OFFICIAL STATEMENT ADDENDUM DATED AUGUST 20, 2009

$1,250,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF AUGUST, 2009

Dated: Date of Delivery | Due: As shown below

The purpose of this Official Statement Addendum is to set forth the details of sale of the $1,250,000,000 General Obligation Certificates of August, 2009 (the "*Certificates*"), sold by the State of Illinois (the "*State*") on August 20, 2009. The Certificates will mature on the date, in the amount and bearing interest (computed on the basis of a 360-day year of twelve 30-day months) as follows:

Maturity Date	Principal	Rate	Reoffering Yield	Reoffering Price	CUSIP
March 23, 2010	$500,000,000	2.00%	0.75%	100.712	4521517L1
April 13, 2010	$250,000,000	2.00%	0.85%	100.718	4521517M9
June 10, 2010	$500,000,000	2.00%	1.10%	100.701	4521517N7

The Preliminary Official Statement of the State, dated August 12, 2009, relating to the Certificates, which was deemed final by the State (the "*Deemed Final Official Statement*"), is incorporated herein and made a part hereof. The Final Official Statement of the State relating to the Certificates (as that term is defined in Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Act of 1934, as amended) shall consist of the Deemed Final Official Statement and this Addendum. Reference is made to the Deemed Final Official Statement for a description of all terms and provisions of the Certificates not described herein and for the definition of all capitalized terms not defined herein. The Certificates are expected to be delivered on or about August 27, 2009.

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

USE OF CERTIFICATE PROCEEDS

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

FUND	AMOUNT
Deposit to General Revenue Fund	$1,250,000,000.00
Deposit to the General Obligation Bond Redemption and Interest Fund, equal to the amount of net premium.	$8,275,000.00
Total use of Certificate Proceeds	$1,258,275,000.00

FORM OF APPROVING LEGAL OPINION

The form of the approving opinion of Pugh, Jones, Johnson & Quandt P.C., Chicago, Illinois, as Bond Counsel, is contained in *Appendix A* hereto.

UNDERWRITING

The Certificates maturing on March 23, 2010 have been purchased by JP Morgan Securities Incorporated as the Successful Purchaser (the "JP Morgan"), at a purchase price of $503,500,000.00. JP Morgan may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering prices set forth in the table above. After the initial public offering, the public offering price may be changed from time to time by the JP Morgan.

The Certificates maturing on April 13, 2010 have been purchased by JP Morgan as the Successful Purchaser, at a purchase price of $251,465,000.00 which excludes provision for the payment of issuance expenses in the total amount of $271,800 to be paid by the JP Morgan on behalf and at the direction of the State. JP Morgan may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering prices set forth in the table above. After the initial public offering, the public offering price may be changed from time to time by the JP Morgan.

The Certificates maturing on June 10, 2010 have been purchased by JP Morgan as the Successful Purchaser, at a purchase price of $503,310,000.00. JP Morgan may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) and others at prices lower than the public offering prices set forth in the table above. After the initial public offering, the public offering price may be changed from time to time by the JP Morgan.

AUTHORIZATION

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

/s/ Ginger Ostro
Director, Governor's Office of Management and Budget

Dated: August 20, 2009

[This Page Intentionally Left Blank]

APPENDIX A

August 27, 2009

State of Illinois
Springfield, Illinois

Re: $1,250,000,000 State of Illinois General Obligation Certificates of August, 2009

We hereby certify that we have examined a certified copy of the proceedings of the Governor of the State of Illinois (the "*State*"), the Comptroller of the State and the Treasurer of the State authorizing the issue by the State of its fully registered $1,250,000,000 aggregate principal amount General Obligation Certificates of August 2009 (the *"Certificates"*). The Certificates are authorized and issued pursuant to Section 9(c) of Article IX of the Constitution of the State and the Short Term Borrowing Act, as amended (the *"Act"*), of the State. The Certificates are dated the date hereof, mature on the dates, in the aggregate principal amounts and bear interest at the rates per annum payable at maturity set forth below:

Maturity Date	Principal Amount	Interest Rate
March 23, 2010	$500,000,000	2.00%
April 13, 2010	$250,000,000	2.00%
June 10, 2010	$500,000,000	2.00%

The Certificates are not subject to redemption prior to maturity.

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 the form of Certificate prescribed for said issue and find the same in due form of law and in our opinion the Certificates, to the amount named, are valid and legally binding obligations of the State in accordance with their terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by the availability of equitable remedies.

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

Subject to the condition that the State comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the *"Code"*), under present law the Certificates are not "private activity bonds" within the meaning of Section 141 of the Code, and interest on the Certificates is not includible in gross income of the owners thereof for federal income tax purposes, will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations and will not be taken into account in computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest will be taken into account, however, in computing the "branch profits tax" imposed on certain foreign corporations. Failure by the State to comply with such covenants could cause the interest on the Certificates to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. Ownership of the Certificates may result in other federal income tax consequences to taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates. In rendering this option, we have relied upon a certificate of the State with respect to certain material facts solely within the State's knowledge relating to the property financed with the proceeds of the Certificates and the application of the proceeds of the Certificates.

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

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

Printed by: ImageMaster, Inc.

STATE OF ILLINOIS
$1,250,000,000
GENERAL OBLIGATION CERTIFICATES
OF AUGUST, 2009
(the “Certificates”)

OFFICIAL NOTICE

Notice is hereby given that the expected delivery date for the Illinois General Obligation Certificates of August 2009 (“Certificates”) was incorrectly stated in the Official Notice of Sale, dated August 12, 2009, as on or about May 21, 2009. The State of Illinois (“State”) hereby gives notice that the expected date of delivery is to be August 27, 2009.

GINGER OSTRO
Director

STATE OF ILLINOIS
$1,250,000,000
GENERAL OBLIGATION CERTIFICATES
OF AUGUST, 2009
(the "Certificates")

OFFICIAL NOTICE

Bids on the State of Illinois General Obligation Certificates of August, 2009 will be received via PARITY until 11:00 A.M. Central Daylight Savings Time on August 20, 2009. Delivery of the Certificates is expected to occur no later than August 27, 2009. As of August 19, 2009, Standard and Poor's ("S&P") has revised the State's long term General Obligation Bonds Outlook from "Stable" to "Negative". The long term rating of "*AA-*" was affirmed by S&P. All other information, contained in the Official Notice of Certificate Sale, dated August 12, 2009 remains unchanged. Pursuant to said Notice of Sale, the Certificates will be awarded on a whole maturity basis. Please note, the successful purchaser of the April 13, 2010 maturity agrees to pay the Cost of Issuance of $271,800, as described in the Notice of Sale. Short term ratings for the General Obligation Certificates have been assigned by Fitch Ratings Inc. and Standard and Poor's as F1 and SP-1, respectively. These have been released independently by the rating agencies.

GINGER OSTRO
Director
Governor's Office of Management and Budget

OFFICIAL NOTICE OF CERTIFICATE SALE AND BID FORM

STATE OF ILLINOIS

$1,250,000,000

STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES
OF AUGUST, 2009

Pat Quinn
Governor, State of Illinois

Ginger Ostro
Director, Governor's Office of Management and Budget

Phil Culpepper
Debt Management Director, Governor's Office of Management and Budget

Bids Will Be Received Via PARITY Until
11:00 A.M. Central Daylight Savings Time (“CDT”)
August 20, 2009
As Described Herein

Bond Counsel
Pugh, Jones, Johnson & Quandt, P.C. (CHICAGO).

