Interest Fund of the State (the "*GOBRI Fund*") at such times and in such amounts as they deem necessary for the timely payment of the principal of and interest on the Certificates.

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

USE OF CERTIFICATE PROCEEDS

Proceeds of the Certificates will be used to supplement revenues during fiscal year 2009. The State expects to deposit $1,000,000,000 of the proceeds of the Certificates into the General Revenue Fund to relieve general cash flow pressures.

Accrued interest, if any, will be deposited into the GOBRI Fund to be used toward the payment of the principal and interest due on Certificates.

Cash flow estimates for the General Revenue Fund for the term of the Certificates is set forth in Table 5-A and 5-B.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Sources:

Principal Amount of Certificates
Net Re-Offering Premium

Total Sources

Uses:

Deposit of Principal to General Revenue Fund
Deposit of Premium to GOBRI Fund
Underwriter's Discount
Issuance Expenses

Total Uses

RATINGS

The State has applied to Fitch Ratings Inc. ("Fitch") and Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, ("*S&P*") (collectively, the "*Rating Agencies*"), for short-term ratings on the Certificates. These ratings, if assigned, reflect the views 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 Certificates and the ratings and the Certificates should be evaluated independently.

As of the State's most recent issuance of General Obligation Bonds in April 2009, the State's long term General Obligation Bonds were rated "*A1*" with a Stable Outlook by Moody's, "*AA-*" with a Stable Outlook by S&P and "*AA-*" with a Ratings Watch Negative by Fitch Ratings Inc. Each such rating reflects only the views of such rating agency. Any explanation of the significance of such ratings may be obtained only from the respective rating agencies.

The State will provide appropriate periodic credit information necessary for maintaining ratings on the Bonds to the rating agencies. The State undertakes no responsibility either to bring to the attention of the owners of the Certificates any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. There is no assurance that any such rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely. Any downward revision or withdrawal of any such rating may have an adverse effect on the prices at which the Certificates may be resold.

LEGAL OPINION

The Certificates are offered subject to the approving opinion of Katten Muchin Rosenman LLP, Chicago, Illinois, Bond Counsel.

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

TAX EXEMPTION

Summary of Bond Counsel's Opinion

Katten Muchin Rosenman LLP, Bond Counsel, is of the opinion that under existing law, interest on the Certificates is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), Bond Counsel is of the opinion that interest on the Certificates will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. Bond Counsel is further of the opinion that, interest on the Certificates is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Certificates is not exempt from Illinois income taxes.

Certificate Purchased at a Premium or a Discount

The difference (if any) between the initial price at which a substantial amount of the Certificates of a maturity are sold to the public (the "Offering Price") and the principal amount payable at maturity of such Certificates is given special treatment for Federal income tax purposes. If the Offering Price is higher than the maturity value of a Certificate, the difference between the two is known as "bond premium;" if the Offering Price is lower than the maturity value of a Certificate, the difference between the two is known as "original issue discount."

Bond premium and original issue discount are amortized over the term of a Certificate on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is subtracted from the owner's tax basis in the Certificate. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Certificate for Federal income tax purposes, to the same extent and with the same limitations as current interest, and is added to the owner's tax basis in the Certificate. A Certificate's adjusted tax basis is used to determine whether, and to what extent, the owner realizes taxable gain or loss upon disposition of the Certificate (whether by reason of sale, acceleration, redemption prior to maturity or payment at maturity of the Certificate.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Certificates. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of Certificate proceeds that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain "temporary periods," proceeds of the Certificates and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a "minor portion") may generally not be invested in investments having a yield that is "materially higher" (1/8 of one percent) than the yield on the Certificates.

Rebate of Arbitrage Profit. Unless the State qualifies for one of several exemptions, earnings from the investment of the "gross proceeds" of the Certificates in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Certificate are required to be paid to the United States at periodic intervals. For this purpose, the term "gross proceeds" includes the original proceeds of the Certificates, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Certificates.

Covenants to Comply

The State has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for Federal income tax purposes of interest on the Certificates.

Risks of Non-Compliance

In the event that the State fails to comply with the requirements of the Code, interest on the Certificates may become includable in the gross income of the owners thereof for Federal income tax purposes retroactive to the date of issue. In such event, neither acceleration of payment of principal of, or interest on, the Certificates nor payment of any additional interest or penalties to the owners of the Certificates will occur.

Federal Income Tax Consequences

Pursuant to Section 103 of the Code, interest on the Certificates is not includable in the gross income of the owners thereof for Federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Certificates which may affect the taxation of certain types of owners, depending on their particular tax situations. Prospective purchasers should consult their tax advisors concerning the particular Federal income tax consequences of their ownership of the Certificates.

GENERAL OBLIGATION BONDS

The General Obligation Bond Act, 30 ILCS 330 *et seq.* (the "*GO Bond Act*"), authorizes the State to issue and sell General Obligation Bonds ("*GO Bonds*") for the purposes and in the amounts listed below, and to refund any outstanding GO Bonds. The GO Bond Act consolidated the authorization contained in prior bond acts into a single act.

The GO Bond Act authorizes the State to issue and sell multi-purpose GO Bonds in the aggregate amount of $30,712,149,369, excluding refunding bonds referred to below, for the purposes and in the amounts listed below:

$7,320,235,369	For capital facilities within the State;
$5,432,129,000	For use by the Illinois Department of Transportation, Roads and Bridges;
$2,881,270,000	For use by the Illinois Department of Transportation, Public Transportation, Air and Rail;
$3,150,000,000	For grants to school districts;
$480,315,000	For anti-pollution purposes;
$698,200,000	For coal and energy development purposes; and
$10,000,000,000	GO Pension Funding Bonds for the purpose of funding or reimbursing a portion of the State's contributions to State retirement systems. See "PENSION SYSTEMS."

The GO Bond Act authorizes the issuance of GO Bonds in the amount of up to $2,839,025,000, at any time and from time-to-time outstanding, for the purpose of refunding any outstanding GO Bonds. See "INDEBTEDNESS – GENERAL OBLIGATION BONDS" for a description of the authorized and previously issued GO Bonds under the GO Bond Act and its predecessor Bond Acts.

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

The Director will provide to the Purchasers at the time of delivery of the Certificates a certificate confirming that, to the best of her 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.

LIMITED CONTINUING DISCLOSURE

The State will enter into a Limited Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Certificates to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b) (5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "*SEC*") under the Securities Exchange Act of 1934, as amended (the "*1934 Act*"). See "APPENDIX D – LIMITED CONTINUING DISCLOSURE UNDERTAKING" for the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies. As the Certificates have a maturity of less than 18 months, the State is exempt from the provisions of the Rule requiring the delivery of annual financial information to the nationally recognized securities information repositories specified in 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 Certificate Order, and beneficial owners of the 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 Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

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 in Illinois:

Fee Protest Litigation:

In November 2004, 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 March 2009, approximately $14 million remained in escrow. In addition, the trial court has allowed certain insurance companies to make surcharge payments into the Protest Fund. As of March 2009, approximately $46 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 will retain 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 remains pending as the parties work to implement the settlement agreement.

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's 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.

<u>Retaliatory Tax Litigation</u>:

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 as 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 Nov. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 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.

CONSTITUTIONAL PROVISIONS RELATING TO REVENUES AND EXPENDITURES

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

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 revenues.*"

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 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 February 2007, General Obligation Certificates in the amount of $900 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. In June 2007 the February 2007, General Obligation Certificates were repaid. In September 2007, General Obligation Certificates in the amount of $1,200 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. In November 2007 the September 2007, General Obligation Certificates were repaid. In April 2008, General Obligation Certificates in the amount of $1,200 million were issues pursuant to the provision of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. In May and June 2008 the April 2008, General Obligation Certificates were repaid. In December 2008 General Obligation Certificates in the amount of $1,400 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. The first maturity of the December 2008 General Obligation Certificates was repaid in April 2009 and the final two maturities will be repaid in May and June 2009. 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, Nationally Recognized Municipal Securities Information Repositories (each, a "*NRMSIR*") and others as required by federal securities rules. See "THE OFFERING – LIMITED CONTINUING DISCLOSURE" and "APPENDIX D – SUMMARY OF LIMITED 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, 1-A, 2, and 6 of this section, unless otherwise noted, are based on information contained in detailed annual reports or records of the Illinois Office of the Comptroller (the "*Comptroller*"). For purposes of Tables 1 and 2 of this section, expenditures are deemed to be recognized when payment warrants are issued. Tables 3, 4, 5, and projected cash flows in Tables 5A, 5B, 5C and 5D are based on records of the GOMB, though Tables 4, 4A, 5, 5A, 5B, 5C and 5D also include or reflect information drawn from various reports or records of the Comptroller.

Table 4A provides a ten year history (FY2000-FY2009) of all state funds, by major fund category, that are available to support the general obligation pledge of the full faith and credit of the state, both at the end of each fiscal year (except fiscal 2009), and as of April 30th for each year including fiscal 2009. Tables 5C and 5D provide cash flow projections and liquidity information for those same state funds for the balance of fiscal year 2009 and all of fiscal year 2010.

The fiscal year 2007 ("*FY07*") Comprehensive Annual Financial Report ("*CAFR*") may be found at: *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2007.pdf*

Table 1

Receipts and Disbursements[1], General Funds[2]
Fiscal Years 2004-2008
($ in millions)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Available Balance, Beginning	**$317**	**$182**	**$497**	**$590**	**$642**
Receipts					
State Revenues					
Income Tax	8,208	9,151	10,063	11,158	12,180
Sales Tax	6,331	6,595	7,092	7,136	7,215
Public Utility Tax	1,079	1,056	1,074	1,131	1,157
Cigarette Tax	400	450	400	350	350
Inheritance Tax	222	310	272	264	373
Liquor Gallonage Tax	127	147	152	156	158
Insurance Tax & Fees	362	342	317	310	298
Corporate Franchise Tax	163	181	181	193	225
Investment Income	55	73	153	204	212
Intergovernmental Transfers	428	433	350	307	302
Other	517	652	479	482	474
Total, State Revenues	**17,892**	**19,390**	**20,533**	**21,691**	**22,944**
Federal Revenues					
Medicaid & Social Services	5,189	4,257	4,725	4,703	4,815
Transfers In					
From Other State Funds[3,4]	3,742	2,513	2,101	2,246	1,900
Hospital Provider Fund[5]	-	3	-	-	-
Total Revenues	**26,823**	**26,163**	**27,359**	**28,640**	**29,659**
Short-Term Borrowing	-	765	1,000	900	2,400
Total Cash Receipts[3]	**$26,823**	**$26,928**	**$28,359**	**$29,540**	**$32,059**
Cash Disbursements					
Expenditures for Appropriations (See Table 1-A)	23,448	22,187	24,193	25,604	26,959
Transfers Out					
Short-Term Borrowing[6,7]	1,417	768	1,014	911	2,400
Debt Service Funds[8]	584	852	1,026	1,064	1,132
Other State Funds[3]	1,509	2,806	2,033	1,910	2,069
Total Cash Disbursements	**$26,958**	**$26,613**	**$28,266**	**$29,489**	**$32,560**
Cash Balance, Ending	**$182**	**$497**	**$590**	**$642**	**$141**

1 Based on information from the Illinois 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 Excludes transfers to and from the Budget Stabilization Fund.

4 Fiscal Year 2004 includes $1,498 million of Pension Bond Proceeds.

5 Transfers In reflects the net amount between $982 million received and the $979 million transferred out to the Hospital Provider Fund.

6 All Short-Term certificates issued during the period of this Table were fully retired by June 30, 2007. Also see "INDEBTEDNESS" section for additional information.

7 Fiscal Year 2007 amount of $911 million reflects various transfers that result in retirement of the Fiscal Year 2007 G.O. Certificates.

8 Reflects debt service on G.O. Bonds.

TABLE 1A
CASH EXPENDITURES BY CATEGORY[1]
FISCAL YEARS 2004-2008
($ IN MILLIONS)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Cash Expenditures					
Operations	$6,357	$6,347	$6,390	$6,656	$6,906
Awards and Grants[2]	16,236	16,184	17,616	18,695	20,247
Permanent Improvements	9	10	11	10	10
Refunds	23	23	16	20	18
Vouchers Payable Adjustments	871	(401)	170	234	(208)
Prior Year Adjustments	(48)	25	(10)	(11)	(14)
Total Expenditures for Appropriations	**$23,448**	**$22,188**	**$24,193**	**$25,604**	**$26,959**

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

[2] FY 2004 reflects additional Medicaid spending facilitated by an $850 million short term borrowing in order to maximize Federal reimbursements at a higher recovery rate (52.95% vs. 50%) that was available only in FY 2004. As a result, spending on FY 2005 Awards & Grants was reduced by a corresponding amount.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 2
RECEIPTS AND DISBURSEMENTS[1] - ROAD FUND
FISCAL YEARS 2004-2008
($ IN MILLIONS)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Available Balance, Beginning	**$327**	**$142**	**$312**	**$777**	**$421**
Receipts					
State Revenues					
Motor Vehicle & License Fees	653	585	770	746	747
Certificates of Title	148	155	91	88	85
Property Sales (City & County)	64	70	58	64	72
Miscellaneous	118	42	63	93	73
Total, State Revenues	**983**	**851**	**982**	**991**	**978**
Federal Revenues	887	868	1024	1020	1257
Transfers In					
Motor Fuel Fund	332	337	337	385	335
Other Funds	-	-	-	-	-
Total Receipts **(Revenues + Transfers In)**	**$2,202**	**$2,056**	**$2,343**	**$2,396**	**$2,570**
Disbursements					
Expenditures for Appropriations	2,027	1,614	1,592	2,428	2,312
Transfers Out					
Debt Service Funds[2]	227	249	249	255	258
Other State Funds	133	24	37	69	32
Total Transfers Out	**360**	**273**	**286**	**324**	**291**
Total Disbursements **(Expenditures + Transfers Out)**	**$2,388**	**$1,887**	**$1,878**	**$2,752**	**$2,602**
Cash Balance, Ending	**$142**	**$312**	**$777**	**$421**	**$388**

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

[2] Reflects debt service on General Obligation Bonds

TABLE 3
GENERAL FUNDS APPROPRIATIONS[1]
FY 2008 ACTUAL VS. FY 2009 BUDGET
($ IN MILLIONS)

