NEW ISSUE - BOOK-ENTRY ONLY

RATINGS:	Underlying	Insured Bonds*
Moody's:	A2	Aa3
Standard & Poor's:	A+	AAA
Fitch:	A	Not Rated

See "RATINGS" herein
***See inside front cover page**

Subject to compliance by the State with certain covenants, in the opinion of Co-Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State income taxes. See "TAX MATTERS" herein for a more complete discussion, and "APPENDIX B – PROPOSED FORM OF OPINION OF CO-BOND COUNSEL."

$1,501,300,000
STATE OF ILLINOIS
GENERAL OBLIGATION REFUNDING BONDS, SERIES OF FEBRUARY 2010

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

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

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

The Bonds are direct, general obligations of the State, secured by a pledge of its full faith and credit. The Bonds are issued under the General Obligation Bond Act of the State of Illinois, as amended, to refund certain general obligation bonds of the State, as described herein, and to pay costs of financing, including, but not limited to, capitalized interest and the cost of issuance of the Bonds.

The scheduled payment of principal of and interest on certain maturities and principal amounts of the Bonds, as identified on the inside front cover page of this Official Statement (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.). See "BOND INSURANCE."

ASSURED GUARANTY® MUNICIPAL

The Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, and Shanahan & Shanahan LLP, Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Co-Underwriters' Counsel, Peck, Shaffer & Williams LLP, Chicago, Illinois and Gonzalez, Saggio and Harlan, L.L.C., Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 3, 2010.

Joint Book-Running Senior Managers

Morgan Stanley **Citi**

Co-Senior Managers

PNC Capital Markets LLC **Siebert Brandford Shank & Co., LLC**

Co-Managers

Grigsby & Associates, Inc. **Melvin & Company**

Ramirez & Co., Inc. **Ross, Sinclaire & Associates, LLC**

This Official Statement is dated as of February 19, 2010, except for information under the headings "STATE FINANCIAL INFORMATION – UPDATED CERTAIN RECENT LEGISLATION RELATING TO THE STATE BUDGET LAW AND STATE BUDGET INFORMATION AS OF FEBRUARY 24, 2010," "BOND INSURANCE" and "RATINGS," which is dated as of February 24, 2010.

$1,501,300,000
STATE OF ILLINOIS
GENERAL OBLIGATION REFUNDING BONDS,
SERIES OF FEBRUARY 2010

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES AND CUSIP NUMBERS

MATURITY (January 1)	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	PRICE	CUSIP†
2011	$ 48,900,000	2.000%	NRO**	NRO**	452152BN0
2012	8,995,000	2.000%	1.270%	101.314	452152BP5
2012	71,905,000	5.000%	1.270%	106.716	452152CK5
2013	17,450,000	4.000%	1.720%	106.264	452152BQ3
2013	20,050,000	5.000%	1.720%	109.012	452152CX7
2014	8,205,000	2.500%	2.130%	101.351	452152BR1
2014	76,795,000	5.000%	2.130%	110.493	452152CL3
2015	1,665,000	3.000%	2.610%	101.756	452152BS9
2015	108,510,000	5.000%	2.610%	110.771	452152CM1
2015	54,225,000 ▲	5.000%	2.510%	111.251	452152CY5
2016	10,465,000 ▲	3.000%	2.970%	100.156	452152BT7
2016	69,215,000 ▲	5.000%	2.970%	110.785	452152CD1
2016	100,000,000	5.000%	3.090%	110.110	452152CN9
2017	79,775,000 ▲	5.000%	3.350%	109.991	452152BU4
2017	96,955,000	5.000%	3.450%	109.352	452152CP4
2018	3,900,000 ▲	3.600%	3.620%	99.861	452152BV2
2018	30,175,000 ▲	5.000%	3.620%	109.328	452152CE9
2018	131,455,000	5.000%	3.720%	108.618	452152CQ2
2019	66,605,000 ▲	5.000%	3.820%	108.766	452152BW0
2019	56,605,000	5.000%	3.920%	107.988	452152CR0
2020	6,055,000 ▲	4.000%	3.970%	100.237	452152BX8
2020	41,805,000 ▲	5.000%	3.970%	108.308	452152CF6
2020	63,350,000	5.000%	4.070%	107.465	452152CS8
2021	95,000,000 ▲	5.000%	4.100%	107.214 *	452152BY6
2021	1,585,000	4.125%	4.200%	99.348	452152CG4
2021	1,500,000	5.000%	4.200%	106.381 *	452152CT6
2022	25,325,000 ▲	4.000%	4.200%	98.145	452152BZ3
2022	9,620,000 ▲	5.000%	4.200%	106.381 *	452152CH2
2022	54,055,000	5.000%	4.300%	105.556 *	452152CU3
2023	4,615,000 ▲	4.250%	4.280%	99.701	452152CA7
2023	73,185,000 ▲	5.000%	4.280%	105.721 *	452152CJ8
2023	1,000,000	5.000%	4.380%	104.902 *	452152CV1
2024	3,205,000	4.500%	4.470%	100.230 *	452152CB5
2024	53,295,000	5.000%	4.470%	104.171 *	452152CW9
2025	5,855,000	5.000%	4.550%	103.527 *	452152CC3

* Priced to the January 1, 2020 optional redemption date.

** Not reoffered.

▲ Insured Bonds.

STATE OF ILLINOIS

Pat Quinn
Governor

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

John Sinsheimer
Director of Capital Markets

PREFACE

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

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

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

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

Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "EXHIBIT F - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

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

FORWARD-LOOKING STATEMENTS

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

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$1,501,300,000
State of Illinois
General Obligation Refunding Bonds,
Series of February 2010

THE OFFERING

INTRODUCTION

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

This 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 its general obligation bonds, designated as General Obligation Refunding Bonds, Series of February 2010, issued in the principal amount of $1,501,300,000 (the "Bonds"), issued pursuant to the provisions of the General Obligation Bond Act of the State of Illinois, as amended (30 ILCS 330/1 *et seq.*) (the "Bond Act") and particularly as amended by Public Acts 96-5, 96-18, 96-36 and 96-37.

The Bonds are being issued to refund all or a portion of certain maturities of outstanding general obligation bonds of the State, as described herein, and to pay costs of financing, including, but not limited to, capitalized interest and the cost of issuance of the Bonds, all as authorized by the Bond Act. See "THE OFFERING – REFUNDING PLAN".

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

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

AUTHORITY FOR ISSUANCE

The Bond Act authorizes the State to issue and sell direct, general obligations of the State (the "GO Bonds"), including the Bonds. The Bond Act consolidated the authorization contained in prior bond acts into a single act. The Bonds constitute refunding GO Bonds under the Bond Act.

The Bonds are being issued pursuant to authorization contained in the Bond Act for the issuance of general obligation bonds of the State in the amount of $4,839,025,000, at any time and from time to time outstanding, for the purpose of refunding any outstanding general obligation bonds of the State.

The Illinois Constitution and the Bond Act (as recently amended by Pubic Act 96-18, effective June 26, 2009) place certain restrictions on the issuance of refunding bonds issued during Fiscal Years 2010 or 2011, such as the Bonds, including the following: (i) the refunding bonds must mature within the term of the bonds being refunded; (ii) the refunding bonds may not be issued if, after their issuance, in the next State fiscal year, the amount of debt service on all then-outstanding GO Bonds (other than pension bonds authorized by Public Act 96–43, effective July 15, 2009) exceeds 7% of the General Funds and Road Fund appropriations for the fiscal year immediately prior to the fiscal year of the issuance (the Illinois State Treasurer (the "Treasurer") and Illinois State Comptroller (the "Comptroller"), acting together, can waive this requirement); (iii) the State must repay some principal of the refunding bonds in each fiscal year after the sale date, with the final maturity of the refunding bonds being within 16 years; (iv) the refunding must achieve a net present value savings of at least 3% of the bonds being refunded; and (v) no more than 0.5 % of the principal amount of the proceeds of sale of the refunding bonds can be used to pay the reasonable costs of issuance and sale, including, without limitation, underwriters' discounts and fees, but excluding bond insurance, provided that no salaries of State employees or other State office operating expenses can be paid out of non-appropriated proceeds. Finally, the Governor's Office of Management and Budget ("GOMB") must comply with the Business Enterprise for Minorities, Females, and Persons with Disabilities Act (30 ILCS 575/1, *et seq*.) in respect to procuring services for the issuance of GO Bonds.

The Bond Act further authorizes the State to issue and sell multi-purpose GO Bonds in the aggregate amount of $36,236,777,443 for non-refunding purposes, of which $21,696,301,885 is outstanding. See "INDEBTEDNESS – GENERAL OBLIGATION BONDS" for a description of the authorized, issued and currently outstanding GO Bonds under the Bond Act and the purposes for which such bonds are authorized to be issued.

The State is also authorized to issue additional forms of debt, including short-term certificates. See "INDEBTEDNESS" herein. Short-term certificates are authorized pursuant to the State Constitution and Short Term Borrowing Act, as amended (30 ILCS 340/1 *et seq*.) (the "Short Term Borrowing Act"). 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 such short-term certificates. See "INDEBTEDNESS – SHORT TERM DEBT" for a further discussion of the authorized, previously issued and currently outstanding short-term certificates under the Short Term Borrowing Act.