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL NOTICE OF CERTIFICATE SALE
$1,250,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF AUGUST, 2009

NOTICE is hereby given that sealed bids will be received by the Director of the Governor's Office of Management and Budget (the "GOMB") of the State of Illinois (the "State") until the hour of 11:00 A.M. (Central Daylight Savings Time) on Thursday, August 20, 2009 via PARITY, in the manner described below, for the purchase of the following described Certificates of the State:

> $1,250,000,000 State of Illinois General Obligation Certificates of August 2009 (the *"Certificates").* The Certificates will be dated the date of issuance thereof, and will be issued in fully registered form, without coupons. The Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company *("DTC"),* New York, New York, which will act as securities depository for the Certificates. Individual purchases will be made in book-entry form only, in the principal amount of $100,000 and any integral multiple thereof. The successful bidder will not receive certificates representing its interest in the Certificates purchased unless the book-entry system is terminated. See "Appendix C - Global Book-Entry System" in the Preliminary Official Statement relating to the Certificates (the *"Preliminary Official Statement").* Of the aggregate principal amount of the Certificates, $500,000,000 will mature on March 23, 2010, $250,000,000 will mature on April 13, 2010 and $500,000,000 will mature on June 10, 2010. Bids may be for any one or more maturities. Bids will be received for the purchase of the Certificates as described below under the heading "BIDDING DETAILS."

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

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

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

If any provisions of this Official Notice of Certificate Sale shall conflict with any instructions or directions set forth in PARITY, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 849-5021. The State shall not be responsible for any fees or charges imposed in connection with the use of PARITY.

Security

The Short Term Borrowing Act, 30 ILCS 340/1.1 *et seq.* (the *"Act")* of the State, pursuant to which the Certificates are being issued, constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the principal of and interest on the Certificates as the same become due.

The anticipated sources of funds to repay the principal of and interest on the Certificates when due and the anticipated schedule of transfers of such funds to the GOBR&I Fund (as defined in the Preliminary Official Statement) is outlined in Tables 5-A and 5-B of the Preliminary Official Statement.

Ratings and Bond Insurance

The State has applied to Fitch Ratings Inc and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies for underlying short-term ratings on the Certificates. Notification of the underlying short-term ratings on the Certificates shall be made via TM3 wire (if such ratings are not directly released via TM3 wire by one or more of the rating agencies).

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

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

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

BIDDING DETAILS

The Certificates will be awarded on a whole maturity basis. Bidders may submit bids for any one or more of the maturities of the Certificates as provided herein. The Certificates of each maturity will be awarded to the bidder (herein, the "Purchaser" or "successful Purchaser" and collectively referred to as the "Purchasers") which makes a bid conforming to the terms of this offering that produces the lowest total interest cost ("TIC") to the State for the Certificates, determined as follows: The TIC is the discount rate (expressed as a per-annum percentage rate) which, when used in computing the present value of all principal and interest to be paid on the maturity of the Certificates, from the scheduled payment date back to the date of delivery, produces a present value amount equal to the price bid, including premium, if any to the date of delivery. No proposal for less than the par amount of the Certificates will be considered. No proposal for the purchase of the Certificates will be considered which does not offer to purchase all of the Certificates of a given maturity. In the event of more than one proposal specifying the lowest TIC for the Certificates, the Certificates will be awarded on the basis of an agreement to syndicate the full amount of the Certificates among all such bidders at the lowest TIC, provided further that only one such Purchaser shall assume the role as lead Purchaser. If under circumstances as described in the immediately foregoing, such agreement among multiple Purchasers at the lowest TIC cannot be reached, all of the Certificates will be awarded to the bidder whose proposal is selected by lot by the Director from among all such proposals.

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

(i) all Certificates of that maturity must bear the same rate of interest and no one Certificate shall bear more than one rate of interest; and

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

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

The successful Purchaser(s) will be required to post a good faith deposit (the *"Deposit")* by wire transfer to be received by the State Treasurer prior to 2:00 pm CDT on August 20, 2009. GOMB will provide wire transfer directions at the time of the award. The amount of the Deposit shall be equal to 0.10% of the principal amount of the Certificates for which the bidder was the successful bidder.

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

Action awarding the Certificates or rejection of all bids will be taken no later than three (3) hours after expiration of the time prescribed in this Notice for the receipt of bids. Notice of award will be given promptly to the Purchasers. The right is reserved to reject any or all bids and to waive any irregularity or informality in any bid.

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

The Purchaser of the Certificates maturing on April 13, 2010, shall be responsible for the payment of all costs of issuance including, without limitation, the fees of Pugh, Jones, Johnson & Quandt, P.C. *("Bond Counsel"),* the financial and fiscal advisors, the rating agencies, the cost of advertising, the cost of the PARITY bidding system, printing expenses and any other cost of issuance incurred by the State. Prior to the date of sale, the State will advise prospective bidders by TM3 wire of the aggregate amounts of such fees and costs to be paid by the successful Purchaser. The successful Purchaser of the April 13, 2010 maturity agrees to make payment for such expenses within 7 business days following receipt of invoices properly authorized and presented by the State.

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

The Purchasers will be required to provide to the GOMB (i) the respective percentages of participation and compensation of each underwriter in the bidding syndicate pursuant to an Agreement Among Underwriters or other arrangement among the members of the bidding syndicate and (ii) an identification of which members in the bidding syndicate are minority owned businesses, female owned businesses and businesses owned by persons with disabilities (as such firms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act of the State, as amended; see 30

ILCS 575/0.01 *et seq.*). Such disclosure will be made part of a publicly disclosed GOMB report and will be posted on the GOMB's website.

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

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

Provisions Relating to Rule 15c2-12

Final Official Statement

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

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

Other Matters

The approving opinion of Bond Counsel covering the legality of and federal tax-exempt status of the interest on the Certificates, the form of which is set forth as Appendix B in the Preliminary Official Statement, will be furnished at the expense of the Purchasers, as the purchaser of the Certificates, as described above, and all bids must be so conditioned. The State will provide the usual closing certificates dated as of the date of delivery of and payment for the Certificates, including a statement that there is no litigation pending, or to the knowledge of the signer thereof, threatened, affecting the legality of the Certificates.

The Certificates are expected to be ready for delivery on or about May 21, 2009, and at delivery will be registered in the name of Cede & Co., as described above. Delivery of the Certificates will be made to DTC in New York, New York, without cost to the Purchasers. Payment for the Certificates must be made in Federal Reserve Bank funds which will be immediately available in Chicago, Illinois on the day of delivery. The Purchasers shall have the right, at its option, to cancel its contract to purchase if the Certificates are not tendered for delivery to the Purchasers within thirty (30) days from the date of sale thereof, and in such event the Purchasers shall be entitled to the return of the Deposit. The State shall have the right, at its option, to cancel the contract of purchase if upon tender of the Certificates for delivery the Purchasers shall not have accepted delivery and paid for the Certificates, in which event the Deposit, without adjustment for interest, accompanying such bid shall be forfeited to the State as payment of damages for failure to comply with the contract of purchase for the Certificates.