Category[2]	**FY08 Actual**	**FY09 Budget**	**$ Change**	**% Change**
Elementary & Secondary Education	$8,291	$8,800	$509	6.1%
Higher Education	$2,215	$2,385	$169	7.6%
Healthcare & Family Services (Public Aid)	$8,117	$8,148	$31	0.4%
Revenue	$158	$162	$4	2.5%
Human Services	$4,135	$4,209	$74	1.8%
Corrections	$1,236	$1,328	$92	7.4%
Children & Family Services	$897	$865	-$32	-3.5%
Central Management Services	$84	$76	-$8	-9.9%
State Police	$217	$221	$4	2.0%
Other Agencies	$2,187	$2,112	-$75	-3.4%
Net Appropriations (Spending)	**$27,538**	**$28,307**	**$768**	**2.8%**
Unspent Appropriations (Salvage)	-$382	-$500	-$118	30.9%
Budgeted Appropriations	**$27,156**	**$27,807**	**$650**	**2.4%**

[1] *Based on information from the Illinois Office of the Comptroller and GOMB*

[2] *All appropriation amounts include state pension contributions*

NOTE: In April 2009, Public Act 96-004 increased the State's GRF appropriation authority by $1,553.5 million.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 4
GENERAL FUNDS CASH RECEIPTS[1]
FY 2007 ACTUAL VS. FY 2008 BUDGET & ACTUAL
($ IN MILLIONS)

	FY 2007 Actual	FY 2008 Enacted[2]	FY 2008 Actual	FY 2008 vs. 2007	Percent Change
Cash Receipts					
State Sources, Cash Receipts:					
Net Individual Income Tax	9,408	9,832	10,320	912	9.7%
Net Corporate Income Tax	1,750	1,904	1,860	110	6.3%
Net Income Taxes	**$11,158**	**$11,736**	**$12,180**	**$1,022**	**9.1%**
Sales Taxes	**$7,136**	**$7,293**	**$7,215**	**$79**	**1.1%**
Other Sources					
Public Utility Taxes	1,131	1,126	1,157	26	2.3%
Cigarette Taxes	350	350	350	0	0.0%
Inheritance Tax (gross)	264	264	373	109	41.3%
Liquor Gallonage Taxes	156	157	158	2	1.3%
Insurance Tax and Fees	310	317	298	(12)	-3.9%
Corporation Franchise Tax & Fees	193	194	225	32	16.6%
Investment Income	204	204	212	8	3.9%
Cook County IGT	307	287	302	(5)	-1.6%
Riverboat Gambling Taxes	0	0	0	0	-
Other	482	532	474	(8)	-1.7%
Total: Other State Sources	**$3,397**	**$3,431**	**$3,549**	**$152**	**4.5%**
Total: State Revenues	**$21,691**	**$22,460**	**$22,944**	**$1,253**	**5.8%**
Transfers In:					
Lottery Fund	622	640	657	35	5.6%
State Gaming Fund	685	650	564	(121)	-17.7%
Other Funds	939	987	679	(260)	-27.7%
Total: State Transfers In	**$2,246**	**$2,277**	**$1,900**	**($346)**	**-15.4%**
Total: State Sources	**$23,937**	**$24,737**	**$24,844**	**$907**	**3.8%**
Federal Sources					
Cash Receipts	4,703	4,963	4,815	112	2.4%
Total: Federal Sources	**$4,703**	**$4,963**	**$4,815**	**$112**	**2.4%**
Total Revenues and Transfers In	**$28,640**	**$29,700**	**$29,659**	**$1,019**	**3.6%**
Short-Term borrowing	900	0	2,400	1,500	166.7%
Transfer from Budget Stabilization Fund	276	0	276	0	0.0%
Hospital Provider Fund	456	0	1,503	1,047	229.6%
Total: Cash Receipts	**$30,272**	**$29,700**	**$33,838**	**$3,566**	**11.8%**

[1] Source: Office of the Comptroller and GOMB

[2] Source: GOMB

TABLE 4A

FISCAL YEAR END CASH BALANCES BY FUND CATEGORY -- FY2000-FY2009

(amounts in $ millions)

FUND CATEGORY	FY2000	FY2001	FY2002	FY2003 *	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
General Funds	$ 1,517	$ 1,126	$ 256	$ 317	$ 182	$ 497	$ 590	$ 642	$ 141	
Highway Funds	$ 1,014	$ 1,310	$ 1,198	$ 701	$ 522	$ 733	$ 926	$ 747	$ 814	
Special State Funds	$ 2,297	$ 2,153	$ 2,180	$ 1,924	$ 2,618	$ 2,327	$ 2,433	$ 2,734	$ 2,741	
Bond Financed Funds	$ 569	$ 494	$ 269	$ 252	$ 199	$ 228	$ 533	$ 203	$ 77	
Debt Service Funds	$ 458	$ 436	$ 487	$ 1,050	$ 624	$ 648	$ 626	$ 638	$ 649	
Revolving Funds	$ 60	$ 43	$ 47	$ 48	$ 127	$ 91	$ 69	$ 63	$ 63	
State Trust Funds	$ 1,369	$ 1,344	$ 1,335	$ 1,301	$ 1,356	$ 1,619	$ 1,944	$ 2,220	$ 2,520	
June 30th amounts	**$ 7,283**	**$ 6,906**	**$ 5,773**	**$ 5,592**	**$ 5,628**	**$ 6,142**	**$ 7,122**	**$ 7,247**	**$ 7,005**	**N/A**
April 30th amounts	**$ 6,150**	**$ 5,981**	**$ 5,847**	**$ 4,840**	**$ 6,126**	**$ 6,460**	**$ 6,508**	**$ 7,466**	**$ 7,924**	**$ 6,284**

* Excludes proceeds of 2003 Pension Obligation Pensions Bonds for comparability purposes.
Source: Illinois Office of the Comptroller

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 4B
Monthly Cash Flows - General Funds
(In millions)

FY 2008

General Funds Actual Cashflow	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
REVENUES and TRANSFERS-IN												
Net Individual Income Tax	596.0	639.4	836.3	668.9	651.4	697.5	1,337.6	708.5	757.4	1,569.8	958.6	898.9
Net Corporate Income Tax	40.1	13.3	275.6	46.2	0.0	264.3	88.6	51.8	340.0	389.5	88.7	261.7
Sales Tax Revenue	626.0	597.3	580.6	614.9	593.3	714.4	621.7	502.2	560.4	585.7	596.4	621.8
All Other State Revenues	234.2	284.7	269.1	247.7	330.6	252.3	346.2	344.3	259.4	339.4	336.4	305.5
Operating Transfers-In	186.1	152.5	129.6	531.1	118.6	159.5	132.3	62.7	130.3	165.1	214.1	218.0
Total State Resources	**1,682.3**	**1,687.2**	**2,091.2**	**2,108.8**	**1,694.0**	**2,087.9**	**2,526.3**	**1,669.5**	**2,047.5**	**3,049.5**	**2,194.2**	**2,305.9**
Federal Revenues	573.5	574.4	213.2	521.8	251.4	233.1	431.7	243.5	420.2	510.2	525.7	316.0
Budget Stabilization Fund - Borrowing		275.7										
Total Revenues and Transfers In	**2,255.8**	**2,537.3**	**2,304.4**	**2,630.6**	**1,945.5**	**2,321.0**	**2,958.0**	**1,913.1**	**2,467.7**	**3,559.7**	**2,719.8**	**2,621.9**
Short Term Borrowing - G.O. Certificates			1,200.0	-						1,200.0	902.2	301.0
Revenues and Transfers-In (including HAT)	**2,255.8**	**2,537.3**	**3,504.4**	**2,630.6**	**1,945.5**	**2,321.0**	**2,958.0**	**1,913.1**	**2,467.7**	**4,759.7**	**3,622.0**	**2,922.9**
EXPENDITURES and TRANSFERS-OUT												
Health and Human Services	2,305.1	1,184.7	1,091.5	906.8	988.2	901.4	967.6	880.0	1,259.2	1,222.2	1,194.6	793.8
Public Safety	105.4	121.0	132.2	116.0	100.5	135.9	116.9	138.8	113.4	106.5	119.5	117.2
Government Services	29.1	31.6	20.0	30.1	19.0	17.5	16.2	17.4	18.7	16.4	18.6	17.0
State Board of Eduction	75.0	500.7	778.2	436.2	485.4	749.1	463.0	525.6	773.0	522.8	466.1	1,192.9
All Other Expenditures	322.7	336.9	557.1	482.0	564.8	409.9	422.6	537.5	353.9	274.0	317.6	262.6
Scheduled Transfers-Out	317.6	218.8	250.4	312.9	522.1	220.5	281.5	304.3	227.1	255.3	335.9	255.8
Budget Stabilization Fund - Repayment											275.7	
Short Term Borrowing - Repayment			1,200.0	-	-	-	-	-	-	1,200.8	900.5	301.3
Total Expenditures and Transfers Out	**3,154.7**	**2,394.8**	**4,023.3**	**2,284.3**	**2,677.9**	**2,432.0**	**2,267.4**	**2,401.5**	**2,744.3**	**3,561.3**	**3,663.6**	**2,940.4**
GENERAL FUNDS CASH BALANCE												
Beginning Available Balance - General Funds	641.8	676.3	596.3	760.7	892.1	539.2	588.6	536.9	326.5	210.5	323.8	373.9
Plus Revenues and Transfers-In	2,255.8	2,537.3	3,504.4	2,630.6	1,945.5	2,321.0	2,958.0	1,913.1	2,467.7	4,759.7	3,622.0	2,922.9
Less Expenditures and Transfers-Out	(3,154.7)	(2,394.8)	(4,023.3)	(2,284.3)	(2,677.9)	(2,432.0)	(2,267.4)	(2,401.5)	(2,744.3)	(3,561.3)	(3,663.6)	(2,940.4)
Increase (Decrease) in Voucher Inventory (A/P)	932.7	(223.2)	683.3	(214.7)	379.9	161.0	(742.6)	278.5	160.3	(1,085.5)	93.4	(215.9)
Ending Cash Balance - General Funds	**676.3**	**596.3**	**760.7**	**892.1**	**539.2**	**588.6**	**536.9**	**326.5**	**210.5**	**323.8**	**373.9**	**140.5**
Budget Stabilization Fund Balance	275.7										275.7	275.7
Ending Available Balance - General Funds	**952.0**	**596.3**	**760.7**	**892.1**	**539.2**	**588.6**	**536.9**	**326.5**	**210.5**	**323.8**	**649.6**	**416.2**
GENERAL FUNDS - ACCOUNTS PAYABLE (A/P)												
Beginning A/P (Including Lapse Period)	0.6	933.3	710.1	1,393.4	1,178.7	1,558.6	1,719.6	977.0	1,255.5	1,415.8	330.3	423.7
Comptroller Change in Voucher Inventory (A/P)	932.7	(223.2)	683.3	(214.7)	379.9	161.0	(742.6)	278.5	160.3	(1,085.5)	93.4	(215.9)
Ending A/P (Including Lapse Period)	**933.3**	**710.1**	**1,393.4**	**1,178.7**	**1,558.6**	**1,719.6**	**977.0**	**1,255.5**	**1,415.8**	**330.3**	**423.7**	**207.8**

FISCAL YEAR 2008 OVERVIEW

The FY08 results are presented in Tables 1 and 1A on a cash basis (receipts and disbursements) with comparative data for FY04 - 08 for the General Funds. Table 2 provides similar cash basis results for the Road Fund. Table 3 provides a comparison of appropriations for FY07 and FY08 for the General Funds. Table 4 compares General Funds cash receipts for FY07 and 08 (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, both at the end of each fiscal year (except for fiscal 2009) and as of March 31st for each year including fiscal 2009.

FISCAL YEAR 2008 RESULTS

As illustrated in Table 5, State Source Revenues for the General Funds totaled $22,944 million in FY08, a $1,253 million or 5.8% increase over FY07. That increase was primarily related to the economically sensitive income and sales taxes. Those taxes collectively increased by 6% and corresponded to the economic recovery experienced by the State beginning in the middle of FY05. Federal Source Revenues increased by $113 million or 2.4% from FY07. Statutory transfers in decreased by $346 million or 15.4% over FY07 results, primarily reflecting year-to-year timing differences in such cash transfers, as well as the sunset of legislation that authorized administrative chargebacks to other State funds and the lack of special fund transfers to the General Revenue Fund. In sum, total resources (revenues plus statutory transfers in) increased by $1,019 million or 3.6% in FY08.

General Funds appropriations for FY08 increased by $1,523 million or 5.9%, to $27,538 million over the comparable FY07 amount. Net appropriations expended increased to $27,156 million, which was approximately $1,657 million or 6.5% greater than expended appropriations in FY07. Programmatic increases in FY08 included additional elementary and secondary education grants and additional Medicaid expenditures. Statutory transfers out increased by $229 million or 7.7% in FY08, including additional debt service on General Obligation Pension Bonds, increased transfers to local governments associated with increased income tax collection, as well as additional funding to the Regional Transportation Authority and downstate transit systems. In sum, total spending (expenditures plus statutory transfers out) increased by $1,887 or 6.6% in FY08.

Reflecting actual FY08 revenues plus statutory transfers in, as well as actual FY08 expenditures plus statutory transfers out, the General Funds budget basis operating deficit for FY08 was $699 million resulting in a budget basis fund balance deficit of $834 million. The $699 million operating deficit was financed by a reduction in General Funds cash balances and by an increase in payables. Accounts payable increased by $199 million to $975 million at the end of FY08. General Funds cash was $141 million at June 30, 2008. Total General Funds operating cash, including the Budget Stabilization Fund of $276 million, was $417 million. The audited *Traditional Budgetary Financial Report* for FY08 can be found at http://www.ioc.state.il.us/Library/cr.cfm . The audited *Comprehensive Annual Financial Report* for FY08 has not been completed as of this Offering. Prior fiscal years' CAFR's can be found at that same website.