DESCRIPTION OF BONDS

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

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

ANNUAL DEBT SERVICE REQUIREMENTS

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2011	$48,900,000	$59,825,998.85*	108,725,998.85*
2012	80,900,000	71,295,018.76	152,195,018.76
2013	37,500,000	67,519,868.76	105,019,868.76
2014	85,000,000	65,819,368.76	150,819,368.76
2015	164,400,000	61,774,493.76	226,174,493.76
2016	179,680,000	53,587,793.76	233,267,793.76
2017	176,730,000	44,813,093.76	221,543,093.76
2018	165,530,000	35,976,593.76	201,506,593.76
2019	123,210,000	27,754,693.76	150,964,693.76
2020	111,210,000	21,594,193.76	132,804,193.76
2021	98,085,000	16,094,243.76	114,179,243.76
2022	89,000,000	11,203,862.50	100,203,862.50
2023	78,800,000	7,007,112.50	85,807,112.50
2024	56,500,000	3,101,725.00	59,601,725.00
2025	5,855,000	292,750.00	6,147,750.00

* Includes $11,576,678.03 of capitalized interest.

REDEMPTION

OPTIONAL REDEMPTION

The Bonds maturing on or after January 1, 2021 are subject to redemption prior to maturity at the option of the State as a whole, or in part, in integral multiples of $5,000, from such maturities as may be selected by the State (less than all of the Bonds of a single maturity and yield to be selected by lot by the Bond Registrar as described under "Redemption Procedure" below), on January 1, 2020, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

REDEMPTION PROCEDURE

Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. Notice of any redemption of Bonds will be sent by first-class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books of the State maintained by the Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

For purposes of any redemption of less than all of the outstanding Bonds, the particular Bonds or portions of Bonds to be redeemed will be selected by the Bond Registrar from the outstanding Bonds subject to such redemption by lot using such method as the Bond Registrar deems fair and appropriate. So long as DTC or its nominee is the registered owner of the Bonds, if fewer than all of the Bonds of any maturity are called for redemption, DTC will determine the portions of such maturity to be redeemed as described in "APPENDIX C—GLOBAL BOOK-ENTRY SYSTEM."

REFUNDING PLAN

Proceeds of the Bonds will be used to refund all or a portion of certain maturities of outstanding general obligation bonds of the State and to pay costs of financing, including, but not limited to, capitalized interest and the cost of issuance of the Bonds. The table attached to this Official Statement as APPENDIX E sets forth the series designation, CUSIP numbers, maturity date, interest rate, principal amount and redemption date and price for each maturity of bonds to be refunded with proceeds of the Bonds (the "Refunded Bonds").

In order to provide for the refunding of the Refunded Bonds, certain proceeds of the Bonds will be used to purchase United States Treasury Obligations (the "Government Securities"), the principal of which together with the interest to be earned thereon and a beginning cash deposit will be sufficient (i) to pay when due the interest on the Refunded Bonds to their respective maturity or redemption dates, and (ii) to pay or redeem the Refunded Bonds on their respective maturity or redemption dates at their respective principal amounts or redemption prices.

The Government Securities will be held in an escrow account (the "Escrow Account") created pursuant to an Escrow Agreement (the "Escrow Agreement"), between the State and Deutsche Bank Trust Company, Chicago, Illinois (the "Escrow Agent").

All moneys and Government Securities deposited for the payment of the Refunded Bonds, including interest thereon, are required to be applied solely and irrevocably to the payment of the Refunded Bonds. Neither the maturing principal of the Government Securities nor the interest to be earned thereon will serve as security or be available for the payment of the principal of, premium, if any, and interest on the Bonds.

The Escrow Agent will have no claim against or lien on such moneys and Government Securities for any fees or expenses incurred by the Escrow Agent under the Escrow Agreement.

As provided in the Bond Act, following the deposit of the Government Securities into the Escrow Account, the liability of the State upon the Refunded Bonds will continue, but the holders of the Refunded Bonds are entitled to payment only out of the moneys on deposit in the Escrow Account.

The mathematical accuracy of computations made by the hereinafter defined Underwriters demonstrating the adequacy of the deposit into the Escrow Account to redeem the Refunded Bonds will be verified by Samuel Klein and Company, Certified Public Accountants, Morristown, New Jersey, independent certified public accountants (the "Verifier"), at the time the Bonds are issued and delivered. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

APPLICATION OF BOND PROCEEDS

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

Sources:		
	Principal Amount Issued	$1,501,300,000.00
	Net Offering Premium	118,466,324.95
	Total Sources	$1,619,766,324.95
Uses:		
	Deposit to Escrow Account	$1,599,226,096.13
	Deposit to Bond Fund	11,576,678.03
	Underwriters' Discount	5,737,848.70
	Bond Insurance and Issuance Expenses	3,225,702.09*
	Total Uses	$1,619,766,324.95

* Includes $3,988.98 rounding amount.

SECURITY

DIRECT, GENERAL OBLIGATIONS

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

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

STATE FUNDING PAYMENTS

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

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

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

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

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

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

INVESTMENT OF FUNDS

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

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for certain maturities and principal amounts of the Bonds, as identified on the inside front cover page of this Official Statement (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Exhibit F to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia S.A. ("Dexia"). In connection with such acquisition, Holdings' financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM's financial strength is rated "AAA" (negative outlook) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA" (Negative Outlook) insurer financial strength rating of AGM at the current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Ratings

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the "AA" (Negative Outlook) insurer financial strength rating of AGM at the current rating level. Reference is made to the press release, a copy of which is available at www.fitchratings.com, for the complete text of Fitch's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments.

On July 1, 2009, S&P published a Research Update in which it affirmed its "AAA" counterparty credit and financial strength ratings on Financial Security Assurance Inc., now known as AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see Holdings' Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which was filed by Holdings with the SEC on March 19, 2009, Holdings' Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, which was filed by Holdings with the SEC on May 20, 2009, AGL's

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, which was filed by AGL with the SEC on August 10, 2009, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009, which was filed by AGL with the SEC on November 16, 2009. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

Capitalization of AGM

At September 30, 2009, AGM's consolidated policyholders' surplus and contingency reserves were approximately $2,365,609,560 and its total net unearned premium reserve was approximately $2,380,470,385 in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by Holdings or AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) Annual Report of Holdings on Form 10-K for the fiscal year ended December 31, 2008 (which was filed by Holdings with the SEC on March 19, 2009);

(ii) Quarterly Report of Holdings on Form 10-Q for the quarterly period ended March 31, 2009 (which was filed by Holdings with the SEC on May 20, 2009);

(iii) the Current Reports on Form 8-K filed by Holdings with the SEC on May 21, 2009, June 10, 2009, and July 8, 2009;

(iv) Quarterly Report of AGL on Form 10-Q for the quarterly period ended June 30, 2009 (which was filed by AGL with the SEC on August 10, 2009);

(v) the Current Report on Form 8-K filed by AGL with the SEC on July 8, 2009; and

(vi) Quarterly Report of AGL on Form 10-Q for the quarterly period ended September 30, 2009 (which was filed by AGL with the SEC on November 16, 2009).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at Holdings' website at http://www.fsa.com, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.)" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

STATE OF ILLINOIS

ORGANIZATION

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

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

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

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

CONSTITUTIONAL PROVISIONS RELATING TO REVENUES AND EXPENDITURES

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

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

CONSTITUTIONAL PROVISIONS RELATING TO LONG-TERM BORROWING

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

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

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

CONSTITUTIONAL PROVISIONS RELATING TO REFUNDINGS

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

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

CONSTITUTIONAL PROVISIONS RELATING TO SHORT-TERM BORROWING

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

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

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

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

GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

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

STATE FINANCIAL INFORMATION

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

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

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

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

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

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

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

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

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

[7] Includes debt service on GO Bonds.

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

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

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

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

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

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

[2] Reflects debt service on General Obligation Bonds

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

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

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

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

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

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

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

[1] Source: Office of the Comptroller

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

FUND CATEGORY	FY2000	FY2001	FY2002	FY2003 *	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
General Funds	$ 1,517	$ 1,126	$ 256	$ 317	$ 182	$ 497	$ 590	$ 642	$ 141	$ 280	
Highway Funds	$ 1,014	$ 1,310	$ 1,198	$ 701	$ 522	$ 733	$ 926	$ 747	$ 814	$ 688	
Special State Funds	$ 2,297	$ 2,153	$ 2,180	$ 1,924	$ 2,618	$ 2,327	$ 2,433	$ 2,734	$ 2,741	$ 2,574	
Bond Financed Funds	$ 569	$ 494	$ 269	$ 252	$ 199	$ 228	$ 533	$ 203	$ 77	$ 68	
Debt Service Funds	$ 458	$ 436	$ 487	$ 1,050	$ 624	$ 648	$ 626	$ 638	$ 649	$ 654	
Revolving Funds	$ 60	$ 43	$ 47	$ 48	$ 127	$ 91	$ 69	$ 63	$ 63	$ 29	
State Trust Funds	$ 1,369	$ 1,344	$ 1,335	$ 1,301	$ 1,356	$ 1,619	$ 1,944	$ 2,220	$ 2,520	$ 2,357	
June 30th amounts	**$ 7,283**	**$ 6,906**	**$ 5,773**	**$ 5,592**	**$ 5,628**	**$ 6,142**	**$ 7,122**	**$ 7,247**	**$ 7,005**	**$ 6,650**	**N/A**
November 30th amounts	**$ 5,422**	**$ 5,576**	**$ 5,302**	**$ 5,060**	**$ 6,654**	**$ 4,887**	**$ 5,624**	**$ 5,931**	**$ 6,716**	**$ 6,145**	**$ 5,632**

* Excludes proceeds of 2003 Pension Bonds for comparability purposes.