The Preliminary Official Statement, the Official Notice of Certificate Sale and the Official Bid Form, together with other pertinent information, may be obtained from the State of Illinois, Governor's Office of Management and Budget, Attention: Debt Management Unit, at 603 Stratton Building, Springfield, Illinois 62706, Telephone: (217) 782-5886, or from Pugh, Jones, Johnson & Quandt, P.C., Bond Counsel, Attention: Scott Bremer, 180 North LaSalle Street, Chicago, IL 60601, Telephone: (312) 768-7800.

Dated this 12th day of August,

Pat Quinn
Governor

Ginger Ostro
Director
Governor's Office of Management and Budget

OFFICIAL BID FORM

Ginger Ostro
Director, Governor's Office of Management and Budget
State of Illinois

August __, 2009

Director:

For the specific maturity of your General Obligation Certificates of May, 2009, dated the date of issuance thereof, we will pay you the prices (not less than the par amount of the Certificates) and we hereby bid the interest rate per annum as follows:

MATURITY DATE	PRINCIPAL AMOUNT	PURCHASE PRICE	INTEREST RATE
March 23, 2010	$500,000,000	$	%
April 13, 2010	$250,000,000	$	%
June 10, 2010	$500,000,000		

Said Certificates are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Pugh, Jones, Johnson & Quandt, P.C., Bond Counsel.

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

As evidence of our good faith we agree to wire payment by 2:00 p.m. CDT today (the *"Deposit")* in an amount equal to 0.10% of the principal amount, in accordance with your Official Notice of Certificate Sale, which is made a part hereof by reference.

Wire Transfer

____

Amount: $________________

Name of Bank

____

City________________ State ____________

Dated ________________________________

Respectfully submitted:

Name: ________________________________

ACCOUNT MANAGER

By: ________________________________

Address ________________________________

City________________ State ____________

Telephone ______________________________

E-mail Address __________________________

BIDDERS OPTION INSURANCE

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

Issuer ________________

Maturities: (Check One)
_____ _______ Years
_____ All

This bid was accepted and Certificates sold on August ___, 2009, and receipt is hereby acknowledged of the Deposit in accordance with the terms of the Official Notice of Certificate Sale.

____
Director, Governor's Office of Management and Budget

____________________ **Not a Part of Bid** ____________________

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

	For Certificates Maturing Month Day,	For Certificates Maturing Month Day,	
Total Interest	$	$	
Less Premium	$	$	
Net Interest Cost	$	$	
Net Interest Rate	%	%	

[THIS PAGE INTENTIONALLY LEFT BLANK]

E X H I B I T   I

CERTIFICATE OF PURCHASER

Re: STATE OF ILLINOIS (the "Issuer")
$_____,000,000 General Obligation Certificates of August, 2009 (the "Certificates")

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

We hereby certify that as of August __, 2009, the date on which the Certificates were sold by the Issuer (the "Sale Date"), all of the Certificates maturing on _______________, 2010 (the "__________ Maturity Certificates") were offered and the first 10 percent or more of the __________ Maturity Certificates were actually sold to the General Public for money in a *bona fide* public offering at the initial offering price of $_______________ (the "Issue Price"), which does not exceed the fair market value of the __________ Maturity Certificates as of the Sale Date. On this basis, we have determined the Issue Price of the __________ Maturity Certificates to be $_______________.

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

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

Dated: August __, 2009

[PURCHASER]

By: ________________________________
Its:

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

Printed by: ImageMaster, Inc.

PRELIMINARY OFFICIAL STATEMENT

STATE OF ILLINOIS

$1,250,000,000
GENERAL OBLIGATION CERTIFICATES OF AUGUST, 2009

DATE OF SALE: AUGUST 20, 2009

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

Preliminary Official Statement Printed: August 12, 2009

Expected Date of Issuance (Delivery): August 27, 2009

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

PREFACE

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

CERTIFICATE SUMMARY

Issuer:	State of Illinois
Offering:	$1,250,000,000 General Obligation Certificates of August, 2009.
Bidding Details:	Bids will be received until 11:00 A.M., Central Daylight Savings Time, August 20, 2009 via PARITY, as provided in the Official Notice of Sale.
Dated Date:	Date of issuance (expected to be August 27, 2009).
Maturity:	$500,000,000 of the aggregate principal amount will mature on March 23, 2010, $250,000,000 of the aggregate principal amount will mature on April 13, 2010, $500,000,000 of the aggregate principal amount will mature on June 10, 2010
Interest:	Interest on each Certificate, computed on the basis of a 360-day year of twelve 30-day months, will be payable only on the maturity date thereof.
Security:	The Short Term Borrowing Act, 30 ILCS 340/1.1. et seq., pursuant to which the Certificates are being issued, constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the interest on and principal of the Certificates as the same become due.
Form of Certificates:	Certificates will be issued in denominations of $100,000 or integral multiples thereof, in fully registered form through a global book-entry system. The Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Owners of the Certificates will not receive a certificate representing ownership interest.
Legal Opinion:	Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, as Bond Counsel.
Certificate Registrar / Paying Agent:	Treasurer of the State of Illinois, Springfield, Illinois.
Certificate Ratings:	Applications for short-term ratings on this issue have been made to Fitch Ratings Inc. and Standard & Poor's, a division of The McGraw-Hill Companies.

For further information on this offering, please contact Phil Culpepper, (217) 782-4520 of the Governor's Office of Management and Budget, Springfield, Illinois or Scott Bremer, (312) 768-7800, of Pugh, Jones, Johnson & Quandt, P.L., Chicago, Illinois.

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

THE OFFERING

$1,250,000,000
STATE OF ILLINOIS
GENERAL OBLIGATION CERTIFICATES OF AUGUST 2009

INTRODUCTION

This Preliminary Official Statement of the State of Illinois (the "*State*"), including the cover and appendices, presents certain information in connection with the issuance by the State of $1,2500,000,000 aggregate principal amount of its certificates designated as the State of Illinois General Obligation Certificates of August 2009 (the "*Certificates*").

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

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

AUTHORITY FOR ISSUANCE

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

DESCRIPTION OF CERTIFICATES

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

Issuance	Maturity	Amount
August 27, 2009	March 23, 2010	$500,000,000
August 27, 2009	April 13, 2010	$250,000,000
August 27, 2009	June 10, 2010	$500,000,000

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

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

SECURITY

The Certificates, together with all other General Obligation Bonds are direct, full faith and credit, general obligations of the State. The Act constitutes an appropriation out of any money in the State Treasury of an amount sufficient to pay the principal of and interest on the Certificates as the same become due. The Certificate Order, dated as of August 12, 2009 and executed by the Governor, the Comptroller and the Treasurer of the State, pursuant to which the Certificates are issued (the "*Certificate Order*"), authorizes the Governor, the Comptroller and Treasurer of the State to provide for the transfer of moneys on deposit in any funds of the State Treasury into the General Obligation Bond Retirement and Interest Fund of the State (the "*GOBRI Fund*") at such times and in such amounts as they deem necessary for the timely payment of the principal of and interest on the Certificates.

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

USE OF CERTIFICATE PROCEEDS

The State will deposit $1,250,000,000 of the proceeds of the Certificates into the General Revenue Fund for purposes of making payments on fiscal year 2009 obligations that resulted from a revenue shortfall versus budgeted amounts in that year .