FISCAL YEAR 2009 BUDGET

The Illinois General Assembly adopted the FY09 budget on May 31, 2008 which was subsequently adjusted by gubernatorial item and reduction vetoes of $1,413 million. Three revised FY09 General Funds forecasts for revenues, expenditures and transfers are presented in Table 5. Those revisions were prepared by the Governor's Office of Management & Budget (GOMB) and include: (1) The December 2008 FY09 revision prepared in conjunction with the sale of $1,400 million of General Obligation Certificates due in FY2009, (2) the March 2009 revision labeled "FY09 Base Budget", and (2) the "FY09 Revised Budget" reflecting revenue collection information as of May 1st and additional revenues from the American Recovery and Reinvestment Act of 2009 (ARRA), as well as other proposed actions to reduce the projected FY09 Base Budget deficit. An earlier version of the "FY09 Revised Budget" was incorporated in the FY10 Budget as introduced on March 18th and disclosed in the April 2009 offering statement for the $150 million General Obligation Bond. All amounts below and in the accompanying tables that refer to the "FY09 Revised Budget" including the FY09 Cash Flow (Table 5A) reflect the May 2009 update of the FY09 budget, unless otherwise noted.

The December 2008 revision for the FY09 General Funds revenue forecast totaled $29,430 million, which was $230 million (-0.8%) less than the estimated FY08 actual. The December revenue revision was necessitated by projected shortfalls associated with the national recession, primarily for economically sensitive revenues.

Subsequently, and in preparation of the FY10 Budget, additional revisions have been made reflecting the deepening recession resulting in a FY09 Base Budget (March 2009) amount of $27,170, which is $2,489 million (-8.4%) less than the FY08 Actual. Major revisions included: (1) Individual Income Taxes (net of estimated refunds) were revised to $9,417 million, a $903 million or 8.8% decline compared to FY08 actual collections, (2) Corporate Income Taxes (net of estimated refunds) were revised to $1,450 million, a $410 million or 22% decline compared to FY08 actual, (3) Sales Taxes were revised to $6,674 million a $541 million or 7.5% decline compared to FY08 actual, (4) Interest Income was revised to $80 million, a $132 million or 62.3% decrease compared to FY08 Actual, (5) Inheritance Tax was introduced at $275 million, a $98 million or 26.3% decrease compared to FY08 Actual, (5) Gaming Taxes were revised to $470 million, a $94 million or 16.7% decline compared to FY08 actual, and (6) All Other Revenues and statutory transfers in were reduced by approximately $310 million. In addition, the auction of the tenth gaming license, originally budgeted in FY09 for $575 million, will not be received until FY10 for an initial payment of $50 million and a second payment of approximately $75 million in FY 11, reflecting the bid accepted by the Gaming Board. Collectively, the March 2009 revision of $27,170 is $3,281 million or -10.8% below the adopted FY09 budget amount of $30,451 million.

As summarized in Table 5, the Base Budget FY09 total estimated spending (net appropriations plus statutory transfers out) is estimated to be $31,460 million, on a traditional budget basis, and before any deficit reduction actions. This represents an increase of $1,105 million or 3.6% over FY08 Actual total spending. FY09 operating appropriations are estimated to be $27,806 million, an increase of $653 million, or 2.4% over FY08 Actual appropriations. The largest increases were for the State's pension systems, elementary & secondary education, and Medicaid. FY09 statutory transfers out are estimated to be $3,654 million, an increase of $452 million or 14.1% from actual FY08 amounts.

Reflecting the revised revenue forecast and the estimated spending (appropriations plus transfers out), the FY09 Base Budget is projected to result in a budget basis deficit of $4,317 million, as shown in Table 5, if no actions are taken. However, pursuant to the federal stimulus actions encompassed in ARRA, the State anticipates receipt of an additional $2,424 million in federal receipts during FY09 including $1,385 million for Medicaid and approximately $1,039 million for education.

Reflecting the provisions of ARRA and the ability to receive the incremental Medicaid reimbursements of $1,385 million 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 will be required to appropriate a supplemental Medicaid amount of $1,491 million. The additional appropriation is necessary as authorization for Medicaid payments sufficient to generate the additional federal matching dollars, as well as 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. In addition, the Governor's FY09 Revised Budget (May) reflects use of the enhanced federal FMAP match to bring all Medicaid provider accounts to current status, or approximately 30 days. Without the additional Medicaid reimbursements, the state's backlog of Medicaid-related bills would increase to approximately 90 days by the end of FY09.

The Governor has also proposed additional FY09 budgetary actions to reduce the projected General Funds deficit including the following: (1) $200 million of transfers from Other State Funds of excess cash balances, (2) an additional $100 million of reduced spending in the form of reserved appropriations, and (3) suspending additional pension contributions for the balance of FY09. As of this offering, such suspensions will result in a reduced FY09 transfer of approximately $183 million, as compared to the $550 million estimated in the March FY09 Revised Budget.

As a result of the federal ARRA revenues and the other actions proposed by the Governor, the estimated FY09 operating deficit will be reduced to approximately $2,809 million, including $27 million of interest on the FY2009 General Obligation Certificates that will be fully retired by June 24, 2009. That deficit reflects an additional $60 million beyond the $2,749 million estimate in the March version of the FY09 Revised Budget.

Reflecting the fact that the primary cause of the FY09 budgetary deficit is 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 FY09 General Obligation Certificate borrowing in the budget introduced on March 18, 2009. This offering represents the first series of that borrowing, with the balance of approximately $1,250 million anticipated in June 2009.

Pursuant to this offering, notice of the proposed short term borrowing was filed with the General Assembly on March 27, 2009. That borrowing, by law, will be repaid prior to the close of FY10, utilizing additional revenues proposed within the introduced FY10 Proposed Budget, as further described below. Taking into account the proposed cash flow financing, the resulting budget basis accounts payable amount at June 30, 2009 is estimated to be approximately $1,534 million, an amount consistent with the most recent prior recession, $1,476 million at June 30, 2002.

Budget estimates 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 BUDGET

The Governor introduced the FY10 proposed operating budget on March 18, 2009. Table 5 incorporates two FY10 versions reflecting the following assumptions: (1) FY10 Base Budget (March 2009), under the assumptions that no deficit reduction actions are taken in FY09 or FY10, and excluding receipt of federal ARRA revenues, resulting in a budget basis operating deficit of $7,289 million, and (2) FY10 Proposed Budget under the assumptions that various deficit reduction actions discussed herein are implemented in both FY09 and FY10 as well as receipt of ARRA revenues, resulting in a budget basis operating surplus of $2,414 million. The Proposed Budget's surplus is sufficient to retire the anticipated FY09 General Obligation Certificate of $2,250 million plus interest that is proposed in that fiscal year as an inter-year cash flow borrowing.

The FY10 Base Budget projects total General Funds revenues of $26,972 million, which is $198 million or -0.7% lower than the FY09 Base Budget. The FY10 revenue forecast reflects the deepening and continuing recession and projects the following changes in economically-sensitive base revenues: (1) Individual Income Tax (net of estimated refunds) of $8,925 which is a $303 million or -3.3% reduction from the May revision of base FY09 revenues, (2) Corporate Income Tax (net of estimated refunds) of $1,043 million, a $591 million or 36.2% reduction from the FY09 revised base amount, and (3) Sales Tax of $6,394 million, a $321 million or -3.8% reduction from the FY09 revised (May) base amount.

Beyond these reductions in economically sensitive taxes, the FY10 Base Budget projected an increase of $895 million in federal revenues, a 19% increase over the FY09 revised base amount. The increased revenue reflects an assumed increase in FY10 Medicaid appropriations necessary to fund an FY09 payment backlog carried into FY10, as well as anticipated inflationary increases in health care spending in FY10.

The FY10 Base Budget projects total General Funds spending of $34,261million which is $2,801 million or 8.9% more than the FY09 Base Budget. The estimated increase was primarily due to the following factors: (1) approximately $1,706 million or 17.9% for increased Medicaid and other social service spending, as described above, and (2) approximately $1,114 million or 45.3% for increased pension contributions associated with Public Act 88-953, effective July 1, 1995 (see Pension Systems section below for additional discussion) as well as amortization of FY08 actuarial losses per that same public act.

The FY10 Proposed Budget addresses the projected base budget deficit through a series of revenue and spending measures that address an underlying long term structural deficit exacerbated by the reduction in economically sensitive taxes associated with the national recession. Key General Funds revenue proposals include: (1) increase Individual Income Tax rates to 4.5%, from the current 3%, in conjunction with an increase in personal exemptions to $6,000, from the current $2,000, resulting in an increase of $2,910 million (net of estimated refunds), (2) increase Corporate Income Tax rate to 7.2%, from the current 4.8%, resulting in an increase of $350 million (net of estimated refunds), (3) increase in the Cigarette Tax by $1 per pack and a corresponding increase in taxation on Other Tobacco Products, resulting in a net increase of $365 million, taking into account the anticipated reduction in demand, (4) elimination of various tax shelters and tax credits primarily utilized by businesses, resulting in a net increase of $287 million, and (5) various fee increases and transfers of excess asset balances from Other State Funds totaling approximately $582 million. In addition, ARRA stimulus dollars will increase federal revenues by approximately $1,706 million encompassing incremental Medicaid reimbursements of $690 million, education grants of $1,016 million Key General Funds spending proposals designed to address the FY10 Base Budget deficit, as well as long term structural imbalances, include the following: (1) implementation of a new employee retirement system – with reduced benefits when compared to the current state systems – applicable to all employees hired by the state after July 1, 2009 (see Pension System section for further description), (2) increased pension contributions of 2% of salary from current employees, and (3) increased health care contributions from current employees and retirees under age 65. In addition, there are cost reductions applicable to only FY10 spending including: (1) reduced pension contributions to the normal cost amounts as certified by the consulting actuaries of each pension system, (2) debt service savings associated with refinancing existing bonds, (3) imposition of a 4 day employee furlough, and (4) increased spending reserves, targeted reductions in social services and across the board reductions in grants (excluding Medicaid and education). Finally, the proposed FY10 appropriations for education (K-12) increased by approximately $174 million, or a 2.3% increase over FY10 base levels.

When the proposed General Funds deficit reduction actions for both FY09 and FY10 are taken into consideration, total revenues reflected in the FY10 Proposed Budget increase by $3,246 million, or 10.9% over the FY09 Revised Budget (May), and associated spending is reduced by $1,950 million or -6%. The net result is a $5,196 million change from the FY09 Revised Budget (May) operating deficit (on a budget basis) of -$2,782 million to the FY10 Proposed Budget operating surplus of $2,414 million.

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

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, effective June 11, 2001, 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 FY04 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, 2008. The FY09 Operating Budget assumes the Budget Stabilization Fund will be maintained at that same level.

BASIS OF ACCOUNTING

The Comptroller is responsible for the maintenance of the State's fiscal accounting records. The Comptroller provides accounting control over the cash on hand in a specific fund or funds (the "*Cash Balances*") for which the Treasurer is accountable, control over the issuance of warrants for payments of agencies' expenditures and control to ensure that State payments do not exceed legal appropriations and available fund balances. The Comptroller's records are kept on a basis of accounting wherein receipts are recognized at the time cash funds are ordered into the Treasury by the Comptroller. Prior to FY98, disbursements were recognized when payment warrants were issued. Since FY98, disbursements are recognized when vouchers are 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
BUDGET PLAN - GENERAL FUNDS
2008 TO 2010
($ IN MILLIONS)

TABLE 5: GENERAL FUNDS - BUDGET RESULTS & PLANS FY2008-FY2010

	Fiscal Year 2008 Actual		Fiscal Year 2009 (December 2008 revision)		Fiscal Year 2009 Base Budget (March)		Fiscal Year 2009 Revised Budget (May)		Fiscal Year 2010 Base Budget (March)		Fiscal Year 2010 Proposed Budget	
OPERATING REVENUES PLUS TRANSFERS IN												
REVENUES												
State Sources	$ 22,944		$ 22,177		$ 20,886		$ 20,837		$ 19,699		$ 23,662	
Federal Sources	$ 4,815		$ 4,794		$ 4,699		$ 7,123		$ 5,594		$ 7,437	
TOTAL REVENUES		$ 27,759		$ 26,971		$ 25,585		$ 27,960		$ 25,293		$ 31,099
STATUTORY TRANSFERS IN												
Statutory Transfers In	$ 1,900		$ 2,459		$ 1,585		$ 1,870		$ 1,679		$ 1,977	
TOTAL TRANSFERS		$ 1,900		$ 2,459		$ 1,585		$ 1,870		$ 1,679		$ 1,977
TOTAL OPERATING REVENUES PLUS TRANSFERS IN		$ 29,659		$ 29,430		$ 27,170		$ 29,830		$ 26,972		$ 33,076
OPERATING EXPENDITURES AND TRANSFERS OUT												
CURRENT YEAR EXPENDITURES												
APPROPRIATIONS (Total Budget)	$ 27,538		$ 28,306		$ 28,306		$ 28,312		$ 31,506		$ 28,391	
Plus **Supplemental Appropriation for Medicaid Federal Stimulus**	$ -				$ -		$ 1,491		$ -		$ -	
Less: **Unspent Appropriations** (Unspent Budget plus Uncashed Checks)	($385)		($500)		($500)		($600)		($500)		($500)	
Equals: **CURRENT YEAR EXPENDITURES** (Net Appropriations Spent)		$ 27,153		$ 27,806		$ 27,806		$ 29,203		$ 31,006		$ 27,891
STATUTORY TRANSFERS OUT												
Legislatively Required Transfers (Diversions to Other Funds)	$ 2,735		$ 2,782		$ 2,804		$ 2,744		$ 2,788		$ 2,306	
Continuing Appropriation for Pensions (FY09 Budget)	$ -		$ 381		$ 381		$ 381		$ -		$ -	
Reduce Pension Transfer (as of 3/31/09)	$ -				$ -		($183)		$ -		$ -	
Pension Obligation Bond Debt Service	$ 467		$ 469		$ 469		$ 467		$ 467		$ 465	
TOTAL TRANSFERS OUT		$ 3,202		$ 3,632		$ 3,654		$ 3,409		$ 3,255		$ 2,771
TOTAL OPERATING EXPENDITURES AND TRANSFERS OUT		$ 30,355		$ 31,438		$ 31,460		$ 32,612		$ 34,261		$ 30,662
BUDGET BASIS FINANCIAL RESULTS AND BALANCE												
BUDGET BASIS OPERATING SURPLUS (DEFICIT) [Receipts less Payments]		($696)		($2,008)		($4,290)		($2,782)		($7,289)		$2,414
OTHER FINANCIAL SOURCES (USES)												
Short-Term Borrowing Proceeds (including additional FY09 of $2,250M)	$2,400		$ 1,400		$1,400		$3,650		$0		$0	
Repay Short-Term Borrowing (including interest)	($2,403)		($1,427)		($1,427)		($1,427)		$0		($2,318)	
TOTAL OTHER FINANCIAL SOURCES (USES)		($3)		($27)		($27)		$2,223		$0		($2,318)
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($699)		($2,035)		($4,317)		($559)		($7,289)		$97
Plus: Budget Basis Fund Balance at Beginning of the Fiscal Year		($135)		($834)		($834)		($834)		($5,151)		($1,393)
BUDGET BASIS FUND BALANCE (DEFICIT) AT END OF FISCAL YEAR		($834)		($2,869)		($5,151)		($1,393)		($12,440)		($1,297)
CASH BASIS FINANCIAL RESULTS												
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($699)		($2,035)		($4,317)		($559)		($7,289)		$97
Change in Accounts Payable (Change in Lapse Period Amounts)												
Accounts Payable at End of Prior Fiscal Year	$777		$975		$975		$975		$5,291		$1,534	
Less: Accounts Payable at End of Current Fiscal Year	($975)		($3,010)		($5,291)		($1,534)		($12,580)		($1,437)	
Equals: **Increase/(Paydown) of Accounts Payable During Fiscal Year**		$199		$2,035		$4,317		$559		$7,289		($97)
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR [1]		($501)		$0		$0		$0		$0		$0
CASH POSITION												
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($501)		$0		$0		$0		$0		$0
Plus: **Cash Balance in General Funds at Beginning of Fiscal Year**		$ 642		$ 141		$ 141		$ 141		$ 141		$ 141
Equals: **Cash Balance in General Funds at End of Fiscal Year**		$ 141		$142		$ 141		$ 141		$ 141		$ 141
Plus: **Cash Balance in Budget Stabilization Fund at End of Fiscal Year**		$ 276		$ 276		$ 276		$ 276		$ 276		$ 276
Equals: **Total Cash at End of Fiscal Year**		$ 417		$ 417		$ 417		$ 417		$ 417		$ 417