FISCAL YEAR 2009 OVERVIEW

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

FISCAL YEAR 2009 UNAUDITED RESULTS

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

General Funds appropriations for Fiscal Year 2009 increased by $2,745 million or 10%, to $30,283 million over the comparable Fiscal Year 2008 amount, including approximately $426 million of pension contributions that were not originally appropriated in the adopted Fiscal Year 2009 budget but are reflected in Table 5 amounts due to a continuing appropriations statutory provision for pensions. In addition, Medicaid appropriations were increased by approximately $1,491 million through a supplemental appropriation, as further described below. Fiscal Year 2009 appropriations for elementary and secondary education grants increased by approximately $340 million over Fiscal Year 2008 levels. Estimated net appropriations expended increased to $29,961 million, which was approximately $2,807 million or 10.3% greater than expended appropriations in Fiscal Year 2008.

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

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

Statutory transfers out for Fiscal Year 2009 were $2,999 million, a $203 million decrease or -6.3% versus Fiscal Year 2008, reflecting, in part, reduced revenue sharing transfers to local government associated with reduced income tax collection by the State, as well as reduced debt service payments on general obligation bonds.

In sum, for Fiscal Year 2009, total spending (expenditures plus statutory transfers out) was $32,960 million, an increase of $2,604 million or 8.6% versus Fiscal Year 2008.

In anticipation of Fiscal Year 2009 budgetary deficit associated with revenue shortfalls, and based upon the State's ability to borrow across fiscal years under such revenue shortfalls, the Governor proposed a $2,250 million Fiscal Year 2009 General Obligation Certificate borrowing in the Fiscal Year 2010 budget introduced on March 18, 2009. The first series of $1,000 million was issued in May 2009 and the second series of $1,250 million was issued in August 2009. Both series are to be retired in Fiscal Year 2010. Reflecting actual Fiscal Year 2009 revenues plus statutory transfers in, as well as estimated Fiscal Year 2009 expenditures plus statutory transfers out, the estimated General Funds budget basis operating deficit for Fiscal Year 2009 is $3,815 million. The operating deficit was partially financed through the issuance of the above-mentioned $1,000 million in General Obligation Certificates in May under the statutory provision permitting inter-year borrowings to fund unanticipated revenue shortfalls. Reflecting that borrowing, net of an intra-year cash flow financing of $1,400 million General Obligation Certificates issued in December 2008 and fully retired with interest costs of approximately $24 million prior to June 30, 2009, resulted in an estimated budget basis fund balance deficit of $3,673 million including the carry-over Fiscal Year 2008 deficit of $834 million.

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

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

FISCAL YEAR 2009 CAPITAL BUDGET

The Fiscal Year 2009 Capital Budget contains total appropriations of $13,939 million, an increase of $5,060 million or 57% versus the Fiscal Year 2008 Capital Budget. The emphasis on investment in existing State facilities and assets to achieve maintenance cost efficiencies remained a priority in the Fiscal Year 2009 Capital Budget. Within limitations considered by debt affordability analysis, the total GO Bond sales for Fiscal Year 2009 were approximately $150 million.

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

Total capital funded out of current revenues is $9,422 million. The Fiscal Year 2009 Capital Budget included $1,945 million in new pay-as-you-go Road Program appropriations and $2,556 million in

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

FISCAL YEAR 2010 BUDGET

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

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

The Fiscal Year 2010 Adopted Budget projected total General Funds spending of $27,975 million which is $4,985 million or 15.1% less than the projected Fiscal Year 2009 spending. The estimated net decrease was primarily due to the following factors: (1) an approximately $1,100 million increase over Fiscal Year 2009 General Funds pension contributions, reflecting both actuarial losses incurred in Fiscal Year 2008 as well as the final year of the statutorily-mandated increase called for in Public Act 88-593; (2) $3,466 million in Fiscal Year 2010 pension contributions are not appropriated in the General Revenue Fund but instead have been financed through issuance of the Bonds which include and reflect the aforementioned $1,100 million increase over Fiscal Year 2009 contributions; (3) approximately $1,500 million in supplemental Medicaid appropriations in Fiscal Year 2009, used as a onetime reduction of payment backlog in that fiscal year, are not appropriated in Fiscal Year 2010; (4) minimal Fiscal Year 2010 appropriation increases; and (5) a net reduction in transfers out primarily associated with debt restructuring net of new debt service including the issuance of the Bonds.

In late December 2009, additional facts and information were identified that have resulted in the Fiscal 2010 Revised Budget. These facts and information include:

- Individual Income Tax collections have been adjusted downward by a total of $850 million, or $767 million in the General Funds, after reflecting the diversion of 9.75% to the Income Tax Refund Fund. The revised amount was based upon estimated income tax payments due and paid by September 15, 2009 and upon the advice of the Governor's Council of Economic Advisors after its review of those collections and other economic data.
- Gaming Tax collections have been adjusted downward by $50 million due to the recessionary impact on discretionary income, as well as the temporary closure of one riverboat gaming facility caused by a fire, which has subsequently re-opened.
- Debt Service budgetary savings of approximately $561 million incorporated in the Adopted Fiscal Year 2010 Budget associated with proposed refunding of Build Illinois and general obligation bonds that will not be realized due to structural issues not previously anticipated.
- Medicaid appropriations will be reduced by approximately $300 million and Group Health Insurance appropriations will be increased by that same amount. The reduction in Medicaid appropriations will result in a downward revision of $180 million in Federal Revenues in the General Funds.
- Unanticipated Federal Revenues from reimbursement claims of prior years for the Family Care program are estimated to range from $350 million to $435 million. These revenues will be deposited into the Healthcare Provider Relief Fund (pursuant to Public Act 96-820) and will support from $900 million to $1,100 million in Medicaid payments including the $300 million in Medicaid invoices originally appropriated in the General Funds, as described immediately above.
- Unspent Appropriations ("Salvage") has been reduced to $400 million, a reduction of $551 million, based upon a revised estimate of appropriations that will not be spent through the end of Fiscal Year 2010, including the Lapse Period of July and August of 2010. The revised estimate also reflected actual amounts of Salvage from the past two fiscal years.

Based upon the above revisions, total Fiscal Year 2010 State Source Revenues are now estimated as $19,081 million, which is $1,904 million or 9.1% below Fiscal Year 2009 estimated results. State Transfers In are now estimated to be $578 million or 36.3% higher than estimated Fiscal Year 2009 results. Federal Revenues are now estimated to be $384 million or 5.9% higher in Fiscal Year 2010 than estimated Fiscal Year 2009 results. Total Revenues and Transfers In from all sources are now estimated to be $942 million or 3.2% below estimated Fiscal Year 2009 results.

Also reflecting the above revisions, the Fiscal Year 2010 appropriations currently total $26,310 million, which is $3,973 million or 13.1% below final Fiscal Year 2009 appropriations. Unspent Fiscal Year 2010 appropriations is now estimated to be $400 million, which is $78 million or 24% above Fiscal Year 2009 estimated amounts. Fiscal Year 2010 Transfers Out are now estimated at $3,244 million, which is $245 million or 8.2% above estimated Fiscal Year 2009 transfers. Taken together, net appropriation spending and Transfers Out for Fiscal Year 2010 are now estimated at $29,154 million, which is $3,806 million or 11.5% below the estimated Fiscal Year 2009 amount, reflecting reduced amounts in the Adopted Fiscal Year 2010 Budget and subsequent revisions described immediately above.

As detailed in Table 5 and reflecting the above changes in forecasted amounts, the Fiscal Year 2010 Revised Budget projects a budget basis operating deficit of $951 million. Taking into account the net repayment of general obligation certificates used for short-term borrowing purposes and issued in May and August of 2009 that will be repaid prior to the end of Fiscal Year 2010, the budget basis deficit is now estimated to be $1,966 million resulting in a projected General Funds budget basis fund balance deficit of $5,670 million as of June 30, 2010. The current expectation is that the Fiscal Year 2010 deficit will be financed by a combination of new borrowings and an anticipated increase in budget basis accounts payable. See "INDEBTEDNESS - FUTURE FINANCINGS." The exact amount of each is to be determined. To present the most conservative perspective, Table 5 assumes that no borrowings are completed prior to fiscal year end. To the extent that borrowings do occur, anticipated budget basis accounts payable will be reduced accordingly. (Budget basis accounts payable equals approved vendor invoices ("vouchers") on hand at June 30th plus invoices received, approved and charged to Fiscal Year 2010 appropriations during the Fiscal Year 2010 Lapse Period ending approximately August 31st 2010.)

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

The Governor anticipates seeking legislative approval for additional revenues and cost reductions to address the Fiscal Year 2010 deficit.

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

FISCAL YEAR 2010 CAPITAL BUDGET

Illinois Jobs Now!, the State's first capital bill in over 10 years, is a $31 billion multi-year program that emphasizes job creation and retention, economic stimulus and accessing federal ARRA dollars while making crucial investments in the State's schools, roads, bridges, airports and transit system. The major Fiscal Year 2010 components of Illinois Jobs Now! are: $14,299 million of road and bridge projects; $3,621 million for school construction; and $5,600 million for state-wide mass transit. The Illinois Jobs Now! program provides access to over $3.7 billion in ARRA funds, including funding for roads and bridges, airports, transit, rail and waste water and drinking water infrastructure.