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

Cash flow estimates for the General Revenue Fund for the Certificates are set forth in Table 5-A and 5-B for fiscal years 2009 and 2010 respectively.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Sources:

Principal Amount of Certificates
Net Re-Offering Premium

Total Sources

Uses:

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

Total Uses

RATINGS

The State has applied to Fitch Ratings Inc. ("Fitch") and Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, ("*S&P*") (collectively, the "*Rating Agencies*"), for short-term ratings on the Certificates. These ratings, if assigned, reflect the views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective Rating Agencies. As part of the State's application for the ratings, certain information and materials, some of which are not contained herein, have been supplied to the Rating Agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Certificates and the ratings and the Certificates should be evaluated independently.

As of the date of this Preliminary Official Statement, the State's long term General Obligation Bonds are rated "*A1*" with a Ratings Watch Negative by Moody's Investor Services, "*AA-*" with a Stable Outlook by S&P and "*A*" with a Stable Outlook by Fitch Ratings Inc. Each such rating reflects only the views of such rating agency. Any explanation of the significance of such ratings may be obtained only from the respective rating agencies.

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

LEGAL OPINION

The Certificates are offered subject to the approving opinion of Pugh, Jones, Johnson & Quandt, P.C., Chicago, Illinois, Bond Counsel.

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

TAX EXEMPTION

General

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

Subject to the condition that the State comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel the Certificates are not "private activity bonds" under Section 141 of the Code, and interest on the Certificates will not be includible in the gross income of the owners thereof for Federal income tax purposes, will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations and will not be taken into account in computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

In rendering its opinion, Bond Counsel will rely upon a certificate of the State with respect to certain material facts solely within the State's knowledge relating to the property financed with the proceeds of the Certificates and the application of the proceeds of the Certificates.

Under the provisions of Section 884 of the Code, a branch profits tax may be levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Certificates.

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinions of Bond Counsel express the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Original Issue Discount

An amount equal to the excess of the principal amount payable at maturity of any Certificates (the "Discount Certificates") over the initial public offering price of such Discount Certificates, assuming that a substantial amount of such maturity is first sold at such price (the "Offering Price"), will be treated as "original issue discount." With respect to a taxpayer who purchases a Discount Certificate in the initial public offering at the Offering Price and who holds such Discount Certificate to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discount Certificate for Federal income tax purposes to the same extent as current interest and will not be treated as taxable capital gain upon payment of such Discount Certificate upon maturity.

The original issue discount on each of the Discount Certificates is treated as accruing daily over the term of such Discount Certificate on the basis of a constant yield computed at the end of each six month period (or shorter period from the date of original issue). The amount of original issue discount accruing during such period will be added to the owner's tax basis for the Discount Certificates. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Certificates (including sale, redemption or payment at maturity). An owner of a Discount Certificate who disposes of it prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Certificate prior to maturity.

Owners who purchase Discount Certificates in the initial public offering but at a price different from the Offering Price or who do not purchase Discount Certificates in the initial public offering should consult their tax advisors with respect to the tax consequences of the ownership of such Discount Certificates.

Owners of Discount Certificates should consult their own tax advisors with respect to the state and local tax consequences of owning the Discount Certificates. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Market Discount

If a Certificate is purchased at any time for a price that is less than the Certificate's Offering Price plus accrued original issue discount, if any, the purchaser may be treated as having purchased the Certificate 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 Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the Certificates.

Certificate Premium

An amount equal to the excess of the purchase price of a Certificate over the principal amount payable at maturity of such Certificate constitutes amortizable premium that may not be deducted for Federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of such Certificate, the tax basis of each Certificate is decreased by the amount of the bond premium that has been amortized. Certificate premium is amortized by offsetting the interest on the Certificate allocable to an accrual period with the premium allocable to the accrual period. The premium allocable to an accrual period is the excess of the interest on the Certificate allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the Certificate). If the premium allocable to an accrual period exceeds the interest on the Certificate allocable to the accrual period, the excess is a nondeductible loss for Federal income tax purposes that reduces the owner's basis in such Certificate.

Purchasers of any Certificates at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the Federal, state and local consequences of owning such Certificates.

General Obligation Bonds

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

The GO Bond Act authorizes the State to issue and sell multi-purpose GO Bonds in the aggregate amount of $36,986,777,443, excluding refunding bonds referred to below, for the purposes and in the amounts listed below:

$7,968,463,443	For capital facilities within the State;
$6,447,129,000	For use by the Illinois Department of Transportation, Roads and Bridges;
$3,501,670,000	For use by the Illinois Department of Transportation, Public Transportation, Air and Rail;
$3,570,000,000	For grants to school districts;
$585,315,000	For anti-pollution purposes;
$698,200,000	For coal and energy development purposes; and
$13,466,000,000	GO Pension Funding Bonds for the purpose of funding or reimbursing a portion of the State's contributions to State retirement systems. See "PENSION SYSTEMS";

Note: Of the aggregate multi-purpose GO Bond authorization listed above, $750 million of Tobacco Securitization authorization sunset on June 30, 2003.

The GO Bond Act authorizes the issuance of GO Bonds in the amount of up to $4,839,025,000, at any time and from time-to-time outstanding, for the purpose of refunding any outstanding GO Bonds. See "INDEBTEDNESS – GENERAL OBLIGATION BONDS" for a description of the authorized and previously issued GO Bonds under the GO Bond Act and its predecessor Bond Acts.

Certificate of the Director of the Governor's Office of Management and Budget

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

Limited Continuing Disclosure

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

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

LITIGATION

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

The following describes certain pending lawsuits in Illinois:

Fee Protest Litigation:

In November 2004, the Circuit Court of Cook County ruled that the imposition of a surcharge on workers' compensation insurance policies coupled with a mechanism to transfer a portion of surcharge proceeds to the State's General Funds pursuant to Public Act 93-32 was unconstitutional. As a result, the court escrowed $11.5 million of surcharge proceeds pending final disposition of the case. The State appealed the ruling directly to the Illinois Supreme Court. The Court heard argument in May 2005 and in October 2005 released its opinion reversing the lower court's order granting plaintiff summary judgment and remanding the matter to the circuit court for further proceedings. In October 2005, on the State's motion, the trial court released approximately $1.4 million from escrow to fund Illinois Workers' Compensation Commission ("*IWCC*") operations through November 2005. The court further agreed to the future release, on a monthly basis upon the State's petition, of amounts sufficient to fund ongoing IWCC operations. Since October 2005, the IWCC has on a regular basis requested and the Circuit Court of Cook County has released monies sufficient to fund the IWCC's on-going operations. As of July 2009, approximately $12.4 million remained in escrow. In addition, the trial court has allowed certain insurance companies to make surcharge payments into the Protest Fund. As of July 2009, approximately $47 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 the 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's case, the Sangamon County Court denied the plaintiffs' motion for a temporary restraining order as to all but two funds; plaintiffs had previously sought to enjoin transfers from 39 state funds. In November 2006, the Sangamon County Court granted the State's motion to dismiss the motorcyclists' litigation as to two State funds, and in October 2008, the Sangamon County Court granted the State's motion for summary judgment the motorcyclists' litigation with respect to the final State fund. Following the Sangamon County Court's denial of the motorcyclists' motion to reconsider in January, 2009, the motorcyclists filed an appeal with the Illinois Appellate Court. The appeal remains pending.