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

Table 5A

MONTHLY CASHFLOW - GENERAL FUNDS

(In millions)

5/11/2009

FY 2009

General Funds Pro Forma Cashflow	Actual										Projected	
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
REVENUES and TRANSFERS-IN												
Net Individual Income Tax	627.9	622.7	899.2	679.4	524.3	765.1	1,143.4	623.5	721.1	1,148.2	790.7	682.6
Net Corporate Income Tax	49.0	24.8	260.7	46.8	41.4	190.3	58.2	28.2	283.6	431.4	26.9	193.6
Sales Tax Revenue	629.0	601.5	620.9	605.4	542.7	645.7	571.0	455.6	497.8	508.9	506.0	530.3
All Other State Revenues	266.4	229.8	250.3	224.7	247.5	282.8	247.1	314.3	310.2	292.6	294.9	299.0
Operating Transfers-In	134.6	93.5	194.5	131.0	115.4	113.9	132.7	132.1	138.4	155.9	197.6	330.6
Total State Resources	**$ 1,706.9**	**$ 1,572.3**	**$ 2,225.7**	**$ 1,687.3**	**$ 1,471.4**	**$ 1,997.8**	**$ 2,152.3**	**$ 1,553.7**	**$ 1,951.1**	**$ 2,536.9**	**$ 1,816.1**	**$ 2,036.1**
Federal Revenues	701.1	232.1	346.3	274.3	128.9	598.2	239.8	241.7	405.2	486.6	564.0	480.6
Federal Recovery (ARRA)	-	-	-	-	-	-	-	-	-	260.9	1,081.6	1,081.6
Budget Stabilization Fund - Borrowing	275.7	-	-	-	-	-	-	-	-	-	-	-
Short Term Borrowing - G.O. Certificates	-	-	-	-	-	1,400.0	-	-	-	-	1,000.0	1,250.0
Total Revenues and Transfers In	**$ 2,683.7**	**$ 1,804.4**	**$ 2,572.0**	**$ 1,961.6**	**$ 1,600.3**	**$ 3,996.1**	**$ 2,392.2**	**$ 1,795.4**	**$ 2,356.4**	**$ 3,284.3**	**$ 4,461.7**	**$ 4,848.3**
EXPENDITURES and TRANSFERS-OUT												
Health and Human Services	2,241.2	1,073.9	1,123.9	1,025.5	843.1	962.3	1,175.3	1,068.9	1,152.7	1,106.3	1,001.4	791.8
Public Safety	113.2	142.5	128.4	122.0	109.0	112.5	136.3	120.5	138.4	127.9	118.7	127.7
Government Services	14.9	18.3	30.2	24.4	20.2	16.6	14.4	17.7	27.6	16.9	17.1	14.7
State Board of Education	135.5	578.1	864.0	574.3	542.1	842.9	526.5	555.5	845.7	573.2	462.4	878.9
All Other Expenditures	375.0	506.0	464.1	495.0	504.7	538.8	552.1	583.1	378.0	349.7	278.7	135.4
Scheduled Transfers-Out	345.2	230.9	243.3	304.2	242.6	220.4	315.7	309.5	197.8	266.1	362.3	395.2
Federal Recovery (Supplemental Medicaid appropriation)	-	-	-	-	-	-	-	-	-	-	985.5	505.9
Budget Stabilization Fund - Repayment	-	-	-	-	-	-	-	-	-	-	-	275.7
Short Term Borrowing - Repayment	-	-	-	-	-	-	-	-	-	406.1	611.5	409.1
Total Expenditures and Transfers Out	**$ 3,224.9**	**$ 2,549.8**	**$ 2,854.0**	**$ 2,545.4**	**$ 2,261.7**	**$ 2,693.5**	**$ 2,720.3**	**$ 2,655.1**	**$ 2,740.1**	**$ 2,846.2**	**$ 3,837.5**	**$ 3,534.5**
GENERAL FUNDS CASH BALANCE												
Beginning Available Balance - General Funds	**$ 140.5**	**$ 301.1**	**$ 163.8**	**$ 188.4**	**$ 215.1**	**$ 109.4**	**$ 215.5**	**$ 250.6**	**$ 108.0**	**$ 190.3**	**$ 122.5**	**$ 99.1**
Plus Revenues and Transfers-In	2,683.7	1,804.4	2,572.0	1,961.6	1,600.3	3,996.1	2,392.2	1,795.4	2,356.4	3,284.3	4,461.7	4,848.3
Less Expenditures and Transfers-Out	(3,224.9)	(2,549.8)	(2,854.0)	(2,545.4)	(2,261.7)	(2,693.5)	(2,720.3)	(2,655.1)	(2,740.1)	(2,846.2)	(3,837.5)	(3,534.5)
Increase (Decrease) in Voucher Inventory (A/P)	701.9	607.8	306.0	610.4	555.7	(1,196.5)	363.3	717.1	466.1	(505.9)	(647.6)	(1,273.3)
Ending Cash Balance - General Funds	**$ 301.1**	**$ 163.8**	**$ 188.4**	**$ 215.1**	**$ 109.4**	**$ 215.5**	**$ 250.6**	**$ 108.0**	**$ 190.3**	**$ 122.5**	**$ 99.1**	**$ 139.6**
Budget Stabilization Fund Balance	275.7	-	-	-	-	-	-	-	-	-	-	275.7
Ending Available Balance - General Funds	**$ 576.8**	**$ 163.8**	**$ 188.4**	**$ 215.1**	**$ 109.4**	**$ 215.5**	**$ 250.6**	**$ 108.0**	**$ 190.3**	**$ 122.5**	**$ 99.1**	**$ 415.3**
GENERAL FUNDS - ACCOUNTS PAYABLE (A/P)												
Beginning Accounts Payable	**$ 207.8**	**$ 909.7**	**$ 1,517.5**	**$ 1,823.5**	**$ 2,433.9**	**$ 2,989.6**	**$ 1,793.1**	**$ 2,156.4**	**$ 2,873.5**	**$ 3,339.6**	**$ 2,833.7**	**$ 2,186.1**
Comptroller Change in Voucher Inventory (A/P)	701.9	607.8	306.0	610.4	555.7	(1,196.5)	363.3	717.1	466.1	(505.9)	(647.6)	(1,273.3)
Ending Accounts Payable	**$ 909.7**	**$ 1,517.5**	**$ 1,823.5**	**$ 2,433.9**	**$ 2,989.6**	**$ 1,793.1**	**$ 2,156.4**	**$ 2,873.5**	**$ 3,339.6**	**$ 2,833.7**	**$ 2,186.1**	**$ 912.8**

Table 5B

MONTHLY CASHFLOW - GENERAL FUNDS

(In millions)

5/11/2009

FY 2010

General Funds Pro Forma Cashflow	Projected											
	Jul-09	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
REVENUES and TRANSFERS-IN												
Net Individual Income Tax	732.1	792.4	1,007.0	771.3	771.9	923.7	1,327.0	832.4	948.5	1,566.5	1,127.4	1,045.2
Net Corporate Income Tax	36.5	18.1	224.4	46.6	46.3	218.2	50.6	16.1	284.9	294.5	61.5	215.9
Sales Tax Revenue	554.5	550.8	551.4	540.2	527.3	580.6	581.5	457.4	506.3	528.6	542.8	566.2
All Other State Revenues	247.8	279.5	318.1	251.2	304.1	365.3	276.6	357.6	331.3	315.2	372.4	446.5
Operating Transfers-In	236.6	176.9	125.8	159.3	114.6	130.7	112.6	114.7	227.8	169.2	111.1	248.1
Total State Resources	**$ 1,807.5**	**$ 1,817.6**	**$ 2,226.7**	**$ 1,768.7**	**$ 1,764.2**	**$ 2,218.4**	**$ 2,348.3**	**$ 1,778.0**	**$ 2,298.7**	**$ 2,874.0**	**$ 2,215.2**	**$ 2,521.9**
Federal Revenues	345.6	677.0	495.3	421.8	500.8	465.2	531.7	332.5	509.5	364.6	504.8	406.3
Federal Recovery (ARRA)	628.7	57.0	55.0	729.2	52.0	54.0	55.0	54.0	55.0	46.0	40.0	56.0
Budget Stabilization Fund - Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Borrowing - G.O. Certificates	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues and Transfers In	**$ 2,781.7**	**$ 2,551.6**	**$ 2,776.9**	**$ 2,919.7**	**$ 2,317.1**	**$ 2,737.6**	**$ 2,935.0**	**$ 2,164.5**	**$ 2,863.3**	**$ 3,284.6**	**$ 2,760.0**	**$ 2,984.2**
EXPENDITURES and TRANSFERS-OUT												
Health and Human Services	1,531.0	1,771.3	1,354.8	1,370.4	1,377.5	1,218.2	1,113.8	1,007.7	1,170.2	1,106.6	1,015.7	797.2
Public Safety	131.9	147.1	125.4	120.0	110.3	122.2	121.9	115.6	120.5	115.6	117.8	126.6
Government Services	17.7	21.3	18.6	19.0	20.7	22.8	18.1	16.2	19.3	18.8	18.7	20.1
State Board of Education	97.9	648.9	937.0	622.8	581.3	852.9	523.9	545.6	811.8	581.2	508.5	934.8
All Other Expenditures	63.3	239.0	386.7	404.7	442.2	333.3	351.5	434.0	344.4	249.6	259.6	177.6
Scheduled Transfers-Out	161.6	155.9	160.2	201.3	152.5	144.4	186.4	253.2	271.0	337.2	370.0	377.5
Budget Stabilization Fund - Repayment	-	-	-	-	-	-	-	-	-	-	-	-
Short Term Borrowing - Repayment	-	-	-	-	-	-	-	-	-	513.8	515.0	1,287.5
Total Expenditures and Transfers Out	**$ 2,003.3**	**$ 2,983.5**	**$ 2,982.8**	**$ 2,738.2**	**$ 2,684.6**	**$ 2,693.9**	**$ 2,315.7**	**$ 2,372.2**	**$ 2,737.2**	**$ 2,922.8**	**$ 2,805.4**	**$ 3,721.3**
GENERAL FUNDS CASH BALANCE												
Beginning Available Balance - General Funds	**$ 140.5**	**$ 140.5**	**$ 140.5**	**$ 140.5**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 125.6**	**$ 100.0**
Plus Revenues and Transfers-In	2,781.7	2,551.6	2,776.9	2,919.7	2,317.1	2,737.6	2,935.0	2,164.5	2,863.3	3,284.6	2,760.0	2,984.2
Less Expenditures and Transfers-Out	(2,003.3)	(2,983.5)	(2,982.8)	(2,738.2)	(2,684.6)	(2,693.9)	(2,315.7)	(2,372.2)	(2,737.2)	(2,922.8)	(2,805.4)	(3,721.3)
Increase (Decrease) in Voucher Inventory (A/P)	(778.4)	431.9	205.9	(222.0)	367.5	(43.7)	(619.3)	207.7	(126.1)	(336.2)	19.8	777.6
Ending Cash Balance - General Funds	**$ 140.5**	**$ 140.5**	**$ 140.5**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 125.6**	**$ 100.0**	**$ 140.5**
Budget Stabilization Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-
Ending Available Balance - General Funds	**$ 140.5**	**$ 140.5**	**$ 140.5**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 125.6**	**$ 100.0**	**$ 140.5**
GENERAL FUNDS - ACCOUNTS PAYABLE (A/P)												
Beginning Accounts Payable	**$ 912.8**	**$ 134.4**	**$ 566.2**	**$ 772.1**	**$ 550.1**	**$ 917.6**	**$ 873.8**	**$ 254.6**	**$ 462.2**	**$ 336.2**	**$ -**	**$ 19.8**
Comptroller Change in Voucher Inventory (A/P)	(778.4)	431.9	205.9	(222.0)	367.5	(43.7)	(619.3)	207.7	(126.1)	(336.2)	19.8	777.6
Ending Accounts Payable	**$ 134.4**	**$ 566.2**	**$ 772.1**	**$ 550.1**	**$ 917.6**	**$ 873.8**	**$ 254.6**	**$ 462.2**	**$ 336.2**	**$ -**	**$ 19.8**	**$ 797.3**

Table 5C
MONTHLY CASHFLOW - ALL STATE FUNDS *
(In millions)