Funding for Illinois Jobs Now! is comprised of monies from Federal, State and Local sources, with the State's share of approximately $13 billion to be funded through the issuance of General Obligation Bonds and Build Illinois Bonds over the length of the program. The debt service on the State's portion will be supported by the following: (1) an increase in the motor vehicle title fees generating $122 million annually; (2) an increase in license plate fees generating $180 million annually; (3) revenues from new sales tax on candy, sweet tea, coffee, grooming and hygiene products; (4) an increase in wine and spirits taxes generating $162 million annually; (5) establishing a new licensing and taxation program for video gaming terminals generating $300 million annually; and (6) using existing monies deposited into the Road Fund to provide $150 million per year for the payment of debt service. See "LITIGATION – Tax Protest Litigation" for a description of a lawsuit that has been filed which challenges certain of the taxes described above. All annual amounts reflect revenues generated once fully implemented.

The remainder of the Fiscal Year 2010 Capital Budget contains prior year reappropriations consisting of both bond funded and current revenue sources totaling $12,592 million. The total bond-financed reappropriations included in the Fiscal Year 2010 Capital Budget are $3,691 million, which includes General Obligation bonded in the amount of $3,037 million and Build Illinois bonded in the amount of $654 million. Total capital reappropriations funded out of current revenues is $8,187 million, and total prior federally funded is $715 million.

BUDGET STABILIZATION FUND

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

UPDATED CERTAIN RECENT LEGISLATION RELATING TO THE STATE BUDGET LAW AND STATE BUDGET INFORMATION AS OF FEBRUARY 24, 2010

On February 11, 2010 the State General Assembly passed legislation amending the State Budget Law. The amendment, Public Act 96-881, was approved by the Governor and has an effective date of February 11, 2010. The amendment requires the Governor to submit a State budget for Fiscal Year 2011 no later than March 10, 2010. The amendment also requires the Governor, by February 24, 2010, to file a written report with the Secretary of the Senate and the Clerk of the State House of Representatives. This report is required to contain (1) for Fiscal Year 2010, the revenues for all budgeted funds, both actual to date and estimated for the full fiscal year, (2) for Fiscal Year 2010, the expenditures for all budgeted funds, both actual to date and estimated for the full fiscal year, (3) for Fiscal Year 2011, the estimated revenues for all budgeted funds, including without limitation the affordable General Revenue Fund appropriations, for the fiscal year, and (4) for Fiscal Year 2011, an estimate of the anticipated liabilities for all budgeted funds, including without limitation the affordable General Revenue Fund appropriations, debt service on bonds issued, and the State's contribution to the pension systems, for the full fiscal year. The State makes no representation that the information included in such report as of its date, will be identical with corresponding information contained in this Official Statement as of the date of this Official Statement. Information to be included in such report has been posted on February 24, 2010 at http://www.budget.illinois.gov.

As reflected on the website noted above, total State Revenues for Fiscal Year 2010 are expected to be $208 million less than those shown on Table 5 herein. This reduction is due to timing in the payment of certain Federal Revenues which are now expected to be received in Fiscal Year 2011. As a result, the projected deficit for Fiscal Year 2010 is now projected to be $1,159 million versus $951 million as shown on Table 5 herein.

Also contained on the website is a preliminary Fiscal Year 2011 budget. *This material is presented before input from the General Assembly, the public and changes to be suggested by the Governor.* The Governor will present his formal budget on March 10, 2010.

BASIS OF ACCOUNTING

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

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

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TABLE 5
BUDGET PLAN - GENERAL FUNDS
FY 2008 TO 2010
($ IN MILLIONS)

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

	Fiscal Year 2008 Actual		FY2009 Estimated Results (9/9/09)		Fiscal Year 2010 Introduced Budget (3/18/09)		Fiscal Year 2010 Adopted Budget (as of 9/9/09)		Fiscal Year 2010 Revised Budget (12/15/09)	
OPERATING REVENUES PLUS TRANSFERS IN										
REVENUES										
State Sources	$ 22,944		$ 20,984		$ 23,662		$ 19,947		$ 19,081	
Federal Sources	$ 4,815		$ 6,567		$ 7,437		$ 7,131		$ 6,951	
TOTAL REVENUES		$ 27,759		$ 27,551		$ 31,099		$ 27,078		$ 26,032
STATUTORY TRANSFERS IN										
Statutory Transfers In	$ 1,900		$ 1,593		$ 1,977		$ 2,221		$ 2,171	
TOTAL TRANSFERS		$ 1,900		$ 1,593		$ 1,977		$ 2,221		$ 2,171
TOTAL OPERATING REVENUES PLUS TRANSFERS IN		$ 29,659		$ 29,144		$ 33,076		$ 29,299		$ 28,203
OPERATING EXPENDITURES AND TRANSFERS OUT										
CURRENT YEAR EXPENDITURES										
APPROPRIATIONS (Total Budget) [1]	$ 27,538		$ 30,283		$ 28,391		$ 26,085 [1]		$ 26,310 [1]	
Less: **Unspent Appropriations** (Unspent Budget plus Uncashed Checks)	($385)		($322)		($500)		($951)		($400)	
Equals: **CURRENT YEAR EXPENDITURES** (Net Appropriations Spent)		$ 27,153		$ 29,961		$ 27,891		$ 25,133		$ 25,910
STATUTORY TRANSFERS OUT										
Legislatively Required Transfers (Diversions to Other Funds)	$ 2,735		$ 2,532		$ 2,306		$ 2,321		$ 2,724	
Pension Obligation Bond Debt Service (includes FY10 Pension Funding Bonds)	$ 467		$ 467		$ 465		$ 520		$ 520	
TOTAL TRANSFERS OUT		$ 3,202		$ 2,999		$ 2,771		$ 2,842		$ 3,244
TOTAL OPERATING EXPENDITURES AND TRANSFERS OUT		$ 30,355		$ 32,960		$ 30,662		$ 27,975		$ 29,154
BUDGET BASIS FINANCIAL RESULTS AND BALANCE										
BUDGET BASIS OPERATING SURPLUS (DEFICIT) [Receipts less Payments]		($696)		($3,815)		$2,414		$1,324		($951)
OTHER FINANCIAL SOURCES (USES)										
Short-Term Borrowing Proceeds	$2,400		$2,400		$0		$1,250		$1,250	
Repay Short-Term Borrowing (including interest)	($2,403)		($1,424)		($2,318)		($2,295)		($2,295)	
TOTAL OTHER FINANCIAL SOURCES (USES)		($3)		$976		($2,318)		($1,045)		($1,045)
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($699)		($2,839)		$97		$279		($1,996)
Plus: Budget Basis Fund Balance at Beginning of the Fiscal Year		($135)		($834)		($1,333)		($3,673)		($3,673)
BUDGET BASIS FUND BALANCE (DEFICIT) AT END OF FISCAL YEAR		($834)		($3,673)		($1,237)		($3,395)		($5,670)
CASH BASIS FINANCIAL RESULTS										
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($699)		($2,839)		$97		$279		($1,996)
Change in Accounts Payable (Change in Lapse Period Amounts)										
Accounts Payable at End of Prior Fiscal Year	$777		$975		$1,673		$3,953		$3,953	
Less: Accounts Payable at End of Current Fiscal Year	($975)		($3,953)		($1,577)		($3,674)		($5,949)	
Equals: **Increase/(Paydown) of Accounts Payable During Fiscal Year**		$199		$2,978		($97)		($279)		$1,996
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR [2]		($501)		$139		$0		$0		$0
CASH POSITION										
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($501)		$139		$0		$0		$0
Plus: **Cash Balance in General Funds at Beginning of Fiscal Year**		$ 642		$ 141		$ 141		$ 280		$ 280
Equals: **Cash Balance in General Funds at End of Fiscal Year**		$ 141		$ 280		$ 141		$ 280		$ 280
Plus: **Cash Balance in Budget Stabilization Fund at End of Fiscal Year**		$ 276		$ 276		$ 276		$ 276		$ 276
Equals: **Total Cash at End of Fiscal Year**		$ 417		$ 556		$ 417		$ 556		$ 556

[1] **FY2010 appropriations do not reflect the FY2010 statutory pension contribution for the General Funds. That amount will be financed and paid through the proceeds of the $3,466 million in General Obligation Pension Bonds issued in January 2010.**

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

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

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

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

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GAAP FINANCIAL REPORT

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

Note 1 – Cash/Budget to GAAP Perspective Difference

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

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

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

Note 3 – Budget to GAAP Adjustments

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

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

Note 4 – Restatement (amounts in $ thousands)

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

TAX STRUCTURE

GENERAL FUNDS

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

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

The Income Tax Refund Fund (the "Refund Fund") was created in 1989. Both corporate and personal income tax refunds are paid from the Refund Fund rather than the General Revenue Fund. The annual percentage of corporate or personal income tax collections deposited into the Refund Fund (the "Refund Fund Rate") is set by statute for some years and for other years is determined by a formula, the numerator of which is the prior year income tax refunds paid or approved for payment, and the denominator is the prior year income tax collections. For Fiscal Year 2010 the state has maintained the same Refund Fund Rates (described below) as utilized in Fiscal Year 2009, resulting in an estimated increase in the Refund Fund backlog for corporate income tax refunds of approximately $370 million by the end of Fiscal Year 2010, versus the amount reflected in the proposed Fiscal Year 2010 operating budget introduced on March 18, 2009.