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

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

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

<u>Retaliatory Tax Litigation</u>:

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

STATE OF ILLINOIS

ORGANIZATION

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

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

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

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

CONSTITUTIONAL PROVISIONS RELATING TO REVENUES AND EXPENDITURES

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

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

CONSTITUTIONAL PROVISIONS RELATING TO LONG TERM BORROWING

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

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

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

CONSTITUTIONAL PROVISIONS RELATING TO SHORT TERM BORROWING

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

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

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

In February 2007, General Obligation Certificates in the amount of $900 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. In June 2007 the February 2007, General Obligation Certificates were repaid. In September 2007, General Obligation Certificates in the amount of $1,200 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. In November 2007 the September 2007, General Obligation Certificates were repaid. In April 2008, General Obligation Certificates in the amount of $1,200 million were issued pursuant to the provision of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. In May and June 2008 the April 2008, General Obligation Certificates were repaid. In December 2008 General Obligation Certificates in the amount of $1,400 million were issued pursuant to the provisions of the Short Term Borrowing Act authorized by Section 9(c) of Article IX of the State Constitution as set forth above. 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. See "INDEBTEDNESS – SHORT TERM DEBT."

GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

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

STATE FINANCIAL INFORMATION

The tables that follow present pertinent financial information about the State. Data is for the State's fiscal years which run from July 1 through June 30. Tables 1, 1-A, 2, and 6 of this section, unless otherwise noted, are based on information contained in detailed annual reports or records of the Illinois Office of the Comptroller (the "*Comptroller*"). For purposes of Tables 1 and 2 of this section, expenditures are deemed to be recognized when payment warrants are issued. Tables 3, 4, 5, and cash flows in Tables 5A, 5B, 5C and 5D are based on records including projections of the GOMB, though Tables 4, 4A, 5, 5A, 5B, 5C and 5D also include or reflect information drawn from various reports or records of the Comptroller.

Table 4A provides a ten year history (FY2000-FY2009) of all state funds, by major fund category, that are available to support the general obligation pledge of the full faith and credit of the state, both at the end of each fiscal year (except fiscal 2010), and as of July 31st for each year including fiscal 2010. Tables 5C and 5D provide cash flow and liquidity information including projections for those same state funds for fiscal years 2009 and 2010 respectively.

The fiscal year 2008 ("*FY08*") Comprehensive Annual Financial Report ("*CAFR*") may be found at: *www.apps.ioc.state.il.us/ioc-pdf/CAFR_2008.pdf*

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	$4,257	$4,725	$4,703	$4,815	$6,567
Transfers In					
From Other State Funds[3]	$2,513	$2,101	$2,246	$1,900	$1,593
Hospital Provider Fund[4]	$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[3]	**$26,928**	**$28,359**	**$29,540**	**$32,059**	**$31,544**
Cash Disbursements					
Expenditures for Appropriations (See Table 1-A)	$22,187	$24,193	$25,604	$26,959	$26,982
Transfers Out					
Short-Term Borrowing[5,6]	$768	$1,014	$911	$2,400	$1,424
Debt Service Funds[7]	$852	$1,026	$1,064	$1,132	$1,102
Other State Funds[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 Illinois Office of the Comptroller.

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

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

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

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

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

[7] Reflects debt service on G.O. 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**	**$26,981**

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

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

1 Based on information from the Office of the Comptroller

2 Reflects debt service on General Obligation Bonds

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Category	**FY09 Actual[2]**	**FY10 Budget**	**$ Change**	**% Change**
Elementary & Secondary Education	$7,444	$7,308	-$137	-1.83%
Higher Education	$2,385	$2,002	-$383	-16.06%
Healthcare & Family Services (Public Aid)	$9,640	$7,809	-$1,831	-19.00%
Revenue	$162	$143	-$20	-12.20%
Human Services	$4,209	$3,992	-$217	-5.14%
Corrections	$1,329	$1,147	-$181	-13.64%
Children & Family Services	$908	$865	-$43	-4.72%
Central Management Services	$76	$90	$14	18.89%
State Police	$221	$287	$66	29.77%
Other Agencies	$3,484	$2,442	-$1,042	-29.91%
Budgeted Appropriations	**$29,857**	**$26,085**	**-$3,773**	**-12.64%**
Unspent Appropriations (Salvage)	-$322	-$951	-$629	195.38%
Net Appropriations (Spending)	**$29,535**	**$25,133**	**-$4,402**	**-14.90%**

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

	FY 2008 Actual	FY 2009 Enacted	FY 2009 Actual	FY 2009 vs. 2008	Percent Change
Cash Receipts					
State Sources, Cash Receipts:					
Net Individual Income Tax	$10,320	$9,228	$9,223	($1,097)	-10.63%
Net Corporate Income Tax	$1,860	$1,635	$1,710	($150)	-8.06%
Net Income 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-FY2009

(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**
July 31st amounts	**$ 6,368**	**$ 6,728**	**$ 6,224**	**$ 5,764**	**$ 7,205**	**$ 5,356**	**$ 6,050**	**$ 6,799**	**$ 6,790**	**$ 6,590**	**$ 5,995**

* Excludes proceeds of 2003 Pension Obligation Pensions Bonds for comparability purposes.

Fiscal Year 2009 Overview

The FY09 unaudited results are presented in Tables 1 and 1A on a cash basis (receipts and disbursements) with comparative data for FY05 - 09 for the General Funds. Table 2 provides similar cash basis results for the Road Fund. Table 3 provides a comparison of appropriations for FY09 and FY10 for the General Funds. Table 4 compares General Funds cash receipts for FY08 and 09 (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, while Table 5A provides fiscal year 2009 cash flows for the General Funds.

Fiscal Year 2009 Unaudited Results

As illustrated in Table 5, State Source Revenues for the General Funds totaled $20,984 million in FY09, a $1,960 million or 8.5% decrease from FY08. The state recognizes all revenues on a cash basis, which are receipts collected during the fiscal year. The FY09 decrease was primarily related to the economically sensitive income and sales taxes that collectively decreased by $1,689 or 8.7%, corresponding to the national recession that began in 2008. Federal Source Revenues increased by $1,752 million or 36.4% from FY08, reflecting additional receipts of $1,566 million from the American Recovery and Reinvestment Act of 2009 (ARRA). Statutory transfers in decreased by $307 million or 16.1% from FY08 results, primarily reflecting year-to-year timing differences in such cash transfers, as well as and the lack of special fund transfers to the General Revenue Fund. In sum, total resources (revenues plus statutory transfers in) decreased by $515 million or 1.7% in FY09.

General Funds appropriations for FY09 increased by $2,319 million or 8.4%, to $29,857 million over the comparable FY08 amount, largely due to increased Medicaid appropriations of $1,491, as further described below. Estimated net appropriations expended increased to $29,535 million, which was approximately $2,381 million or 8.8% greater than expended appropriations in FY08.

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 FY09. 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 FY09 Revised Budget (May) reflected use of the enhanced federal FMAP match to bring all Medicaid provider accounts to current status, or approximately 30 days. Without the additional Medicaid reimbursements, the state's backlog of Medicaid-related bills would have increased to approximately 90 days by the end of FY09.

The final net appropriations amount will not be 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. Any FY09 liability incurred by the state prior to June 30th 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 FY09 appropriation.