5/11/2009

FY 2009

All Funds Pro Forma Cashflow *	Actual										Projected	
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
GENERAL FUNDS												
Beginning Cash Balance	140.5	301.3	164.4	188.1	214.2	108.6	215.4	250.6	108.0	191.2	122.8	100.0
Receipts	2,764.5	2,138.9	2,937.9	2,416.7	2,030.5	4,465.7	2,863.0	2,246.3	2,813.7	3,518.6	4,461.7	4,848.3
Disbursements	(2,603.8)	(2,275.7)	(2,914.1)	(2,390.7)	(2,136.0)	(4,358.9)	(2,827.9)	(2,388.9)	(2,730.6)	(3,586.9)	(4,484.5)	(4,807.8)
Ending Cash Balance	**301.3**	**164.4**	**188.1**	**214.2**	**108.6**	**215.4**	**250.6**	**108.0**	**191.2**	**122.8**	**100.0**	**140.5**
HIGHWAY FUNDS												
Beginning Cash Balance	813.6	911.4	955.2	859.6	731.2	672.4	629.1	604.5	541.9	539.1	624.9	668.1
Receipts	602.0	552.1	407.0	470.7	358.0	399.3	387.4	346.9	361.4	437.6	410.2	442.3
Disbursements	(504.2)	(508.3)	(502.6)	(599.1)	(416.8)	(442.6)	(412.0)	(409.5)	(364.3)	(351.7)	(366.9)	(413.3)
Ending Cash Balance	**911.4**	**955.2**	**859.6**	**731.2**	**672.4**	**629.1**	**604.5**	**541.9**	**539.1**	**624.9**	**668.1**	**697.1**
SPECIAL STATE FUNDS												
Beginning Cash Balance	2,741.3	2,351.2	2,230.8	2,507.7	2,426.7	2,475.3	2,558.0	2,388.6	2,181.0	2,415.7	2,545.9	2,445.9
Receipts	1,304.6	1,188.3	1,306.1	1,188.9	1,066.2	1,257.6	1,318.5	1,133.2	3,253.9	2,164.9	1,385.4	2,479.7
Disbursements	(1,694.7)	(1,308.7)	(1,029.2)	(1,269.9)	(1,017.6)	(1,174.9)	(1,487.8)	(1,340.9)	(3,019.3)	(2,034.7)	(1,485.5)	(1,501.9)
Ending Cash Balance	**2,351.2**	**2,230.8**	**2,507.7**	**2,426.7**	**2,475.3**	**2,558.0**	**2,388.6**	**2,181.0**	**2,415.7**	**2,545.9**	**2,445.9**	**3,423.7**
BOND FINANCED FUNDS												
Beginning Cash Balance	77.4	68.7	54.2	42.5	30.4	25.0	19.2	17.0	15.6	14.9	96.2	44.8
Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	151.7	63.8	201.2
Disbursements	(8.7)	(14.5)	(11.7)	(12.2)	(5.3)	(5.8)	(2.3)	(1.4)	(0.8)	(70.5)	(115.2)	(113.0)
Ending Cash Balance	**68.7**	**54.2**	**42.5**	**30.4**	**25.0**	**19.2**	**17.0**	**15.6**	**14.9**	**96.2**	**44.8**	**133.0**
DEBT SERVICE FUNDS												
Beginning Cash Balance	649.3	431.4	468.8	517.6	633.3	490.3	514.4	602.3	673.5	628.2	756.6	645.6
Receipts	178.2	166.5	186.9	189.8	164.3	197.3	173.3	201.2	422.9	561.9	323.3	375.7
Disbursements	(396.1)	(129.1)	(138.1)	(74.1)	(307.3)	(173.2)	(85.4)	(130.0)	(468.2)	(433.6)	(434.3)	(329.7)
Ending Cash Balance	**431.4**	**468.8**	**517.6**	**633.3**	**490.3**	**514.4**	**602.3**	**673.5**	**628.2**	**756.6**	**645.6**	**691.6**
REVOLVING FUNDS												
Beginning Cash Balance	63.1	56.8	69.7	74.6	56.3	44.9	50.5	50.7	42.1	40.4	30.0	29.6
Receipts	45.9	81.7	61.6	36.4	21.1	46.1	74.7	37.5	46.5	48.8	30.6	41.1
Disbursements	(52.3)	(68.8)	(56.8)	(54.6)	(32.5)	(40.6)	(74.5)	(46.1)	(48.3)	(59.3)	(31.0)	(37.8)
Ending Cash Balance	**56.8**	**69.7**	**74.6**	**56.3**	**44.9**	**50.5**	**50.7**	**42.1**	**40.4**	**30.0**	**29.6**	**32.9**
STATE TRUST FUNDS												
Beginning Cash Balance	2,520.1	2,468.9	2,501.7	2,400.1	2,247.8	2,328.3	2,316.8	2,441.2	2,320.8	2,298.1	2,107.6	2,124.5
Receipts	3,780.0	3,764.8	3,720.9	3,862.4	3,358.4	4,657.1	4,142.4	3,376.6	4,589.7	4,408.8	2,930.0	3,156.9
Disbursements	(3,831.3)	(3,731.9)	(3,822.5)	(4,014.7)	(3,278.0)	(4,668.5)	(4,018.0)	(3,497.0)	(4,612.4)	(4,599.2)	(2,913.1)	(3,088.6)
Ending Cash Balance	**2,468.9**	**2,501.7**	**2,400.1**	**2,247.8**	**2,328.3**	**2,316.8**	**2,441.2**	**2,320.8**	**2,298.1**	**2,107.6**	**2,124.5**	**2,192.8**
SUMMARY OF ALL STATE FUNDS *												
BEGINNING CASH BALANCE	**7,005.3**	**6,589.6**	**6,444.8**	**6,590.1**	**6,339.8**	**6,144.8**	**6,303.4**	**6,354.9**	**5,883.0**	**6,127.5**	**6,284.0**	**6,058.5**
RECEIPTS	**8,675.3**	**7,892.3**	**8,620.3**	**8,165.0**	**6,998.5**	**11,023.2**	**8,959.4**	**7,341.7**	**11,488.4**	**11,292.3**	**9,605.1**	**11,545.3**
DISBURSEMENTS	**(9,091.0)**	**(8,037.1)**	**(8,475.0)**	**(8,415.2)**	**(7,193.5)**	**(10,864.6)**	**(8,907.9)**	**(7,813.7)**	**(11,243.9)**	**(11,135.9)**	**(9,830.6)**	**(10,292.1)**
ENDING CASH BALANCE	**6,589.6**	**6,444.8**	**6,590.1**	**6,339.8**	**6,144.8**	**6,303.4**	**6,354.9**	**5,883.0**	**6,127.5**	**6,284.0**	**6,058.5**	**7,311.7**

* Excludes Federal Trust Funds

Table 5D

MONTHLY CASHFLOW - ALL STATE FUNDS *

(in millions)

5/11/2009

FY 2010

All Funds Pro Forma Cashflow *	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
	Projected											
GENERAL FUNDS												
Beginning Cash Balance	140.5	140.5	140.5	140.5	100.0	100.0	100.0	100.0	100.0	100.0	125.6	100.0
Receipts	2,781.7	2,551.6	2,776.9	2,919.7	2,317.1	2,737.6	2,935.0	2,164.5	2,863.3	3,284.6	2,760.0	2,984.2
Disbursements	(2,781.7)	(2,551.6)	(2,776.9)	(2,960.2)	(2,317.1)	(2,737.6)	(2,935.0)	(2,164.5)	(2,863.3)	(3,259.0)	(2,785.6)	(2,943.7)
Ending Cash Balance	**140.5**	**140.5**	**140.5**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**125.6**	**100.0**	**140.5**
HIGHWAY FUNDS												
Beginning Cash Balance	697.1	710.5	661.7	647.0	567.0	552.4	520.7	503.1	475.6	541.0	615.6	658.9
Receipts	459.4	444.9	444.3	405.6	381.8	359.3	359.0	321.9	396.8	413.5	410.2	442.3
Disbursements	(446.1)	(493.6)	(459.0)	(485.7)	(396.5)	(390.9)	(376.6)	(349.5)	(331.3)	(339.0)	(366.9)	(413.3)
Ending Cash Balance	**710.5**	**661.7**	**647.0**	**567.0**	**552.4**	**520.7**	**503.1**	**475.6**	**541.0**	**615.6**	**658.9**	**687.9**
SPECIAL STATE FUNDS												
Beginning Cash Balance	3,423.7	2,535.1	2,364.7	2,602.7	2,443.5	2,457.3	2,599.1	2,537.7	2,484.5	2,496.5	2,726.2	2,626.2
Receipts	1,217.2	965.3	1,223.2	1,120.7	977.1	1,157.9	1,097.5	1,105.6	1,602.8	1,845.7	1,385.4	1,532.0
Disbursements	(2,105.8)	(1,135.7)	(985.1)	(1,279.9)	(963.2)	(1,016.1)	(1,159.0)	(1,158.8)	(1,590.7)	(1,616.0)	(1,485.5)	(1,501.9)
Ending Cash Balance	**2,535.1**	**2,364.7**	**2,602.7**	**2,443.5**	**2,457.3**	**2,599.1**	**2,537.7**	**2,484.5**	**2,496.5**	**2,726.2**	**2,626.2**	**2,656.3**
BOND FINANCED FUNDS												
Beginning Cash Balance	133.0	137.2	103.5	53.2	77.0	79.7	56.9	2.4	5.9	2.0	100.5	49.0
Receipts	56.7	63.2	61.5	127.3	104.7	71.4	37.5	71.6	80.6	197.3	63.8	201.2
Disbursements	(52.5)	(96.9)	(111.7)	(103.5)	(102.0)	(94.2)	(92.0)	(68.1)	(84.5)	(98.8)	(115.2)	(113.0)
Ending Cash Balance	**137.2**	**103.5**	**53.2**	**77.0**	**79.7**	**56.9**	**2.4**	**5.9**	**2.0**	**100.5**	**49.0**	**137.3**
DEBT SERVICE FUNDS												
Beginning Cash Balance	691.6	480.4	543.8	561.8	713.6	525.7	587.3	614.7	667.0	630.1	780.5	669.5
Receipts	182.2	187.6	131.0	277.6	170.4	164.1	155.0	141.9	202.8	356.2	323.3	375.7
Disbursements	(393.4)	(124.3)	(112.9)	(125.9)	(358.3)	(102.5)	(127.6)	(89.7)	(239.7)	(205.8)	(434.3)	(329.7)
Ending Cash Balance	**480.4**	**543.8**	**561.8**	**713.6**	**525.7**	**587.3**	**614.7**	**667.0**	**630.1**	**780.5**	**669.5**	**715.5**
REVOLVING FUNDS												
Beginning Cash Balance	32.9	41.6	49.5	43.7	36.0	34.0	35.1	32.4	27.8	28.0	23.8	23.4
Receipts	43.2	54.1	32.2	28.4	24.5	37.2	35.5	32.5	37.8	35.0	30.6	41.1
Disbursements	(34.6)	(46.2)	(38.1)	(36.0)	(26.5)	(36.2)	(38.2)	(37.0)	(37.6)	(39.1)	(31.0)	(37.8)
Ending Cash Balance	**41.6**	**49.5**	**43.7**	**36.0**	**34.0**	**35.1**	**32.4**	**27.8**	**28.0**	**23.8**	**23.4**	**26.8**
STATE TRUST FUNDS												
Beginning Cash Balance	2,192.8	2,184.5	2,203.6	2,201.4	2,166.2	2,193.6	2,219.4	2,259.1	2,269.2	2,299.1	2,211.7	2,228.6
Receipts	2,877.4	2,727.5	2,553.9	2,759.4	2,623.3	2,871.6	2,901.9	2,623.0	3,062.2	3,109.7	2,930.0	3,156.9
Disbursements	(2,885.7)	(2,708.3)	(2,556.1)	(2,794.7)	(2,595.9)	(2,845.8)	(2,862.1)	(2,612.9)	(3,032.3)	(3,197.0)	(2,913.1)	(3,088.6)
Ending Cash Balance	**2,184.5**	**2,203.6**	**2,201.4**	**2,166.2**	**2,193.6**	**2,219.4**	**2,259.1**	**2,269.2**	**2,299.1**	**2,211.7**	**2,228.6**	**2,296.9**
SUMMARY OF ALL STATE FUNDS *												
BEGINNING CASH BALANCE	**7,311.7**	**6,229.8**	**6,067.3**	**6,250.4**	**6,103.3**	**5,942.7**	**6,118.6**	**6,049.5**	**6,030.0**	**6,096.7**	**6,583.9**	**6,355.6**
RECEIPTS	**7,618.0**	**6,994.2**	**7,223.0**	**7,638.8**	**6,598.9**	**7,399.1**	**7,521.3**	**6,461.1**	**8,246.1**	**9,242.0**	**7,903.4**	**8,733.5**
DISBURSEMENTS	**(8,699.8)**	**(7,156.7)**	**(7,039.9)**	**(7,785.8)**	**(6,759.5)**	**(7,223.2)**	**(7,590.4)**	**(6,480.6)**	**(8,179.5)**	**(8,754.7)**	**(8,131.7)**	**(8,428.0)**
ENDING CASH BALANCE	**6,229.8**	**6,067.3**	**6,250.4**	**6,103.3**	**5,942.7**	**6,118.6**	**6,049.5**	**6,030.0**	**6,096.7**	**6,583.9**	**6,355.6**	**6,661.0**

* Excludes Federal Trust Funds

TABLE 6
STATE OF ILLINOIS
GENERAL FUNDS RECONCILIATION
FISCAL YEAR 2007
($ IN MILLIONS)