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

7.3% of all personal income tax collections not deposited into the Refund Fund is deposited into the Education Assistance Fund. All personal income tax collections, not deposited into the Education Assistance Fund or the Refund Fund, are deposited into the General Revenue Fund. In addition, 10% of all personal income tax collections not deposited into the General Revenue Fund is transferred to the Local Government Distributive Fund.

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

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

7.3% of all corporate income tax collections not deposited into the Refund Fund is deposited into the Education Assistance Fund. All corporate income tax collections, not deposited into the Education Assistance Fund or the Refund Fund, are deposited into the General Revenue Fund. In addition, 10% of all corporate income tax collections not deposited into the General Revenue Fund is transferred to the Local Government Distributive Fund.

Corporations are also subject to a Personal Property Tax Replacement Income Tax at a rate of 2.5 percent (1.5 percent for a partnership, trust, or Subchapter S corporation), imposed to replace for local governments the corporate personal property tax which was abolished on January 1, 1979. The replacement income tax is distributed to local governments by the State.

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

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

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

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

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

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

ROAD FUND

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

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

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

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

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

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

TAX BURDEN

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

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

MONEY PAID TO THE STATE UNDER PROTEST

Money paid to the State under protest is required to be placed by the Treasurer in a special fund known as the Protest Fund. Corporate income tax, personal property replacement tax, liquor tax and Insurance Privilege Tax comprise approximately 70% of the receipts into this fund. After 30 days from the date of payment into the Protest Fund, the money is to be transferred from the Protest Fund to the appropriate fund in which it would have been deposited had there been no protest. However, the party making the payment under protest may, within that 30-day period, file a complaint and secure a temporary injunction restraining the transfer from the Protest Fund. Under the injunction, the money is to remain in the Protest Fund until a final order or decree of a court determines the proper disposition of the money. As of December 15, 2009, the total Protest Fund balance was $301 million.

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INDEBTEDNESS

SHORT-TERM DEBT

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

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

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

TABLE 7
SHORT TERM CERTIFICATES ISSUED
($ IN MILLIONS)

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

[1] Hospital Assessment Conduit Financings

GENERAL OBLIGATION BONDS

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

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

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

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

TABLE 8
GENERAL OBLIGATION BONDS

Authorization Category	Amount Authorized[3]	Amount Issued	Authorized Unissued	Amount Outstanding
Authorized under Prior Bond Acts[1]				
Anti-Pollution	$ 599,000,000	$ 599,000,000	$ -	$ -
Capital Development	1,737,000,000	1,737,000,000	-	-
Coal and Energy Development	35,000,000	35,000,000	-	-
School Construction	330,000,000	330,000,000	-	-
Transportation Series A	1,326,000,000	1,326,000,000	-	-
Transportation Series B	403,000,000	403,000,000	-	-
Total	$4,430,000,000	$4,430,000,000	$ 0	$ 0
Authorized under Current Bond Act[2,4]				
Multi-purpose	22,770,777,443	16,541,386,352	6,229,391,091	8,330,301,885
Refunding Bonds[3]	4,839,025,000	4,569,524,239	3,109,928,886	1,729,096,114
Subtotal	$27,609,802,443	$21,110,910,591	$9,339,319,977	$10,059,397,999
Pension Bonds	13,466,000,000	13,466,000,000	-	13,366,000,000
Total	$41,075,802,443	$34,576,910,591	$9,339,319,977	$23,425,397,999
Currently Authorized less Refunding	$36,236,777,443			
Currently Outstanding less Refunding				$21,696,301,885

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

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

3 The State is authorized to issue $4,839,025,000 of GO Bonds, at any time and from time to time outstanding, for the purpose of refunding any outstanding GO Bonds. The authorized unissued amount of refunding bonds is the difference between the amount authorized and the amount outstanding. Refunding bonds in the aggregate amount of $2,840,428,125 were issued, have matured or have been refunded, and are no longer outstanding.

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

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 December 15, 2009 a total of $468.7 million was available in the GOBRI Fund. Since these moneys are not segregated as to amounts of principal and interest, the amounts of outstanding GO Bonds shown above have not been reduced by this $468.7 million.

INTEREST RATE EXCHANGE AGREEMENTS

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

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

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

* Deutsche Bank AG credit support

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

HISTORICAL BORROWING

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

TABLE 9
GENERAL OBLIGATION BOND SALES
($ IN MILLIONS)

Fiscal Year	Capital Improvement	Refunding	Pension
2006	$ 925.0	$ 275.0	-
2007	258.0	329.0	-
2008	125.0	-	-
2009	150.0	-	-
2010	1,400.0	1,501.3[1]	$3,466.0

[1] As of the date of this Official Statement. Includes the Bonds.

INDEBTEDNESS IN PRIOR YEARS

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

TABLE 10
GENERAL OBLIGATION BONDS OUTSTANDING
($ IN MILLIONS)

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

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

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FUTURE FINANCINGS

Within 90 days after the Bonds are issued, the State plans to issue taxable Build America Bonds in an estimated amount of $700 million for school construction and general capital investment and plans to issue taxable bonds to reimburse school districts in the State for school construction in an estimated amount of $56 million. There is no assurance that the State will proceed with either of these financings within the anticipated timeframe. Further, the State monitors its capital expenditures and anticipates issuing additional taxable Build America Bonds (beyond the $700 million described above) within 90 days after the Bonds are issued. The amount and timing of such an issuance has not been determined. In addition, based on current spending projections, the State may seek to issue short-term general obligation debt for the purpose of providing cash flow support during Fiscal Year 2010. See "STATE FINANCIAL INFORMATION – FISCAL YEAR 2010 BUDGET." The State evaluates its short-term cash needs from time to time and based on such evaluations may seek to issue short-term general obligation debt due within one year from its date of issuance.

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

DEBT SERVICE PAYMENTS

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

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

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

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

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

MEASURES OF DEBT BURDEN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	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
2010	800,000	423,952,909	162,711,843	587,464,753	572,208,872	1,159,673,625	50,000,000	493,550,000	543,550,000	1,703,223,625
2011	-	415,117,946	207,702,085	622,820,031	600,071,331	1,222,891,361	743,200,000	601,177,049	1,344,377,049	2,567,268,411
2012	-	393,470,910	188,762,529	582,233,439	548,463,270	1,130,696,709	793,200,000	591,186,628	1,384,386,628	2,515,083,337
2013	-	311,030,751	276,580,000	587,610,751	505,736,268	1,093,347,019	793,200,000	568,262,716	1,361,462,716	2,454,809,735
2014	-	312,489,607	276,470,000	588,959,607	457,878,911	1,046,838,518	793,200,000	541,391,544	1,334,591,544	2,381,430,062
2015	-	440,535,720	168,625,000	609,160,720	405,294,739	1,014,455,458	793,200,000	509,221,372	1,302,421,372	2,316,876,830
2016	-	468,186,341	128,665,000	596,851,341	378,244,406	975,095,746	100,000,000	474,525,000	574,525,000	1,549,620,746
2017	-	464,476,341	104,570,000	569,046,341	344,166,833	913,213,174	125,000,000	470,175,000	595,175,000	1,508,388,174
2018	-	451,107,806	94,625,000	545,732,806	305,727,428	851,460,234	150,000,000	464,737,500	614,737,500	1,466,197,734
2019	-	429,512,317	82,560,000	512,072,317	276,616,415	788,688,733	175,000,000	458,212,500	633,212,500	1,421,901,233
2020	-	414,661,629	71,610,000	486,271,629	254,825,236	741,096,865	225,000,000	449,550,000	674,550,000	1,415,646,865
2021	-	390,055,883	80,075,000	470,130,883	224,094,261	694,225,143	275,000,000	438,412,500	713,412,500	1,407,637,643
2022	-	438,057,410	7,670,000	445,727,410	189,733,720	635,461,130	325,000,000	424,800,000	749,800,000	1,385,261,130
2023	-	437,492,922	-	437,492,922	170,871,240	608,364,163	375,000,000	408,712,500	783,712,500	1,392,076,663
2024	-	401,653,968	-	401,653,968	141,591,187	543,245,154	450,000,000	390,150,000	840,150,000	1,383,395,154
2025	-	360,388,835	-	360,388,835	123,980,874	484,369,708	525,000,000	367,200,000	892,200,000	1,376,569,708
2026	-	345,030,000	-	345,030,000	103,228,708	448,258,708	575,000,000	340,425,000	915,425,000	1,363,683,708
2027	-	333,945,000	-	333,945,000	85,569,867	419,514,867	625,000,000	311,100,000	936,100,000	1,355,614,867
2028	-	299,605,000	-	299,605,000	68,095,250	367,700,250	700,000,000	279,225,000	979,225,000	1,346,925,250
2029	-	268,370,000	-	268,370,000	51,148,833	319,518,833	775,000,000	243,525,000	1,018,525,000	1,338,043,833
2030	-	213,260,000	-	213,260,000	38,427,733	251,687,733	875,000,000	204,000,000	1,079,000,000	1,330,687,733
2031	-	169,215,000	-	169,215,000	28,110,667	197,325,667	975,000,000	159,375,000	1,134,375,000	1,331,700,667
2032	-	110,335,000	-	110,335,000	20,632,050	130,967,050	1,050,000,000	109,650,000	1,159,650,000	1,290,617,050
2033	-	109,625,000	-	109,625,000	15,034,067	124,659,067	1,100,000,000	56,100,000	1,156,100,000	1,280,759,067
2034	-	142,795,000	-	142,795,000	7,772,917	150,567,917	-	-	-	150,567,917
2035	-	56,000,000	-	56,000,000	2,123,800	58,123,800	-	-	-	58,123,800
2036	-	-	-	-	-	-	-	-	-	-
Total	800,000	8,600,371,294	1,850,626,458	10,451,797,751	5,919,648,881	16,371,446,632	13,366,000,000	9,354,664,309	22,720,664,309	39,092,110,941

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

08 Months	800,000	270,069,409	121,530,343	392,399,753	407,379,735	799,779,488	-	246,775,000	246,775,000	1,046,554,488
04 Months	-	153,883,500	41,181,500	195,065,000	164,829,138	359,894,138	50,000,000	246,775,000	296,775,000	656,669,138
FY 2010	800,000	423,952,909	162,711,843	587,464,753	572,208,872	1,159,673,625	50,000,000	493,550,000	543,550,000	1,703,223,625

Note: Interest on the $1 billion Build America Bonds, Series 2010-1, is shown net of the Federal subsidy of 35%.