Programmatic increases in FY09 included additional elementary and secondary education grants and additional Medicaid expenditures. Statutory transfers out increased by $223 million or 7% in FY09, including additional transfers for pension contributions of $426 million that were not fully appropriated in the adopted FY09 Budget, but subject to a continuing appropriation by statute. In sum, total spending (expenditures plus statutory transfers out) increased by $2,604 million or 8.6% in FY09.

In anticipation of an FY09 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 FY09 General Obligation Certificate borrowing in the FY10 budget introduced on March 18, 2009. This offering represents the second series of that borrowing, with the first series of $1,000 million being issued in May 2009.

Reflecting actual FY09 revenues plus statutory transfers in, as well as estimated FY09 expenditures plus statutory transfers out, the estimated General Funds budget basis operating deficit for FY09 is $3,815 million. The operating deficit was partially financed through the issuance of $1,000 million in General Obligation Certificates in May 2009 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 FY08 deficit of $834 million.

The estimated FY09 operating deficit of $2,828 million was financed by an estimated increase in accounts payable of $2,977 million to a projected $3,952 million at the end of FY09. 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 FY09 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 FY09 is projected to be completed in approximately December of 2009 and will be found at that time at http://www.ioc.state.il.us/Library/cr.cfm along with reports of prior fiscal years. Likewise, the audited *Comprehensive Annual Financial Report* for FY09 has not been completed as of this Offering. Prior fiscal years' CAFR's can be found at that same website.

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 2009 CAPITAL BUDGET

The FY09 Capital Budget contains total appropriations of $13,939 million, an increase of $5,060 million or 57% versus the FY08 Capital Budget. The emphasis on investment in existing State facilities and assets to achieve maintenance cost efficiencies remained a priority in the FY09 Capital Budget. Within limitations considered by debt affordability analysis, the total GO Bond sales for FY09 were approximately $150 million.

Total bond-financed capital appropriations in the FY09 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 FY09.

Total capital funded out of current revenues is $9,422 million. The FY09 Capital Budget included $1,945 million in new pay-as-you-go Road Program appropriations and $2,556 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 FY10 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 FY10 Adopted Budget is reflected in Table 5 and hereafter referred to as the FY10 Budget.

The FY10 Budget projects total state source revenues of $19,947 million, which is $1,037 million or -4.9% lower than actual FY09 Revenues. The FY10 revenue forecast reflects the deepening and continuing recession and projects the following changes in economically-sensitive base revenues: (1) Individual Income Tax (net of estimated refunds) of $9,206 million which is an $18 million or -0.2% reduction from actual FY09 revenues, (2) Corporate Income Tax (net of estimated refunds) of $1,133 million, a $578 million or -33.8% reduction from the actual FY09 amount, and (3) Sales Tax of $6,394 million, a $379 million or -5.6% reduction from the actual FY09 collections. The FY10 Budget maintains the same Refund Fund Rates for income taxes (as discussed in the **Tax Structure** section that follows below) as utilized in the FY09 budget, resulting in an estimated increase in the Refund Fund backlog for corporate income tax refunds of approximately $370 million by the end of FY10, versus the amount reflected in the proposed operating budget introduced on March 18, 2009.

Beyond these reductions in economically sensitive taxes, the FY10 Budget projected an increase of $564 million in federal revenues, an 8.6% increase over the actual FY09 amount. The increased revenue reflects an increase in FY10 Medicaid receipts as well as approximately $374 million in Federal stimulus receipts available for any General Fund purpose. In addition, Transfers In reflect $352 million of excess balances from other state Special Funds as well as

$245 million of increased revenue to support the capital program which will be transferred to the general fund to cover expenses that were shifted to GRF.

The FY10 Budget projects total General Funds spending of $27,975 million which is $4,984 million or -15.1% less than the projected FY09 spending. The estimated net decrease was primarily due to the following factors: (1) General Funds pension contributions in FY10 were to have increased by approximately $1,100 million reflecting both actuarial losses incurred in FY08 as well as the final year of the statutorily-mandated increased called for in Public Act 88-593 (see the **Pension Systems** section below for further information), (2) approximately $3,450 million of General Funds pension contributions will be funded through issuance of General Obligation Pension Funding Bonds authorized by Public Act 96-43, (3) approximately $1,500 million in supplemental Medicaid appropriations in FY09, used as a onetime reduction of payment backlog in that fiscal year, are eliminated in FY10, (4) minimal FY10 appropriation increases including $118 million for the Department of Aging, and (5) a net reduction in Transfers Out primarily associated with debt restructuring net of new debt service including the issuance of the Pension Funding Bonds.

As detailed in Table 5, the estimated FY10 budget basis operating surplus of $1,324 million is utilized to retire the inter-year $1,000 million May 2009 General Obligation Notes that were issued to partially finance the FY2009 deficit. The balance of the FY10 surplus will reduce the FY 10 budget basis accounts payable by $279 million. As a result, General Funds cash is projected to remain unchanged from FY2009 at $280 million, and the Budget Stabilization Fund is also projected as unchanged at $276 million. The FY10 budget basis fund balance deficit is estimated to be reduced to $3,394 million.

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

FISCAL YEAR 2010 CAPITAL BUDGET

The FY10 Capital Budget contains total appropriations of $13,441 million. The FY10 Capital Budget includes appropriations for the Illinois Jobs Now capital program as well as re-appropriations for various existing capital projects. 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 FY10 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 American Recovery &Reinvestment Act (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 totaling approximately $13 billion. This would be generated from an increase in the motor vehicle title fees, $122 million annually and the license plate fees, $180 million annually. Sales tax revenue from candy, sweet tea, coffee, grooming and hygiene products, and wine and sprits totaling $162 million annually. Video gaming terminals would provide $300 million annually and existing monies deposited into the Road Fund will provide $150 million per year for the payment of debt service.

The remainder of the FY10 capital 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 FY10 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, effective June 11, 2001, authorized the Comptroller to direct the transfer of money from the Budget Stabilization Fund to the General Revenue Fund to meet short-term cash flow needs, with the requirement that all money so transferred must be repaid within the same fiscal year. The FY04 budget included an additional $50 million contribution to the Budget Stabilization Fund, bringing the end of year balance to $276 million, where it remained at June 30, 2009. The FY10 Operating Budget assumes the Budget Stabilization Fund will be maintained at that same level.