	Cash Basis	Adjustments for Budgetary Basis	Budgetary Basis	Adjustments for GAAP	GAAP Basis
Revenues:					
Income Taxes (net)	11,157	-	11,157	219	11,377
Sales Taxes (net)	7,129	6	7,136	91	7,227
Public Utility Taxes (net)	1,130	-	1,130	14	1,145
Federal Government (net)	4,637	-	4,637	2,452	7,090
Other (net)	2,225	(6)	2,248	1,898	4,147
Total Revenues	**26,310**	**340**	**26,311**	**4,677**	**30,988**
Expenditures:					
Current:					
Health and Social Services	13,013	(15)	12,997	4,183	17,181
Education	9,749	(133)	9,616	539	10,156
General Government	650	20	671	130	802
Employment and Economic Development	163	10	173	(5)	168
Transportation	103	12	116	8	125
Public Protection and Justice	1,763	1	1,763	262	2,026
Environment and Business Regulation	111	-	110	38	149
Debt Service:					
Principal	-	-	-	2	2
Interest	-	-	-	1	1
Capital Outlays	30	(1)	30	(15)	14
Total Expenditures	**25,584**	**(104)**	**25,470**	**5,146**	**30,626**
Excess of Revenues Over Expenditures	**726**	**104**	**831**	**(469)**	**362**
Other Sources (Uses) of Financial Resources:					
Operating Transfers In	6,161	-	6,161	(3,381)	2,780
Operating Transfers Out	(7,736)	-	(7,736)	3,732	(4,004)
Proceeds from short-term borrowings	900		900	(900)	-
Proceeds from Capital Lease Financing		-	-	3	3
Other financial sources	-	-	-	4	4
Net Other (Uses) of Financial Resources	**(675)**	**-**	**(675)**	**(545)**	**(1,220)**
Excess of Revenues Over Expenditures and Net Other (Uses) of Financial Resources	**51**	**104**	**156**	**(1,014)**	**(858)**
Fund Balances (Deficit) July 1, 2006	590	(881)	(290)	(2,679)	(2,970)
Increase (Decrease) for Changes in Inventories	-	-	-	908	908
Fund Balances (Deficit) June 30, 2007	**641**	**(776)**	**(134)**	**(3,692)**	**(3,827)**

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_2007.pdf*).
Note: Columns may not add due to rounding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

GAAP Financial Report

The complete General Purpose Financial Statements for FY07, prepared in accordance with GAAP, have been filed with each 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 FY07 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 $134,848 equals the June 30, 2007 cash balance of $641,789 less cash lapse period expenditures of $776,637. Adjustments from the cash basis of accounting for fiscal year 2007 to the budgetary basis include adding fiscal year 2007 lapse period spending (July 1 – August 31, 2007) and subtracting fiscal year 2006 lapse period spending (July 1 – August 31, 2006). 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 2006 "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 vs. GAAP is presented in the Notes to Required Supplemental Information in the CAFR. 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, 2006 fund balance for the General Fund has been restated $642,327 from a deficit of $2,327,897 to a deficit of $2,970,224. The restatement was due to the accumulation of reporting errors from prior years which resulted in overstatements of sales tax and public utility tax revenues of $149,726, a prior year reporting error in accrued education expenditures of $313,122, and the reclassification of the Workers' Compensation Revolving Fund from a subaccount of the General Fund to an internal service fund resulting in a decrease of $179,479.

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.

The Refund Fund rate for personal income taxes was statutorily set at 7.1 percent for FY99 - 01 to accommodate increases to the personal exemption. In FY02, the Refund Fund rate for personal income taxes was determined by the statutory formula, with a cap of 7.6 percent. In FY03, the Refund Fund rate for personal income taxes was set at 8.0 percent. The Refund Fund rate for FY04 for personal income taxes was set at 11.7 percent. The statutory rates were set at 10% for FY05, and 9.75% through FY07. The FY08 and FY09 budget adopted a 7.75% and 9.75% rate respectively.

Ten percent of all personal income tax collections are deposited into the Local Government Distributive Fund. All personal income tax collections not deposited into the Local Government Distributive Fund or the Refund Fund are deposited into the General Revenue Fund. During FY04, the personal income tax accounted for approximately 30.6 percent of General Revenue Fund revenues.

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 FY99 - 01 to accommodate the changes to the apportionment formula. In FY02, the Refund Fund rate for corporate income taxes was determined by the statutory formula, with a cap of 23.0 percent. In FY03, the Refund Fund rate for corporate income taxes was set at 27.0 percent. The Refund Fund rate for FY04 for corporate income taxes was set at 32 percent. The statutory rates were set at 24%, 20% and 17.5% for FY05, 06 and 07, respectively. The FY08 and FY09 budget adopted a 15.5% and 17.5% rate respectively.

Ten percent of all corporate income tax collections are deposited into the Local Government Distributive Fund. All corporate income tax collections not deposited into the Local Government Distributive Fund or the Refund Fund are deposited into the General Revenue Fund.

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. 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.

Public Utility Taxes: Public utility tax receipts are comprised of taxes on electricity, natural gas, and telecommunications. In FY06, public utility taxes provided 3.9 percent of General Fund revenues. The Gas Revenue Tax is imposed on gas utilities at the lesser of 5.0 percent of gross receipts or 2.4 cents per therm. The Gas Use Tax is imposed upon users for gas purchased out of state, and is imposed at the same rate as the Gas Revenue Tax (5% of the purchase price or 2.4 cents per therm) .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. Non-residential customers 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.

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. 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) in June 2002. From the total tax collected $33.3 million a month is deposited into the General Funds 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 motor fuel used for highway transportation on a per gallon basis:

- Motor fuel tax of 19 cents per gallon;
- Additional diesel tax of 2.5 cents per gallon (21.5 cents per gallon on diesel fuel); and
- 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 cent per gallon on fuel received in Illinois.

Motor fuel tax receipts 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 deposited directly 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 scheduled to be transferred into the Underground Storage Tank Fund until January 1, 2013.

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 $78 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 $65. Since calendar year 2000, $48 of each title fee increase has been deposited into the Road Fund and the remaining $4 have been deposited into the Motor Vehicle License Plate 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 a relatively low tax burden. In 2006, the State's general revenue collections per capita of $3,840 ranked eighth lowest among the states, below the national average of $4,636. When taking into consideration the wealth of states in the United States, the State's 2006 total of $100 General Revenue Funds collected per $1,000 of personal income was well below the national average of $126.

With respect to state tax collections only, the State's 2006 per capita collections of $2,158 ranked as the 18th lowest among the states in the United States, about $220 below the national average. The State's 2006 total of $57 collected per $1,000 of personal income is relatively low compared to the national average total of $65 collected per $1,000.

Data on state revenues comparison comes from the Census Bureau, State Government Finances: 2006. Total general revenue collections include state taxes, intergovernmental revenue, current charges and other miscellaneous general revenue. State tax collections include sales and gross receipts, corporate income, personal income and other taxes.

MONEY PAID TO THE STATE UNDER PROTEST

Money paid to the State under protest is required to be placed by the Treasurer in a special fund known as the Protest Fund. Corporate income tax, personal property replacement tax, liquor tax and Insurance Privilege Tax comprise approximately 70% of the receipts into this fund. After 30 days from the date of payment into the Protest Fund, the money is to be transferred from the Protest Fund to the appropriate fund in which it would have been deposited had there been no protest. However, the party making the payment under protest may, within that 30-day period, file a complaint and secure a temporary injunction restraining the transfer from the Protest Fund. Under the injunction, the money is to remain in the Protest Fund until a final order or decree of a court determines the proper disposition of the money. As of May 8, 2009, the total Protest Fund balance was $430.9 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 7
SHORT TERM CERTIFICATES ISSUED
($ IN MILLIONS)

Date Issued	Amount Issued	Final Maturity
May 2009[1]	$1,000	May 2010
December 2008	1,400	June 2009
April 2008[2]	1,200	June 2008
September 2007[2]	1,200	November 2007
February 2007[2]	900	June 2007
November 2005	1,000	June 2006
March 2005[2]	765	June 2005
June 2004	850	October 2004
May 2003	1,500	May 2004
July 2002	1,000	June 2003
August 1995	500	June 1996
August 1994	687	June 1995
August 1993	900	June 1994
October 1992	300	June 1993
August 1992	600	May 1993
February 1992	500	October 1992
August 1991	185	June 1992
February 1987	100	February 1988
June-July 1983	200	May 1984

[1] Expected to be issued pursuant to this Preliminary Official Statement.
[2] Hospital Assessment Conduit Financings

GENERAL OBLIGATION BONDS

GO Bonds of the State may be authorized by a vote of three-fifths of the members of each house of the General Assembly or by a majority of the voters at a general election. The Bond Act consolidated the authorization contained in prior bond acts into a single act and currently authorizes the issuance of multiple purpose GO Bonds in the aggregate amount of $19,962,149,369, excluding general obligation refunding bonds, for capital purposes and $10 billion of GO Bonds for Pension funding purposes. The State issued $10 billion of GO Pension Obligation Bonds in June 2003 for the purpose of funding or reimbursing a portion of the State's contributions to State retirement systems. See "PENSION SYSTEMS - ISSUANCE OF GO PENSION OBLIGATION BONDS AND ALLOCATIONS OF PROCEEDS."

The following table shows the statutory general obligation bond authorization and all GO Bonds outstanding as of closing of April 30, 2009.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 8
GENERAL OBLIGATION BONDS
(AS OF APRIL 30, 2009)

Authorization Category	Amount Authorized	Amount Issued	Authorized Unissued	Amount Outstanding
Anti-Pollution[1]	$ 599,000,000	$ 599,000,000	$ -	$ 800,000
Capital Development[1]	1,737,000,000	1,737,000,000	-	-
Coal and Energy Development[1]	35,000,000	35,000,000	-	-
School Construction[1]	330,000,000	330,000,000	-	-
Transportation Series A[1]	1,326,000,000	1,326,000,000	-	-
Transportation Series B[1]	403,000,000	403,000,000	-	-
Multi-purpose	19,962,149,369	15,141,386,352	4,820,763,017	7,257,106,294
Subtotal – New Money Bonds[2]	$24,392,149,369	$19,571,386,352	$4,820,763,017	$7,257,906,294
Refunding Bonds[2]	2,839,025,000	4,569,524,239	988,398,543	1,850,626,458
Subtotal – New Money and Refunding[2]	$27,231,174,369	$24,140,910,591	$5,809,161,560	$9,108,532.751
Pension Refunding	10,000,000,000	10,000,000,000	-	9,950,000,000
Total – Capital and Pension[2]	$37,231,174,369	$34,140,910,591	$5,809,161,560	$19,058,532,751

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

2 The State is authorized to issue $2,839,025,000 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 $2,718,897,781 were issued, have matured or have been refunded, and are no longer 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 April 30, 2009 a total of $594.4 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 $594.4 million.

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

If the Agreements are terminated, the related bonds would continue to bear interest at a variable rate, and the State could be liable for a termination payment if the Agreements have a negative market value.

HISTORICAL BORROWING

The following table summarizes the level of bond sales from fiscal years 2005-2009.

TABLE 9
GENERAL OBLIGATION BOND SALES
($ IN MILLIONS)

Fiscal Year	Capital Improvement	Refunding	Pension Funding
2005	875.0	-	-
2006	925.0	275.0	-
2007	258.0	329.0	-
2008	125.0	-	-
2009	200.0	-	-

NOTE: 2009 includes an expected $50 million issuance in June of 2009 and is subject to change

INDEBTEDNESS IN PRIOR YEARS

The following table shows the outstanding general obligation 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	9,101.8	9,900.0

[1] Principal and Interest on the 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

NOTE: 2009 includes an expected $50 million issuance in June of 2009 and is subject to change

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 bonds issued for Transportation A Highways purposes, from the School Infrastructure Fund and the General Revenue Fund to pay debt service on bonds issued under Section 5(e) of the Bond Act and from the General Revenue Fund to pay debt service on 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 2004 through 2009 and the funds from which the transfers originate.

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

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Road Fund	$194.1	$237.5	$258.5	$253.7	$252.9	$252.9
School Infrastructure Fund	160.3	200.7	230.1	232.9	235.9	223.1
General Funds	581.2	660.6	664.7	693.0	695.6	684.3
All Funds-Pension[1]	481.0	496.2	496.2	496.2	546.2	545.0

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

MEASURES OF DEBT BURDEN

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

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

Fiscal Year	Total Expenditures[1] ($ In Millions)	Capital Improvement Bonds[2] % 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	28,267	4.20%	1.93%
2009	33,356	3.48%	1.63%

1 Includes aggregate appropriations from the general funds and the Road Fund as of the end of each fiscal year.

TABLE 13
RATIO OF GENERAL OBLIGATION DEBT TO ILLINOIS PERSONAL INCOME
FISCAL YEARS 2004-2008

Fiscal Year	Illinois Personal Income[1] ($ In Billions)	Capital Improvement and Refunding Bonds % of Personal Income	Pension Bonds % of Personal Income
2004	445.2	2.15%	2.25%
2005	463.1	2.14%	2.16%
2006	490.5	2.09%	2.04%
2007	525.9	1.89%	1.90%
2008	525.9	1.86%	1.89%

1 U.S. Department of Commerce, Bureau of Economic Analysis, November 2008.

Note: 2008 personal income data not yet available and is estimated to be flat from 2007

TABLE 14
GENERAL OBLIGATION DEBT PER CAPITA
FISCAL YEARS 2004- 2008

	2004	2005	2006	2007	2008
Population (in Thousands)[1]	12,680	12,720	12,777	12,853	12,917
Capital Improvement and Refunding Bonds	$754	$778	$802	$772	$734
Pension Bonds Debt per Capita[3]	$789	$786	$783	$778	$771

1 U.S. Department of Commerce, Bureau of the Census. 2008 population is assumed to increase at .5% over the 2007 Illinois population.