REVENUE BONDS

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

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

($ IN MILLIONS)

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

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

BUILD ILLINOIS

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

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

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

METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITIES—CIVIC CENTER PROGRAM

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

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

METROPOLITAN PIER AND EXPOSITION AUTHORITY—DEDICATED STATE TAX REVENUE BONDS

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

METROPOLITAN PIER AND EXPOSITION AUTHORITY—EXPANSION PROJECT BONDS

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

ILLINOIS SPORTS FACILITIES AUTHORITY

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

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

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

OTHER OBLIGATIONS

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

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

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Table 18
MATURITY SCHEDULE -- REVENUE BONDS
(As of February 15, 2010)

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

Note: Columns may not add due to rounding.

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

MORAL OBLIGATION BONDS

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

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

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

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

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

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

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

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

AGRICULTURAL LOAN GUARANTEE PROGRAM

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

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

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

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

ILLINOIS STUDENT ASSISTANCE COMMISSION STATE GUARANTEE

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

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PENSION SYSTEMS

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

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

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

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

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

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

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

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

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TABLE 20
RETIREMENT SYSTEMS' PENSION FUND STATISTICS

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

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

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

STATE LAW REQUIREMENTS FOR RETIREMENT SYSTEMS FUNDING

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

ISSUANCE OF PENSION BONDS AND ALLOCATION OF PROCEEDS

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

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

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

FUTURE STATE CONTRIBUTIONS TO RETIREMENT SYSTEMS

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

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

PUBLIC ACT 94-4

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

- New benefit increases are prohibited unless there is a specifically identified adequate additional funding source upon adoption of the benefit, and that all such benefit increases will expire five years after their effective date, unless extended by an act of the General Assembly.
- The Money Purchase Option is discontinued for TRS and SURS for participants employed after July 1, 2005. The Option provides that a member is entitled to an annuity computed under the defined benefit formula or the Money Purchase Option, whichever is greater. Employee contributions are matched at 140% and converted to an actuarially equivalent annuity. Under the Pension Act, the Illinois Comptroller assumes the role of setting each one-year Money Purchase Rate for grandfathered participants (those employed prior to July 1, 2005). Taking into account historical and projected future SURS assets performance, and giving 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 2003 Pension Bonds. Contributions for normal and unfunded pension costs resume under the 50-year funding schedule pursuant to Public Act 88-593 in Fiscal Year 2008, adjusted for debt service on the 2003 Pension Bonds as described further herein.

PROPOSED PENSION REFORMS

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

FUNDING FOR RETIREMENT SYSTEMS

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

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

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

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

[2] Actuarially determined accrued cost of projected benefits.

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

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

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

FINANCIAL DATA FOR RETIREMENT SYSTEMS

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

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

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

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

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

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

4 Actuarially determined accrued benefit costs.

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

Note: Numbers may not add due to rounding.

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

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

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

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

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

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

Table 25
State Retirement Systems
Fiscal Year 2006
($ in Thousands)

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

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

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

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

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

OTHER POST EMPLOYMENT BENEFITS

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

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

LITIGATION

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

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

TAX PROTEST LITIGATION

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

FEE PROTEST LITIGATION

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

Several other special interest groups have filed similar actions challenging the constitutionality of fee increases and the application of legislatively-mandated transfer mechanisms. In an action brought in

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

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

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

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

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

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

RETALIATORY TAX LITIGATION

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

RATINGS

The State has received long-term ratings on the Bonds from Moody's, Fitch and S&P (each a "Rating Agency," collectively, the "Rating Agencies"). As of the date of the Official Statement, the underlying ratings for the Bonds are "A2" with a Negative Outlook by Moody's, "A" Rating Watch Negative by Fitch and "A+" with a Negative Outlook by S&P. The Insured Bonds are rated "Aa3" with a Negative Outlook by Moody's and "AAA" with a Negative Outlook by S&P, in each case contingent on the issuance of the Policy by AGM. These ratings reflect the views of the Rating Agencies and an explanation of the significance of such ratings may be obtained only from the respective Rating Agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Bonds and the ratings and the Bonds should be evaluated independently.

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

TAX MATTERS

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

Subject to the State's compliance with the above-referenced covenants, under present law, in the opinion of Co-Bond Counsel, interest on the Bonds (i) is excludable from the gross income of the owners thereof for federal income tax purposes, and (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering their opinions, Co-Bond Counsel will rely upon certifications of the State with respect to certain material facts within the State's knowledge and upon the mathematical computation of the yield on the Bonds and the yield on certain investments by the Verifier. Co-Bond Counsel's opinions represent their legal judgment based upon their review of the law and the facts that they deem relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

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

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the State complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel express no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the State as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Concurrently with the delivery of the Bonds, the Verifier will deliver a verification report stating that it has verified the mathematical accuracy of certain computations relating to the sufficiency of the principal of and interest on the Government Securities to provide for the timely payment of the principal or respective redemption prices of and interest on the Refunded Bonds as they become due. Such computations will be based solely on assumptions and information supplied by the Underwriters on behalf of the State. The Verifier will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations are based and, accordingly, not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the anticipated outcome.

CONTINUING DISCLOSURE

The State will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the SEC under the Exchange Act. See "APPENDIX D –

CONTINUING DISCLOSURE UNDERTAKING" for a description of the information to be provided annually, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies.

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

CERTAIN LEGAL MATTERS

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

UNDERWRITING

The Bonds are being purchased by an underwriting group (the "Underwriters") led by Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., pursuant to a Contract of Purchase by and among the Underwriters and the State at a purchase price of $1,614,028,476.25 (being the principal amount of $1,501,300,000.00, plus net original issue premium of $118,466,324.95, less an Underwriters' discount of $5,737,848.70). The State has been advised by the Underwriters that the Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering prices and the public offering prices may be changed from time to time by the Underwriters. Any obligations of the Underwriters are the sole obligations of the Underwriters and do not create any obligations on the part of any affiliate of the Underwriters, including any affiliated banks.

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

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc., each an underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. Incorporated and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Bonds.

FINANCIAL ADVISOR

Scott Balice Strategies, LLC, Chicago, Illinois, has been retained by the State to serve as Financial Advisor with respect to the Bonds.

ADDITIONAL INFORMATION

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

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

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

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MISCELLANEOUS

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

The State has authorized the distribution of this Official Statement.

STATE OF ILLINOIS

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

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APPENDIX A
CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

Economic Data

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

Table A-1

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

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

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

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

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Table A-2

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

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

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

Agriculture

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

Table A-3

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

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

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

Table A-4

AGRICULTURAL EXPORTS
Federal Fiscal Year 2008
($ in Millions)

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

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

Contracts For Future Construction

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

Table A-5

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

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

[1] Department of Commerce and Economic Opportunity

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

Financial Institutions

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

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

Table A-6

Financial Institutions
($ in Millions)

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

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

Personal Income

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

Table A-7

PERSONAL INCOME
($ in Billions)

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

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

Table A-8

PER CAPITA PERSONAL INCOME

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

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

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Employment

Table A-9

NUMBER OF UNEMPLOYED

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

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

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

Table A-10

UNEMPLOYMENT RATE (%)

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

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

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

Population

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

Table A-11

POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS

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

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

Organization

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

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

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

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

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APPENDIX B
FORM OF APPROVING OPINIONS OF CO-BOND COUNSEL

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined a certified copy of the proceedings of the Governor of the State of Illinois (the *"State"*) and the Director of the Governor's Office of Management and Budget of the State authorizing the issue by the State of its fully registered $1,501,300,000 General Obligation Refunding Bonds, Series of February 2010 (the *"Bonds"*), dated the date hereof. The Bonds mature on January 1 of each of the years, in the amounts and bear interest as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
2011	$ 48,900,000	2.000%
2012	8,995,000	2.000%
2012	71,905,000	5.000%
2013	17,450,000	4.000%
2013	20,050,000	5.000%
2014	8,205,000	2.500%
2014	76,795,000	5.000%
2015	1,665,000	3.000%
2015	108,510,000	5.000%
2015	54,225,000	5.000%
2016	10,465,000	3.000%
2016	69,215,000	5.000%
2016	100,000,000	5.000%
2017	79,775,000	5.000%
2017	96,955,000	5.000%
2018	3,900,000	3.600%
2018	30,175,000	5.000%
2018	131,455,000	5.000%
2019	66,605,000	5.000%
2019	56,605,000	5.000%
2020	6,055,000	4.000%
2020	41,805,000	5.000%
2020	63,350,000	5.000%
2021	95,000,000	5.000%
2021	1,585,000	4.125%

Year of Maturity	Principal Amount	Rate of Interest
2021	$ 1,500,000	5.000%
2022	25,325,000	4.000%
2022	9,620,000	5.000%
2022	54,055,000	5.000%
2023	4,615,000	4.250%
2023	73,185,000	5.000%
2023	1,000,000	5.000%
2024	3,205,000	4.500%
2024	53,295,000	5.000%
2025	5,855,000	5.000%

the Bonds maturing on and after January 1, 2021, being callable for redemption at the option of the State as a whole, or in part in integral multiples of $5,000 from such maturities and interest rates as may be selected by the State (less than all of the Bonds of a single maturity and interest rate to be selected by lot by the bond registrar), on January 1, 2020, and on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

We are of the opinion that such proceedings show lawful authority for said issue under the laws of the State now in force.