BASIS OF ACCOUNTING

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

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

8/12/2009

	Fiscal Year 2008 Actual		FY2009 Estimated Results (8/5/09)		Fiscal Year 2010 Introduced Budget		Fiscal Year 2010 Adopted Budget	
OPERATING REVENUES PLUS TRANSFERS IN								
REVENUES								
State Sources	$ 22,944		$ 20,984		$ 23,662		$ 19,947	
Federal Sources	$ 4,815		$ 6,567		$ 7,437		$ 7,131	
TOTAL REVENUES		$ 27,759		$ 27,551		$ 31,099		$ 27,078
STATUTORY TRANSFERS IN								
Statutory Transfers In	$ 1,900		$ 1,593		$ 1,977		$ 2,221	
TOTAL TRANSFERS		$ 1,900		$ 1,593		$ 1,977		$ 2,221
TOTAL OPERATING REVENUES PLUS TRANSFERS IN		$ 29,659		$ 29,144		$ 33,076		$ 29,299
OPERATING EXPENDITURES AND TRANSFERS OUT								
CURRENT YEAR EXPENDITURES								
APPROPRIATIONS (Total Budget)	$ 27,538		$ 29,857		$ 28,391		$ 26,085	
Less: **Unspent Appropriations** (Unspent Budget plus Uncashed Checks)	($385)		($322)		($500)		($951)	
Less: **FY2010 Contingency Reserve**	$ -		$ -		$ -		$0	
Equals: **CURRENT YEAR EXPENDITURES** (Net Appropriations Spent)		$ 27,153		$ 29,535		$ 27,891		$ 25,133
STATUTORY TRANSFERS OUT								
Legislatively Required Transfers (Diversions to Other Funds)	$ 2,735		$ 2,532		$ 2,306		$ 2,321	
Continuing Appropriation for Pensions (FY09 Budget)	$ -		$ 426		$ -		$ -	
Reduce Pension Transfer (as of 3/31/09)	$ -		$ -		$ -		$ -	
Pension Obligation Bond Debt Service (includes FY10 PONs)	$ 467		$ 467		$ 465		$ 520	
TOTAL TRANSFERS OUT		$ 3,202		$ 3,425		$ 2,771		$ 2,842
TOTAL OPERATING EXPENDITURES AND TRANSFERS OUT		$ 30,355		$ 32,959		$ 30,662		$ 27,975
BUDGET BASIS FINANCIAL RESULTS AND BALANCE								
BUDGET BASIS OPERATING SURPLUS (DEFICIT) [Receipts less Payments]		($696)		($3,815)		$2,414		$1,324
OTHER FINANCIAL SOURCES (USES)								
Short-Term Borrowing Proceeds (including FY10 Certificates of $1,250M)	$2,400		$2,400		$0		$1,250	
Repay Short-Term Borrowing (including interest)	($2,403)		($1,424)		($2,318)		($2,295)	
TOTAL OTHER FINANCIAL SOURCES (USES)		($3)		$976		($2,318)		($1,045)
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($699)		($2,838)		$97		$279
Plus: Budget Basis Fund Balance at Beginning of the Fiscal Year		($135)		($834)		($3,673)		($3,673)
BUDGET BASIS FUND BALANCE (DEFICIT) AT END OF FISCAL YEAR		($834)		($3,673)		($3,576)		($3,394)
CASH BASIS FINANCIAL RESULTS								
BUDGET BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($699)		($2,838)		$97		$279
Change in Accounts Payable (Change in Lapse Period Amounts)								
Accounts Payable at End of Prior Fiscal Year	$777		$975		$1,673		$3,952	
Less: Accounts Payable at End of Current Fiscal Year	($975)		($3,952)		($1,577)		($3,674)	
Equals: **Increase/(Paydown) of Accounts Payable During Fiscal Year**		$199		$2,977		($97)		($279)
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR [1]		($501)		$139		$0		$0
CASH POSITION								
CASH BASIS SURPLUS (DEFICIT) FOR FISCAL YEAR		($501)		$139		$0		$0
Plus: **Cash Balance in General Funds at Beginning of Fiscal Year**		$ 642		$ 141		$ 141		$ 280
Equals: **Cash Balance in General Funds at End of Fiscal Year**		$ 141		$ 280		$ 141		$ 280
Plus: **Cash Balance in Budget Stabilization Fund at End of Fiscal Year**		$ 276		$ 276		$ 276		$ 276
Equals: **Total Cash at End of Fiscal Year**		$ 417		$ 556		$ 417		$ 556

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

Table 5A

MONTHLY CASHFLOW - GENERAL FUNDS

(in millions)

8/11/2009

FY 2009

General Funds Pro Forma Cashflow	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
	Actual											
REVENUES and TRANSFERS-IN												
Net Individual Income Tax	627.9	622.7	899.2	679.4	524.3	765.1	1,143.4	623.5	721.1	1,148.2	702.8	765.3
Net Corporate Income Tax	49.0	24.8	260.7	46.8	41.4	190.3	58.2	28.2	283.6	431.4	141.5	154.0
Sales Tax Revenue	629.0	601.5	620.9	605.4	542.7	645.7	571.0	455.6	497.8	508.9	521.7	572.6
All Other State Revenues	266.4	229.8	250.3	224.7	247.5	282.8	247.1	314.3	310.2	292.6	309.3	303.7
Operating Transfers-In	127.0	89.8	181.4	122.0	100.0	100.5	116.5	70.7	125.6	135.2	143.2	280.7
Total State Resources	**$ 1,699.2**	**$ 1,568.7**	**$ 2,212.6**	**$ 1,678.3**	**$ 1,455.9**	**$ 1,984.4**	**$ 2,136.1**	**$ 1,492.3**	**$ 1,938.3**	**$ 2,516.2**	**$ 1,818.6**	**$ 2,076.3**
Federal Revenues	708.8	235.7	359.4	283.3	144.4	611.6	256.1	253.0	418.1	507.3	860.5	362.9
Federal Recovery (ARRA)	-	-	-	-	-	-	-	-	-	260.9	832.1	472.8
Budget Stabilization Fund - Borrowing	275.7	-	-	-	-	-	-	50.0	-	-	200.0	50.0
Short Term Borrowing - G.O. Certificates	-	-	-	-	-	1,400.0	-	-	-	-	1,000.0	-
Total Revenues and Transfers In	**$ 2,683.7**	**$ 1,804.4**	**$ 2,572.0**	**$ 1,961.6**	**$ 1,600.3**	**$ 3,996.1**	**$ 2,392.2**	**$ 1,795.4**	**$ 2,356.4**	**$ 3,284.3**	**$ 4,711.1**	**$ 2,962.0**
EXPENDITURES and TRANSFERS-OUT												
Health and Human Services	2,241.2	1,073.9	1,123.9	1,025.5	843.1	962.3	1,175.3	1,068.9	1,152.7	1,106.3	1,763.9	1,326.6
Public Safety	113.2	142.5	128.4	122.0	109.0	112.5	136.3	120.5	138.4	127.9	122.2	131.0
Government Services	14.9	18.3	30.2	24.4	20.2	16.6	14.4	17.7	27.6	16.9	15.7	15.5
State Board of Education	135.5	578.1	864.0	574.3	542.1	842.9	526.5	555.5	845.7	573.2	518.2	821.6
All Other Expenditures	569.3	501.8	431.2	625.7	607.3	385.3	516.2	660.5	381.5	384.7	375.5	154.2
Scheduled Transfers-Out	150.9	235.1	276.2	173.5	140.0	373.9	301.6	232.1	194.3	231.1	299.9	207.0
Federal Recovery (Supplemental Medicaid appropriation)	-	-	-	-	-	-	-	-	-	-	-	-
Budget Stabilization Fund - Repayment	-	-	-	-	-	-	50.0	-	-	-	300.0	225.7
Short Term Borrowing - Repayment	-	-	-	-	-	-	-	-	-	406.1	611.5	406.3
Total Expenditures and Transfers Out	**$ 3,224.9**	**$ 2,549.8**	**$ 2,854.0**	**$ 2,545.4**	**$ 2,261.7**	**$ 2,693.5**	**$ 2,720.3**	**$ 2,655.1**	**$ 2,740.1**	**$ 2,846.2**	**$ 4,006.9**	**$ 3,287.8**
GENERAL FUNDS CASH BALANCE												
Beginning Available Balance - General Funds	**$ 140.5**	**$ 301.1**	**$ 163.7**	**$ 188.4**	**$ 214.7**	**$ 108.5**	**$ 214.7**	**$ 250.6**	**$ 107.9**	**$ 190.3**	**$ 123.5**	**$ 241.4**
Plus Revenues and Transfers-In	$ 2,683.7	$ 1,804.4	$ 2,572.0	$ 1,961.6	$ 1,600.3	$ 3,996.1	$ 2,392.2	$ 1,795.4	$ 2,356.4	$ 3,284.3	$ 4,711.1	$ 2,962.0
Less Expenditures and Transfers-Out	$ (3,224.9)	$ (2,549.8)	$ (2,854.0)	$ (2,545.4)	$ (2,261.7)	$ (2,693.5)	$ (2,720.3)	$ (2,655.1)	$ (2,740.1)	$ (2,846.2)	$ (4,006.9)	$ (3,287.8)
Increase (Decrease) in Voucher Inventory (A/P)	$ 701.9	$ 607.8	$ 306.0	$ 610.4	$ 555.7	$ (1,196.5)	$ 363.3	$ 717.1	$ 466.1	$ (505.9)	$ (585.6)	$ 363.9
Ending Cash Balance - General Funds	**$ 301.1**	**$ 163.7**	**$ 188.4**	**$ 214.7**	**$ 108.5**	**$ 214.7**	**$ 250.6**	**$ 107.9**	**$ 190.3**	**$ 123.5**	**$ 241.4**	**$ 280.0**
Budget Stabilization Fund Balance	-	-	-	-	-	-	50.0	-	-	-	300.0	275.7
Ending Available Balance - General Funds	**$ 301.1**	**$ 163.7**	**$ 188.4**	**$ 214.7**	**$ 108.5**	**$ 214.7**	**$ 300.6**	**$ 107.9**	**$ 190.3**	**$ 123.5**	**$ 541.4**	**$ 555.7**
GENERAL FUNDS - VOUCHERS PAYABLE (Cash Basis Accounts Payable) *												
Beginning Vouchers Payable (including Lapse Period)	**$ 207.8**	**$ 909.7**	**$ 1,517.5**	**$ 1,823.5**	**$ 2,433.9**	**$ 2,989.6**	**$ 1,793.1**	**$ 2,156.4**	**$ 2,873.5**	**$ 3,339.6**	**$ 2,833.7**	**$ 2,248.1**
Change in Vouchers Payable at Office of Comptroller	701.9	607.8	306.0	610.4	555.7	(1,196.5)	363.3	717.1	466.1	(505.9)	(585.6)	363.9
Ending Vouchers Payable (including Lapse Period)	**$ 909.7**	**$ 1,517.5**	**$ 1,823.5**	**$ 2,433.9**	**$ 2,989.6**	**$ 1,793.1**	**$ 2,156.4**	**$ 2,873.5**	**$ 3,339.6**	**$ 2,833.7**	**$ 2,248.1**	**$ 2,612.0**