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 2004-2008

Equalized Assessed Value ("EAV")		Capital Improvement and Refunding Bonds		Pension Bonds	
Year	($ Millions)	($ Millions)	% of EAV	($ Millions)	% of EAV
2004	277,898	9,556.3	3.43	10,000.0	3.59
2005	303,038	9,893.0	3.26	10,000.0	3.29
2006	331,335	10,251.4	3.09	10,000.0	3.02
2007	362,576	9,925.7	2.74	10,000.0	2.76
2008	382,375	9,462.9	2.47	9,950.0	2.60

Estimate provided by the Illinois Department of Revenue

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 16
MATURITY SCHEDULE - GENERAL OBLIGATION BONDS
Bond Issuances through April 30, 2009

	General Obligation Capital Improvement Bonds						General Obligation Pension Bonds			Total
Fiscal Year June 30	Anti-Polution	Multiple Purpose	Refunding	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service	Combined Total Debt Service
2009	2,360,000	400,008,710	158,782,434	561,151,143	599,126,984	1,160,278,128	50,000,000	494,950,000	544,950,000	1,705,228,128
2010	800,000	423,952,909	162,711,843	587,464,753	546,403,872	1,133,868,625	50,000,000	493,550,000	543,550,000	1,677,418,625
2011	-	359,117,946	207,702,085	566,820,031	529,773,947	1,096,593,978	50,000,000	491,900,000	541,900,000	1,638,493,978
2012	-	337,470,910	188,762,529	526,233,439	478,951,970	1,005,185,409	100,000,000	490,125,000	590,125,000	1,595,310,409
2013	-	255,030,751	276,580,000	531,610,751	437,393,328	969,004,079	100,000,000	486,375,000	586,375,000	1,555,379,079
2014	-	256,489,607	276,470,000	532,959,607	390,856,731	923,816,338	100,000,000	482,525,000	582,525,000	1,506,341,338
2015	-	384,535,720	168,625,000	553,160,720	339,777,919	892,938,638	100,000,000	478,575,000	578,575,000	1,471,513,638
2016	-	412,186,341	128,665,000	540,851,341	314,323,946	855,175,286	100,000,000	474,525,000	574,525,000	1,429,700,286
2017	-	408,476,341	104,570,000	513,046,341	282,004,953	795,051,294	125,000,000	470,175,000	595,175,000	1,390,226,294
2018	-	395,107,806	94,625,000	489,732,806	245,432,128	735,164,934	150,000,000	464,737,500	614,737,500	1,349,902,434
2019	-	373,512,317	82,560,000	456,072,317	218,293,495	674,365,813	175,000,000	458,212,500	633,212,500	1,307,578,313
2020	-	358,661,629	71,610,000	430,271,629	198,536,696	628,808,325	225,000,000	449,550,000	674,550,000	1,303,358,325
2021	-	334,055,883	80,075,000	414,130,883	170,526,934	584,657,817	275,000,000	438,412,500	713,412,500	1,298,070,317
2022	-	382,057,410	7,670,000	389,727,410	139,931,290	529,658,700	325,000,000	424,800,000	749,800,000	1,279,458,700
2023	-	381,492,922	-	381,492,922	125,471,740	506,964,663	375,000,000	408,712,500	783,712,500	1,290,677,163
2024	-	345,653,968	-	345,653,968	100,679,303	446,333,271	450,000,000	390,150,000	840,150,000	1,286,483,271
2025	-	304,388,835	-	304,388,835	86,504,707	390,893,542	525,000,000	367,200,000	892,200,000	1,283,093,542
2026	-	289,030,000	-	289,030,000	68,717,542	357,747,542	575,000,000	340,425,000	915,425,000	1,273,172,542
2027	-	277,945,000	-	277,945,000	54,295,833	332,240,833	625,000,000	311,100,000	936,100,000	1,268,340,833
2028	-	243,605,000	-	243,605,000	40,601,250	284,206,250	700,000,000	279,225,000	979,225,000	1,263,431,250
2029	-	212,370,000	-	212,370,000	28,616,917	240,986,917	775,000,000	243,525,000	1,018,525,000	1,259,511,917
2030	-	157,260,000	-	157,260,000	20,267,917	177,527,917	875,000,000	204,000,000	1,079,000,000	1,256,527,917
2031	-	113,215,000	-	113,215,000	13,538,083	126,753,083	975,000,000	159,375,000	1,134,375,000	1,261,128,083
2032	-	54,335,000	-	54,335,000	9,055,000	63,390,000	1,050,000,000	109,650,000	1,159,650,000	1,223,040,000
2033	-	53,625,000	-	53,625,000	6,286,833	59,911,833	1,100,000,000	56,100,000	1,156,100,000	1,216,011,833
2034	-	86,795,000	-	86,795,000	2,638,333	89,433,333	-	-	-	89,433,333
Total	3,160,000	7,600,380,004	2,009,408,891	9,612,948,895	5,448,007,652	15,060,956,546	9,950,000,000	9,467,875,000	19,417,875,000	34,478,831,546

General Obligation Debt Service payments for Fiscal Year 2009, as of April 30, 2009:

10 Months	2,360,000	343,273,710	158,782,434	504,416,143	537,908,966	1,042,325,109	-	247,475,000	247,475,000	1,289,800,109
02 Months	-	56,735,000	-	56,735,000	61,218,019	117,953,019	50,000,000	247,475,000	297,475,000	415,428,019
FY 2009	2,360,000	400,008,710	158,782,434	561,151,143	599,126,984	1,160,278,128	50,000,000	494,950,000	544,950,000	1,705,228,128

REVENUE BONDS

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

TABLE 17
REVENUE BONDS
(ESTIMATED AS OF DECEMBER 31, 2008)
($ IN MILLIONS)

Revenue Bond Program	Bonds Outstanding
Build Illinois (Sales Tax Revenue Bonds)	$2,100.8
Metropolitan Exposition and Auditorium Authorities - Civic Center Program	108.1
MPEA[1] - Dedicated State Tax Revenue Bonds	161.5
MPEA[1,2] - McCormick Place Expansion Project and Refunding Bonds	2,121.5
Illinois Sports Facilities Authority	473.1
Illinois Certificates of Participation	22.3
Total	**$4,987.3**

[1] Metropolitan Pier and Exposition Authority ("*MPEA*")
[2] Bonds outstanding include capital appreciation bonds expressed in the amount of original principal issuance

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 $3,806 million. Public Act 93-0839 (effective July 30, 2004) amended the Build Illinois Bond Act, 30 ILCS 425 et. seq., to include restrictions similar to those contained in the GO 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 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 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 addition, 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. The 2003 ISFA Bonds are payable from the same revenue sources as the 1999 ISFA Bonds and the 2001 ISFA Bonds.

CERTIFICATES OF PARTICIPATION

Public Act 93-0839 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. 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 Programs".

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 18
MATURITY SCHEDULE -- REVENUE BONDS
(As of April 30, 2009)

Year Ending June 30	Build Illinois	MPEA D.S.T.R.B.	MPEA Expansion Project	Civic Center Program	Sports Facilities Authority	Illinois Certificates of Participation	Total Principal	Total Interest	Total Debt Service
2009	137,071,350	22,515,000	40,601,052	8,100,000	12,906,033	1,850,000	223,043,434	249,085,678	472,129,113
2010	141,375,756	24,015,000	50,936,819	8,595,000	14,465,316	1,945,000	241,332,891	237,197,939	478,530,830
2011	142,754,169	25,595,000	63,289,090	9,085,000	2,786,432	2,055,000	245,564,692	233,814,691	479,379,383
2012	142,063,399	26,735,000	38,426,743	9,555,000	3,787,861	2,170,000	222,738,003	257,281,661	480,019,664
2013	145,412,124	28,145,000	36,491,366	10,095,000	4,742,354	2,305,000	227,190,844	256,318,939	483,509,784
2014	152,939,306	29,600,000	35,991,812	10,705,000	5,649,695	2,440,000	237,325,813	248,669,854	485,995,667
2015	150,946,038	4,850,000	36,234,751	11,415,000	6,517,832	2,590,000	212,553,621	248,119,275	460,672,896
2016	152,000,000	-	45,846,956	12,020,000	7,363,337	2,750,000	219,980,293	232,267,792	452,248,085
2017	136,980,000	-	50,075,228	5,488,409	8,151,095	2,915,000	203,609,733	238,290,032	441,899,764
2018	122,220,000	-	50,037,243	5,668,835	6,355,418	3,140,000	187,421,496	245,834,898	433,256,394
2019	109,230,000	-	57,165,083	5,875,462	6,569,442	-	178,839,987	245,090,398	423,930,385
2020	93,185,000	-	65,259,453	6,103,026	6,977,726	-	171,525,206	245,094,114	416,619,320
2021	78,495,000	-	104,202,400	5,405,000	7,374,846	-	195,477,246	208,330,279	403,807,525
2022	72,785,000	-	81,118,012	-	7,767,537	-	161,670,549	243,719,520	405,390,069
2023	60,460,000	-	140,272,495	-	8,156,172	-	208,888,667	198,561,950	407,450,616
2024	53,200,000	-	80,281,436	-	8,543,953	-	142,025,388	258,272,890	400,298,279
2025	52,005,000	-	85,297,449	-	8,891,669	-	146,194,118	253,596,949	399,791,067
2026	50,080,000	-	149,351,189	-	14,950,731	-	214,381,920	184,461,404	398,843,324
2027	41,265,000	-	180,115,836	-	31,842,372	-	253,223,208	138,219,117	391,442,325
2028	35,160,000	-	162,087,687	-	36,240,797	-	233,488,485	153,812,927	387,301,411
2029	14,125,000	-	169,405,321	-	41,040,210	-	224,570,531	144,334,519	368,905,050
2030	11,000,000	-	10,277,690	-	52,405,825	-	73,683,515	291,267,035	364,950,550
2031	6,000,000	-	9,145,954	-	75,355,000	-	90,500,954	274,131,221	364,632,175
2032	-	-	8,140,997	-	84,295,000	-	92,435,997	271,068,428	363,504,425
2033	-	-	7,243,844	-	-	-	7,243,844	267,750,831	274,994,675
2034	-	-	6,447,732	-	-	-	6,447,732	268,546,943	274,994,675
2035	-	-	5,737,216	-	-	-	5,737,216	269,257,459	274,994,675
2036	-	-	5,107,150	-	-	-	5,107,150	269,887,525	274,994,675
2037	-	-	4,545,622	-	-	-	4,545,622	270,449,053	274,994,675
2038	-	-	4,043,951	-	-	-	4,043,951	270,950,724	274,994,675
2039	-	-	3,600,523	-	-	-	3,600,523	271,394,152	274,994,675
2040	-	-	3,202,467	-	-	-	3,202,467	271,792,208	274,994,675
2041	-	-	66,137,223	-	-	-	66,137,223	208,857,452	274,994,675
2042	-	-	265,360,000	-	-	-	265,360,000	9,638,738	274,998,738
Total	2,100,752,142	161,455,000	2,121,477,788	108,110,732	463,136,654	24,160,000	4,979,092,316	7,935,366,595	12,914,458,911

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, 2008,
($ IN MILLIONS)

Issuing Authority	**Moral Obligation Bonds Outstanding**
Illinois Housing Development Authority	$ 0.3
Southwestern Illinois Development Authority	40.1
Quad Cities Regional Economic Development Authority	0.0
Upper Illinois River Valley Development Authority	22.1
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]	135.6
Total	**$198.4**

[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 Obligation Bonds 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 RIDER

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 are anticipated to be 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, 2008 are summarized for all Retirement Systems:

- Total membership of 706,579 consisting of 311,251 active members, 202,974 inactive members entitled to benefits and 192,354 retired members and beneficiaries.

- Approximately $64.7 billion of assets at fair market value, approximately $119.1 billion in actuarially determined accrued liability, and a UAAL of approximately $54.4 billion, or a funded ratio of 54.3%, which decreased from a funded ratio of 62.6% as of June 30, 2007.

The following chart sets forth the number of participants, assets, liabilities and UAAL for each individual Retirement System as of June 30, 2008:

TABLE 20
RETIREMENT SYSTEMS' PENSION FUND STATISTICS

	Participants (As of June 30, 2008)				$ in millions (As of June 30, 2008)		
Retirement System	**Active Members**	**Inactive / Entitled to Benefits**	**Retirees and Beneficiaries**	**Total**	**Assets[1]**	**Liabilities[2]**	**UAAL**
TRS	160,801	104,934	91,497	357,232	$38,430.72	$68,632.37	$30,201.64
SURS	83,074	76,261	43,395	202,730	14,586.33	24,917.68	10,331.35
SERS	66,237	21,679	56,111	144,027	10,995.37	23,841.28	12,845.91
JRS	957	25	956	1,938	612.68	1,457.34	844.66
GARS	182	75	395	652	75.41	235.78	160.37
Total	**311,251**	**202,974**	**192,354**	**706,579**	**$64,700.50**	**$119,084.44**	**$54,383.94**

[1] Net assets are reported at fair market value per Governmental Accounting Standards Board Statement 25.
[2] Actuarially determined accrued cost of projected benefits.

STATE LAW REQUIREMENTS FOR RETIREMENT SYSTEMS FUNDING

State law regulates the State's funding of the Retirement Systems. Public Act 88-593, effective July 1, 1995, 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 GO PENSION FUNDING BONDS AND ALLOCATION OF PROCEEDS

On June 12, 2003, the State issued $10 billion of GO Pension Obligation Bonds. The net proceeds of the GO Pension Obligation 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 GO Pension Funding Bonds were not sufficient to fully fund the UAAL.

FUTURE STATE CONTRIBUTIONS TO RETIREMENT SYSTEMS

Following the receipt of proceeds of the GO Pension Obligation 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, will be decreased by the debt service payments for such fiscal year on the then outstanding GO Pension Obligation 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 GO Pension Obligation Bonds (other than Reimbursement Amounts) as described in the proceeding paragraph, minus (ii) that portion of the State's total debt service payments for that fiscal year on the GO Pension Obligation 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 Reimbursement Amount).

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 affect 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 GO Pension Funding Bonds issued in fiscal year 2003. 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 GO Pension Funding Bonds as described further herein.

PROPOSED PENSION REFORMS

The Governor's fiscal year 2010 Proposed Budget recommends revisions to current plan provisions applicable to employees hired after July 1, 2009. Key aspects of this proposal are summarized below.

- Eligibility for unreduced benefits would become the age at which the participant would become eligible for unreduced Social Security benefits, which is currently age 67 for those born after 1960. This change reflects gains in life expectancy and is more consistent with plans covering private sector employees. Early retirement could occur no earlier than age 62, just as for Social Security. There would be no combinations of age and service that would qualify an employee for a full retirement benefit prior to achieving eligibility for unreduced Social Security benefits.
- Participants covered by Social Security would earn 1.5 percent of final pay per year of service. Participants not covered by Social Security would earn 2 percent. Final pay would be defined as the final eight year average, and considered compensation would be limited to base pay. Credited service would be limited to 35 years. The benefit would be payable as a life annuity.
- The COLA would be 50 percent of the change in the consumer price index or 3 percent, whichever is lower. The annual COLA would be applied to the amount of the annual benefit awarded upon retirement. This change would bring the five state retirement systems approximately in line with other public employee retirement systems.
- New participants would contribute one percentage point less than currently required contribution rates.

In addition, current employees will be asked to share the burden for the pension benefits to which they are entitled. As such, the employee contribution rate for current participants is proposed to be increased by 2 percentage points.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 2003 through fiscal year 2008.

TABLE 21
PENSION SYSTEMS DEGREE OF FUNDING
FISCAL YEARS ENDING JUNE 30TH 2003-2008
($ IN MILLIONS)

Fiscal Year	Total Assets[1]	Liabilities[2]	Ratio (%)
2003	40,721.2	83,825.2	48.6%
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%

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

[2] Actuarially determined accrued cost of projected benefits.