We further certify that we have examined form of Bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the State, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and constitutes a direct, general obligation of the State, for the prompt payment of which, both principal and interest as the same become due, the full faith and credit of the State have been validly pledged.

It is our opinion that, subject to the State's compliance with certain covenants, under present law, interest on the Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes and (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such State covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Bonds and the yield on certain investments by Samuel Klein and Company, certified public accountants, Morristown, New Jersey.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the State with respect to certain material facts within the State's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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APPENDIX C
GLOBAL BOOK-ENTRY SYSTEM

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

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

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. However, with respect to the optional redemption of Bonds as described in this Official Statement, the Bond Registrar is required to instruct DTC to select specific Bonds for redemption using the "pro rata" method described herein.

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

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

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

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

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

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

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

APPENDIX D
CONTINUING DISCLOSURE UNDERTAKING

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

ANNUAL FINANCIAL INFORMATION DISCLOSURE

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

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

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

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

MATERIAL EVENTS DISCLOSURE

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

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

CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION

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

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

AMENDMENT; WAIVER

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

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

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

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

TERMINATION OF UNDERTAKING

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

ADDITIONAL INFORMATION

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

DISSEMINATION AGENT

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

APPENDIX E
GENERAL OBLIGATION BONDS REFUNDED BY THE BONDS

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-10	$2,500,000	5.125%	100.00%	04-02-2010	452150 AQ8
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-11	$2,500,000	5.125%	100.00%	04-02-2010	452150 AR6
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-14	$6,400,000	5.125%	100.00%	04-02-2010	452150 AU9
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-16	$5,900,000	5.125%	100.00%	04-02-2010	452150 AW5
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-17	$9,800,000	5.125%	100.00%	04-02-2010	452150 AX3
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-18 (Sinking Fund Payment)	$3,710,000	5.250%	100.00%	04-02-2010	452150 BA2
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-19 (Sinking Fund Payment)	$3,710,000	5.250%	100.00%	04-02-2010	452150 BA2
General Obligation Bonds, Series of December 1995, Dated December 1, 1995	12-01-20 (Maturity Amount)	$3,710,000	5.250%	100.00%	04-02-2010	452150 BA2
General Obligation Bonds, Series of February 1997, Dated February 1, 1997	02-01-11	$8,400,000	5.150%	100.00%	04-02-2010	452150EV3

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Series of February 1997, Dated February 1, 1997	02-01-12	$8,400,000	5.200%	100.00%	04-02-2010	452150 EW1
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-11	$10,000,000	5.000%	100.00%	04-02-2010	452150 NV3
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-12	$10,000,000	5.000%	100.00%	04-02-2010	452150 NW1
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-13	$2,500,000	5.000%	100.00%	04-02-2010	452150 NX9
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-14	$6,000,000	5.000%	100.00%	04-02-2010	452150 NY7
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-15	$7,000,000	5.000%	100.00%	04-02-2010	452150 NZ4
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-16	$7,000,000	5.000%	100.00%	04-02-2010	452150 PA7
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-17	$7,000,000	5.000%	100.00%	04-02-2010	452150 PB5
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-18	$7,000,000	5.000%	100.00%	04-02-2010	452150 PC3
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-19	$7,000,000	5.000%	100.00%	04-02-2010	452150 PD1
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-20 (Sinking Fund Payment)	$7,000,000	5.125%	100.00%	04-02-2010	452150 PH2

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-21 (Sinking Fund Payment)	$7,000,000	5.125%	100.00%	04-02-2010	452150 PH2
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-22 (Sinking Fund Payment)	$7,000,000	5.125%	100.00%	04-02-2010	452150 PH2
General Obligation Bonds, Series of April 1998, Dated April 1, 1998	04-01-23 (Maturity Amount)	$7,000,000	5.125%	100.00%	04-02-2010	452150 PH2
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-14	$7,000,000	4.800%	100.50%	04-02-2010	452150 QS7
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-15	$7,000,000	4.900%	100.50%	04-02-2010	452150 QT5
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-16	$7,000,000	4.900%	100.50%	04-02-2010	452150 QU2
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-17	$7,000,000	5.000%	100.50%	04-02-2010	452150 QV0
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-18	$7,000,000	5.000%	100.50%	04-02-2010	452150 QW8
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-19	$7,000,000	5.000%	100.50%	04-02-2010	452150 QX6
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-20 (Sinking Fund Payment)	$6,000,000	4.750%	100.50%	04-02-2010	452150 RB3

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-21 (Sinking Fund Payment)	$6,000,000	4.750%	100.50%	04-02-2010	452150 RB3
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-22 (Sinking Fund Payment)	$6,000,000	4.750%	100.50%	04-02-2010	452150 RB3
General Obligation Bonds, Series of June 1998, Dated June 1, 1998	6-01-23 (Maturity Amount)	$6,000,000	4.750%	100.50%	04-02-2010	452150 RB3
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-11	$28,000,000	5.125%	100.50%	04-02-2010	452150 SS5
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-12	$30,000,000	5.000%	100.50%	04-02-2010	452150 ST3
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-13	$20,000,000	5.000%	100.50%	04-02-2010	452150 SU0
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-14	$10,000,000	5.000%	100.50%	04-02-2010	452150 SV8
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-15	$10,000,000	4.750%	100.50%	04-02-2010	452150 SW6
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-16	$10,000,000	4.875%	100.50%	04-02-2010	452150 SX4
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-17	$10,000,000	5.000%	100.50%	04-02-2010	452150 SY2

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-18	$10,000,000	5.000%	100.50%	04-02-2010	452150 SZ9
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-19	$10,000,000	5.000%	100.50%	04-02-2010	452150 TA3
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-20 (Sinking Fund Payment)	$10,000,000	5.000%	100.50%	04-02-2010	452150 TF2
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-21 (Sinking Fund Payment)	$10,000,000	5.000%	100.50%	04-02-2010	452150 TF2
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-22 (Sinking Fund Payment)	$10,000,000	5.000%	100.50%	04-02-2010	452150 TF2
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-23 (Sinking Fund Payment)	$10,000,000	5.000%	100.50%	04-02-2010	452150 TF2
General Obligation Bonds, Series of March 1999, Dated March 1, 1999	3-01-24 (Maturity Amount)	$10,000,000	5.000%	100.50%	04-02-2010	452150 TF2
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-12	$10,000,000	5.000%	101.00%	04-02-2010	452150 TU9
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-14	$10,000,000	5.375%	101.00%	04-02-2010	452150 TW5
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-15	$10,000,000	5.375%	101.00%	04-02-2010	452150 TX3

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-16	$10,000,000	5.375%	101.00%	04-02-2010	452150 TY1
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-17	$10,000,000	5.250%	101.00%	04-02-2010	452150 TZ8
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-18	$10,000,000	5.250%	101.00%	04-02-2010	452150 UA1
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-19	$10,000,000	5.250%	101.00%	04-02-2010	452150 UB9
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-20 (Sinking Fund Payment)	$10,000,000	5.375%	101.00%	04-02-2010	452150 UG8
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-21 (Sinking Fund Payment)	$10,000,000	5.375%	101.00%	04-02-2010	452150 UG8
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-22 (Sinking Fund Payment)	$10,000,000	5.375%	101.00%	04-02-2010	452150 UG8
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-23 (Sinking Fund Payment)	$10,000,000	5.375%	101.00%	04-02-2010	452150 UG8
General Obligation Bonds, Series of June 1999, Dated June 1, 1999	6-01-24 (Maturity Amount)	$10,000,000	5.375%	101.00%	04-02-2010	452150 UG8

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of October 1999, Dated October 1, 1999	10-01-15	$7,680,000	6.000%	100.00%	04-02-2010	452150 VA0
General Obligation Bonds, Illinois FIRST Series of October 1999, Dated October 1, 1999	10-01-16	$8,155,000	6.000%	100.00%	04-02-2010	452150 VB8
General Obligation Bonds, Illinois FIRST Series of October 1999, Dated October 1, 1999	10-01-17	$8,655,000	5.875%	100.00%	04-02-2010	452150 VC6
General Obligation Bonds, Illinois FIRST Series of January 2000, Dated January 1, 2000	01-01-17	$11,000,000	6.000%	100.00%	04-02-2010	452150 WA9
General Obligation Bonds, Illinois FIRST Series of January 2000, Dated January 1, 2000	01-01-18	$12,000,000	6.000%	100.00%	04-02-2010	452150 WB7
General Obligation Bonds, Illinois FIRST Series of January 2000, Dated January 1, 2000	01-01-19	$12,500,000	6.000%	100.00%	04-02-2010	452150 WC5
General Obligation Bonds, Illinois FIRST Series of January 2000, Dated January 1, 2000	01-01-20	$13,000,000	6.100%	100.00%	04-02-2010	452150 WD3
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-15	$12,000,000	5.625%	100.00%	04-02-2010	452150 XX8
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-16	$12,000,000	5.700%	100.00%	04-02-2010	452150 XY6