In FY04, in addition to its then current obligations to the Retirement Systems for FY04 in the amount of $1.86 billion, the State appropriated approximately $7.3 billion to the Retirement Systems from the proceeds of the GO Pension Funding Bonds previously discussed.

Table 21 reflects the fair market value of the total assets of the Retirement Systems and the actuarially determined accrued cost of projected benefits of the Retirement Systems as of 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.

DECLINE IN RETIREMENT SYSTEM ASSETS

The significant decline in financial markets during fiscal year 2009 has resulted in deterioration of retirement system assets. Per the February 2009 monthly briefing published by the Illinois Commission on Government Forecasting and Accountability (CGFA), the retirement systems have incurred losses ranging from 20.9 percent to 25.5 percent through January 31, 2009. (see: **http://www.ilga.gov/commission/cgfa2006/Upload/0209revenue.pdf**) These losses, if not reversed, will result in a material increase in future pension contribution requirements.

The February 2009 monthly briefing also included pro forma funded ratios based on June 30, 2008 retirement system actuarial liabilities and December 31, 2008 asset values. The pro forma combined funded ratio, reflecting those different valuations dates, had declined to 40.0% from 54.3% at June 30, 2008.

The fiscal year 2009 actuarial valuations, audited financial statements and various measures including funding ratios for the fiscal year ending June 30, 2009, are not expected to be available until approximately November, 2009.

Financial Data For Retirement Systems

The tables that follow provide information on the assets, liabilities, income and expenses for each Retirement System for FY 04 - 08. The data were obtained from the audited financial statements of the Retirement Systems.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 22
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							
Equity Transfer							
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, 2008, per GASB Statement 25.
3 Actuarially determined accrued benefit costs.
Note: Numbers may not add due to rounding.

TABLE 23
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							
Equity Transfer							
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 24
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2006
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	10,494,147.9	34,085,218.5	13,350,277.6	83,273.2	564,999.4	58,577,916.6	350,180.7
Income							
Member contributions	214,108.8	799,034.3	180,018.0	1,491.8	13,833.1	1,208,486.0	29,366.2
State contributions	210,499.7	534,305.2	252,921.8	4,175.4	29,337.9	1,031,240.0	39,470.3
Investment income	1,113,231.7	3,993,289.8	1,532,095.6	7,873.0	61,329.7	6,707,819.8	34,714.7
Other		123,542.6					
Expenditures							
Benefits	1,110,585.9	2,877,230.5	1,085,383.7	14,065.8	68,997.1	5,156,263.0	1,181.6
Refunds	13,410.0	57,967.0	42,620.2	187.9	821.6	115,006.7	8,802.4
Administration	8,139.2	15,303.3	11,982.2	304.7	447.3	36,176.7	
Other			179.6			179.6	
Equity Transfer							
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 25
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	
Equity Transfer							
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.

TABLE 26
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2004
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	7,502,111.4	23,124,823.1	9,714,547.3	49,676.3	330,053.6	40,721,211.7	190,487.4
Income							
Member contributions	199,826.5	768,661.3	243,824.0	1,596.7	13,720.9	1,227,629.4	31,320.2
State contributions	1,864,673.4	5,361,851.8	1,757,546.9	32,951.8	178,593.1	9,195,617.0	25,769.1
Investment income	1,421,912.5	4,485,729.3	1,832,399.9	11,851.7	74,012.8	7,825,906.2	32,904.6
Other		127,573.4				127,573.4	
Expenditures							
Benefits	978,201.0	2,262,329.4	915,222.5	12,466.0	60,912.9	4,229,131.8	724.8
Refunds	12,442.6	48,019.6	34,453.4	97.8	439.6	95,453.0	4,681.6
Administration	7,693.3	13,560.5	11,516.5	304.7	448.1	33,523.1	
Other			821.1			821.1	
Equity Transfer							
Ending Net Asset Balance	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
Actuarial Liabilities[3]	18,442,664.8	50,947,451.0	19,078,583.0	207,592.7	1,156,093.0	89,832,384.5	N/A
Unfunded Accrued Liability	8,452,477.9	19,402,721.7	6,492,278.3	124,384.7	621,513.2	35,093,375.8	N/A
Asset/Liability Ratio	54.2%	61.9%	66.0%	40.1%	46.2%	60.9%	N/A

[1] The SURS SMPis 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, 2004, 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) to be reported in the fiscal year 2008 Comprehensive Annual Financial Report (when published by the Office of the Comptroller) will be $23,890 million. 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 $1.268 billion.

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 Certificates that there has been no change in the affairs of the State or the information contained herein since the dates as of which such information is given. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not be construed as a contract or agreement between the State and the Purchasers of any of the Certificates.

FINANCIAL ADVISOR

Scott Balice Strategies, Chicago, Illinois, have been retained by the State to serve as Financial Advisor with respect to the Certificates (the "*Financial Advisor*"). The Financial Advisor has assisted the State in matters relating to the planning, structuring and issuance of the Certificates and various other debt related matters.

MISCELLANEOUS

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

The State has authorized the distribution of this Official Statement.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

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, fourth 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] – December 2009
(Thousands)

Industry Employment Sector	Illinois*	% of Total	U.S.**	% of Total
Natural Resources and Mining	10	0.2%	774	0.6%
Construction	235	4.1%	7,215	5.3%
Information and Financial Activities	496	8.6%	11,143	8.1%
Manufacturing	616	10.7%	13,431	9.8%
Trade, Transportation and Utilities	1,177	20.4%	26,385	19.2%
Professional and Business Services	816	14.1%	17,778	13.0%
Education and Health Services	804	13.9%	18,855	13.8%
Leisure and Hospitality	514	8.9%	13,459	9.8%
Other Services	261	4.5%	5,528	4.0%
Government	854	14.8%	22,500	16.4%
Total	5,783	100.0%	137,139	100.0%

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

* Data as of February 2009

** Data as of December 2008

[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 February 2009
(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, February 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 2007
($ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	$81,947	$4,720	5.8%	4
Feed Grain and Products	11,848	1,895	16.0%	2
Soybeans and Products	11,027	1,495	13.6%	2

Source: U.S. Department of Agriculture-Economic Research Service, May 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	20,809	22,528	3,783

[1] Department of Commerce and Economic Opporunity

[2] U.S Census Bureau, Housing Units Authorized by Building Permits: Annual, various issues, December 2008

Financial Institutions

Illinois serves as the financial center of the Midwest. As of June 30, 2008, there were 573 banks headquartered in Illinois with total assets of $318.5 billion. In addition, there were 86 thrifts headquartered in Illinois with assets of $33.0 billion.

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

Table A-6

Financial Institutions
($ in Millions)

Financial Institution	**Assets as of 6/1/08**
The Northern Trust Company	$65,199.80
Harris Bank, N.A.	$41,592.25
Corus Bank, N.A.	$8,984.09
Total	**$115,776.14**

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

Personal Income

Per capita income in Illinois is greater than the average in both the United States and the Great Lakes Region. Table A-6 presents personal income data, and Table A-7 presents per capita income comparisons.

Table A-7

PERSONAL INCOME
($ in Billions)

	1990	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Illinois	$238	$426.9	$445.2	$463.1	$490.5	$526.0	$547.0
United States	4,886	9,150.3	9,711.4	10,252.8	10977.3	11,634.3	12.086.5

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

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Table A-8

PER CAPITA PERSONAL INCOME
($ in Billions)

	1990	**2005**	**2006**	**2007**	**2008**	**Rank**
Illinois	$20,824	$36,264	38,409	$41,012	42,397	13
United States	19,477	34,471	36,714	38,615	39,751	--
Ten Most Populous States:						
New Jersey	$17,421	$43,831	$46,763	$49,511	$50,919	1
New York	21,638	39,967	44,027	46,364	48,076	2
California	24,572	36,936	39,626	41,805	42,696	3
Illinois	**20,824**	**36,264**	**38,409**	**41,012**	**42,397**	**4**
Pennsylvania	18,922	34,937	36,826	38,793	40,265	5
Florida	19,867	34,001	36,720	38,417	39,070	6
Texas	23,523	32,460	35,166	37,083	38,575	7
Ohio	19,564	31,860	33,320	34,468	35,511	8
Michigan	18,743	32,804	33,788	34,423	35,299	9
Georgia	17,603	30,914	32,095	33,499	33,975	10
Great Lakes States:						
Illinois	**$20,824**	**$36,264**	**$38,409**	**$41,012**	**$42,397**	**1**
Wisconsin	18,072	33,278	34,405	36,272	37,314	2
Ohio	19,564	31,860	33,320	34,468	35,511	3
Michigan	18,743	32,804	33,788	34,423	35,299	4
Indiana	17,491	31,173	32,288	33,215	34,103	5
Average	18,599	33,076	34,103	35,878	36,925	

Source: US Department of Commerce, Bureau of Economic Analysis

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Employment

Table A-9

NUMBER OF UNEMPLOYED

	2003	2004	2005	2006	2007	2008*
United States	8,774,000	8,149,000	7,591,000	7,001,000	7,078,000	8,924,000
Illinois	427,573	398,047	370,810	297,631	374,597	480,506
Bloomington-Normal MSA	3,518	3,842	3,688	3,093	3,582	4,679
Champaign-Urbana MSA	5,276	5,283	5,022	4,530	5,404	6,967
Chicago PMSA	317,912	294,099	278,513	217,021	242,098	306,183
Danville MSA	3,013	3,043	2,481	2,233	2,456	3,096
Davenport-Moline-Rock Island MSA	10,719	10,347	9,487	8,701	9,047	10,779
Decatur MSA	3,989	3,637	3,312	2,917	3,242	3,962
Kankakee MSA	3,783	3,889	3,466	3,095	3,710	4,951
Peoria-Pekin MSA	11,014	10,232	9,197	7,939	9,314	11,620
Rockford MSA	13,172	12,249	10,924	9,191	11,254	15,978
Springfield MSA	5,856	5,797	5,231	4,832	5,407	6,780

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 December 2008
Source: U.S. Department of Labor, Bureau of Labor Statistics Data, April 2008

Table A-10

UNEMPLOYMENT RATE (%)

	2003	2004	2005	2006	2007	2008*
United States	6.0	5.5	5.1	4.5	4.6	5.8
Illinois	6.7	6.2	5.7	4.2	5.1	6.5
Bloomington-Normal MSA	4.1	4.5	4.2	3.4	4.0	5.1
Champaign-Urbana MSA	4.6	4.5	4.2	3.7	4.5	5.7
Chicago PMSA	6.7	6.2	5.9	4.5	4.9	6.2
Danville MSA	8.1	8.1	6.5	5.9	6.5	8.2
Davenport-Moline-Rock Island MSA	5.5	5.2	4.7	4.2	4.4	5.2
Decatur MSA	7.7	6.9	6.2	5.3	5.9	7.2
Kankakee MSA	7.3	7.5	6.5	5.6	6.6	8.8
Peoria-Pekin MSA	6.1	5.5	4.8	4.0	4.6	5.7
Rockford MSA	8.1	7.4	6.5	5.3	6.4	9.1
Springfield MSA	5.4	5.3	4.6	4.2	4.7	5.9

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 December 2008
Source: U.S. Department of Labor, Bureau of Labor Statistics Data, April 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 LEFT INTENTIONALLY BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

PROPOSED FORM OF OPINION OF KATTEN MUCHIN ROSENMAN LLP

May __, 2009

State of Illinois
State Capitol
Springfield, Illinois

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $1,000,000,000 aggregate principal amount of General Obligation Certificates of May, 2009 (the "Certificates") of the State of Illinois (the "State"). The Certificates are authorized and issued pursuant to the provisions of Section 9(d) of Article IX of the State Constitution and the Short Term Borrowing Act, 30 Illinois Compiled Statutes 340.

The Certificates are issuable in the form of fully registered certificates in the denominations of $100,000 and any integral multiple thereof. The Certificates delivered on original issuance are dated May __, 2009. The Certificates mature (without option of prior redemption) on the following maturity dates in the respective principal amount set opposite each such maturity date in the following table, and the Certificates maturing on each such maturity date bear interest from their date payable at maturity at the respective rate of interest per annum set forth opposite such maturity date:

Maturity Date	Principal Amount	Interest Rate
April 26, 2010	$500,000,000	. %
May 20, 2010	500,000,000	

In our opinion, the Certificates are valid and legally binding general obligations of the State of Illinois. However, the enforceability of rights or remedies with respect to the Certificates may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

In our opinion, the Short Term Borrowing Act constitutes an appropriation out of any moneys in the State Treasury of an amount sufficient to pay the principal of and interest on the Certificates as the same shall become due and payable; and the Governor, the Comptroller and Treasurer of the State are authorized to order the transfer of any moneys in the State Treasury into the General Obligation Bond Retirement and Interest Fund of the State to provide for the payment of the principal of and interest on the Certificates.

We are of the opinion that, under existing law, interest on the Certificates is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Certificates will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that interest on the Certificates is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income and is not taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Certificates. These requirements relate to the use and investment of the proceeds of the Certificates, the payment of certain amounts to the United States, the security and source of payment of the Certificates and the use of the property financed with the proceeds of the Certificates. The State has covenanted to comply with these requirements.

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

Very truly yours,

LG/be

APPENDIX C

GLOBAL BOOK-ENTRY SYSTEM

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

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

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

Purchases of Certificates under the DTC system must be made by or through Direct

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates 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 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or Agent, 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, Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the State or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

APPENDIX D

LIMITED CONTINUING DISCLOSURE UNDERTAKING

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

MATERIAL EVENTS DISCLOSURE

The State covenants that it will disseminate to each Nationally Recognized Municipal Securities Information Repository (a "*NRMSIR*") then recognized by the SEC for purposes of the Rule or to the Municipal Securities Rulemaking Board (the "*MSRB*") and to the repository, if any, designated by the State as the state depository (the "*SID*") in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Certificates that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events", certain of which may not be applicable to the Certificates, are:

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

CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION

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

AMENDMENT; WAIVER

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

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

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

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

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the State no longer has any legal liability for any obligation on or relating to repayment of the Certificates under the Certificate Order. The State shall give timely notice to each NRMSIR or to the MSRB and to the SID, if any, 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.

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.