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-17	$12,000,000	5.500%	100.00%	04-02-2010	452150 XZ3
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-18	$12,000,000	5.500%	100.00%	04-02-2010	452150 YA7
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-19	$12,000,000	5.600%	100.00%	04-02-2010	452150 YB5
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-20	$12,000,000	5.600%	100.00%	04-02-2010	452150 YC3
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-21	$12,000,000	5.600%	100.00%	04-02-2010	452150 YE9
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-22 (Sinking Fund Payment)	$12,000,000	5.500%	100.00%	04-02-2010	452150 YD1
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-23 (Sinking Fund Payment)	$12,000,000	5.500%	100.00%	04-02-2010	452150 YD1
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-24 (Sinking Fund Payment)	$12,000,000	5.500%	100.00%	04-02-2010	452150 YD1
General Obligation Bonds, Illinois FIRST Series of April 2000, Dated April 19, 2000	04-01-25 (Maturity Amount)	$12,000,000	5.500%	100.00%	04-02-2010	452150YD1

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of June 2000, Dated June 1, 2000	06-01-16	$12,000,000	5.700%	100.00%	06-01-10	452150 ZC2
General Obligation Bonds, Illinois FIRST Series of June 2000, Dated June 1, 2000	06-01-17	$12,000,000	5.700%	100.00%	06-01-10	452150 ZD0
General Obligation Bonds, Illinois FIRST Series of June 2000, Dated June 1, 2000	06-01-18	$12,000,000	5.625%	100.00%	06-01-10	452150 ZE8
General Obligation Bonds, Illinois FIRST Series of June 2000, Dated June 1, 2000	06-01-19	$12,000,000	5.700%	100.00%	06-01-10	452150 ZF5
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-14	$13,000,000	5.500%	100.00%	08-01-10	452150 G66
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-15	$13,000,000	5.500%	100.00%	08-01-10	452150 G74
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-16	$13,000,000	5.500%	100.00%	08-01-10	452150 G82
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-17	$13,000,000	5.500%	100.00%	08-01-10	452150 G90
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-18	$13,000,000	5.500%	100.00%	08-01-10	452150 H24

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-19	$13,000,000	5.550%	100.00%	08-01-10	452150 H32
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-20	$14,000,000	5.550%	100.00%	08-01-10	452150 H40
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-21	$14,000,000	5.600%	100.00%	08-01-10	452150 H57
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-22 (Sinking Fund Payment)	$12,000,000	5.625%	100.00%	08-01-10	452150 H65
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-23 (Sinking Fund Payment)	$12,000,000	5.625%	100.00%	08-01-10	452150 H65
General Obligation Bonds, Illinois FIRST Series of August 2000, Dated August 1, 2000	08-01-24 (Maturity Amount)	$7,000,000	5.625%	100.00%	08-01-10	452150 H65
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-15	$20,000,000	5.750%	100.00%	12-01-10	452150 N50
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-16	$8,300,000	5.750%	100.00%	12-01-10	452150 N68
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-17	$8,700,000	5.750%	100.00%	12-01-10	452150 N76

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-18	$9,000,000	5.750%	100.00%	12-01-10	452150 N84
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-19	$9,500,000	5.400%	100.00%	12-01-10	452150 N92
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-20	$10,000,000	5.400%	100.00%	12-01-10	452150 P25
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-21	$20,000,000	5.450%	100.00%	12-01-10	452150 P33
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-22	$11,800,000	5.500%	100.00%	12-01-10	452150 P58
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-23 (Sinking Fund Payment)	$12,500,000	5.375%	100.00%	12-01-10	452150 P41
General Obligation Bonds, Illinois FIRST Series of December 2000, Dated December 1, 2000	12-01-24 (Sinking Fund Payment)	$13,200,000	5.375%	100.00%	12-01-10	452150 P41
General Obligation Bonds, Illinois FIRST Series of April 2001, Dated April 1, 2001	04-01-17	$13,375,000	5.375%	100.00%	04-01-11	452150 R64
General Obligation Bonds, Illinois FIRST Series of April 2001, Dated April 1, 2001	04-01-18	$13,375,000	5.375%	100.00%	04-01-11	452150 R72

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of April 2001, Dated April 1, 2001	04-01-21	$13,375,000	5.250%	100.00%	04-01-11	452150 R80
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-12	$20,000,000	5.375%	100.00%	05-01-11	452150 T54
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-14	$22,000,000	5.375%	100.00%	05-01-11	452150 T70
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-17	$12,000,000	5.500%	100.00%	05-01-11	452150 U29
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-18	$12,000,000	5.500%	100.00%	05-01-11	452150 U37
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-19	$12,000,000	5.125%	100.00%	05-01-11	452150 U45
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-20	$12,000,000	5.125%	100.00%	05-01-11	452150 U52
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-21	$12,000,000	5.125%	100.00%	05-01-11	452150 U60
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-22 (Sinking Fund Payment)	$10,000,000	5.250%	100.00%	05-01-11	452150 U78

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of May 2001, Dated May 1, 2001	05-01-23 (Maturity Amount)	$10,000,000	5.250%	100.00%	05-01-11	452150 U78
General Obligation Bonds, Illinois FIRST Series of August 2001, Dated August 1, 2001	08-01-14	$15,000,000	5.375%	100.00%	08-01-11	452150 Y25
General Obligation Bonds, Illinois FIRST Series of August 2001, Dated August 1, 2001	08-01-15	$15,000,000	5.375%	100.00%	08-01-11	452150 Y33
General Obligation Bonds, Illinois FIRST Series of November 2001, Dated November 1, 2001	11-01-14	$22,000,000	5.375%	100.00%	11-01-11	452150 2U8
General Obligation Bonds, Illinois FIRST Series of November 2001, Dated November 1, 2001	11-01-15	$20,000,000	5.375%	100.00%	11-01-11	452150 2V6
General Obligation Bonds, Illinois FIRST Series of November 2001, Dated November 1, 2001	11-01-16	$17,000,000	5.375%	100.00%	11-01-11	452150 2W4
General Obligation Bonds, Illinois FIRST Series of November 2001, Dated November 1, 2001	11-01-17	$15,000,000	5.375%	100.00%	11-01-11	452150 2X2
General Obligation Bonds, Illinois FIRST Series of November 2001, Dated November 1, 2001	11-01-18	$15,000,000	5.375%	100.00%	11-01-11	452150 2Y0
General Obligation Bonds, Illinois FIRST Series of November 2001, Dated November 1, 2001	11-01-19	$15,000,000	5.375%	100.00%	11-01-11	452150 2Z7

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of February 2002, Dated February 1, 2002	02-01-13	$15,000,000	4.600%	100.00%	02-01-12	452150 5S0
General Obligation Bonds, Illinois FIRST Series of February 2002, Dated February 1, 2002	02-01-14	$15,000,000	4.700%	100.00%	02-01-12	452150 5T8
General Obligation Bonds, Illinois FIRST Series of February 2002, Dated February 1, 2002	02-01-15	$15,000,000	4.800%	100.00%	02-01-12	452150 5U5
General Obligation Bonds, Illinois FIRST Series of February 2002, Dated February 1, 2002	02-01-16	$15,000,000	5.500%	100.00%	02-01-12	452150 5V3
General Obligation Bonds, Illinois FIRST Series of February 2002, Dated February 1, 2002	02-01-17	$15,000,000	5.500%	100.00%	02-01-12	452150 5W1
General Obligation Bonds, Illinois FIRST Series of February 2002, Dated February 1, 2002	02-01-18	$15,000,000	5.500%	100.00%	02-01-12	452150 5X9
General Obligation Bonds, Illinois FIRST Series of March 2002, Dated April 1, 2002	04-01-14	$15,000,000	5.500%	100.00%	04-01-12	452150 6Y6
General Obligation Bonds, Illinois FIRST Series of March 2002, Dated April 1, 2002	04-01-15	$15,000,000	5.500%	100.00%	04-01-12	452150 6Z3
General Obligation Bonds, Illinois FIRST Series of March 2002, Dated April 1, 2002	04-01-16	$15,000,000	5.500%	100.00%	04-01-12	452150 7A7

Series Designation	Maturity Date	Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP Number
General Obligation Bonds, Illinois FIRST Series of March 2002, Dated April 1, 2002	04-01-17	$15,000,000	5.100%	100.00%	04-01-12	452150 7B5
General Obligation Bonds, Illinois FIRST Series of July 2002 Dated July 1, 2002	07-01-14	$16,000,000	5.375%	100.00%	07-01-12	452151 AQ6
General Obligation Bonds, Illinois FIRST Series of July 2002 Dated July 1, 2002	07-01-15	$16,000,000	5.375%	100.00%	07-01-12	452151 AR4
General Obligation Bonds, Illinois FIRST Series of October 2002, Dated October 1, 2002	10-01-14	$16,000,000	5.250%	100.00%	10-01-12	452151DD6
Total		$1,527,645,000				

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APPENDIX F
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No.: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.
(FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)

By ______________________________
Authorized Officer

(212) 826-0100

Form 500NY (5/90)

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