* ***"Vouchers Payable" (or "Vouchers on Hand") represents liabilities of the State approved by agencies, forwarded to the Illinois Office of the Comptroller (IOC), and awaiting payment. FY2009 Budget Basis Accounts Payable is equal to Vouchers Payable at June 30th plus FY09 Lapse Period Spending (i.e, FY2009 liabilities charged to FY2009 Appropriations but not forwarded to IOC until subsequent to June 30, 2009 and prior to August 31, 2009.)***

Table 5B

MONTHLY CASHFLOW - GENERAL FUNDS

(In millions)

8/12/2009

FY 2010

General Funds Pro Forma Cashflow	Actual	Projected										
	Jul-09	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
REVENUES and TRANSFERS-IN												
Net Individual Income Tax	591.6	586.5	777.1	580.5	581.3	686.3	1,059.4	620.3	751.6	1,280.5	872.5	817.9
Net Corporate Income Tax	32.9	11.2	165.5	34.3	26.4	161.9	40.9	17.0	208.3	227.2	48.1	158.9
Sales Tax Revenue	545.7	538.1	538.9	534.9	520.4	582.8	568.2	453.8	501.7	520.3	531.0	557.7
All Other State Revenues	245.8	230.8	268.7	197.7	266.9	281.4	232.3	318.5	274.9	264.2	316.5	318.1
Operating Transfers-In	213.9	228.0	135.2	208.0	122.8	139.8	126.3	119.7	251.9	187.4	215.5	272.4
Total State Resources	**$ 1,630.1**	**$ 1,594.5**	**$ 1,885.4**	**$ 1,555.4**	**$ 1,517.9**	**$ 1,852.2**	**$ 2,027.1**	**$ 1,529.3**	**$ 1,988.5**	**$ 2,479.7**	**$ 1,983.4**	**$ 2,125.1**
Federal Revenues	333.4	677.6	431.8	437.0	441.6	371.6	503.3	292.7	491.9	376.9	433.7	373.6
Federal Recovery (ARRA)	38.2	266.0	172.4	174.4	176.1	149.5	199.6	119.5	195.3	151.5	173.2	150.3
Budget Stabilization Fund - Borrowing	275.7	-	-	-	-	-	-	-	-	-	-	-
Short Term Borrowing - G.O. Certificates	-	1,250.0	-	-	-	-	-	-	-	-	-	-
Total Revenues and Transfers In	**$ 2,277.4**	**$ 3,788.1**	**$ 2,489.5**	**$ 2,166.8**	**$ 2,135.6**	**$ 2,373.3**	**$ 2,730.1**	**$ 1,941.5**	**$ 2,675.7**	**$ 3,008.0**	**$ 2,590.3**	**$ 2,648.9**
EXPENDITURES and TRANSFERS-OUT												
Health and Human Services	1,048.4	1,815.7	1,233.5	1,229.8	1,328.1	1,124.6	1,070.4	982.6	1,199.6	1,095.5	1,004.5	841.2
Public Safety	112.6	193.5	121.0	116.4	105.1	127.3	120.2	119.8	119.9	113.6	119.4	128.0
Government Services	14.2	26.0	19.2	19.9	21.4	24.0	17.1	16.9	20.7	19.7	19.7	18.9
State Board of Education	51.8	593.6	741.6	627.6	586.1	857.7	528.7	550.4	816.6	586.0	513.3	939.6
All Other Expenditures	445.2	66.6	277.2	270.7	303.2	210.9	228.5	301.1	224.3	135.4	146.9	87.0
Scheduled Transfers-Out	382.1	134.3	229.4	171.6	129.8	122.5	150.3	213.8	211.4	373.1	402.1	321.2
Budget Stabilization Fund - Repayment	-	-	-	-	-	-	-	-	-	-	-	275.7
Short Term Borrowing - Repayment	-	-	-	-	-	-	-	-	505.7	771.6	515.0	503.1
Total Expenditures and Transfers Out	**$ 2,054.2**	**$ 2,829.7**	**$ 2,622.0**	**$ 2,436.0**	**$ 2,473.7**	**$ 2,467.1**	**$ 2,115.2**	**$ 2,184.7**	**$ 3,098.2**	**$ 3,094.9**	**$ 2,721.0**	**$ 3,114.8**
GENERAL FUNDS CASH BALANCE												
Beginning Available Balance - General Funds	**$ 279.8**	**$ 393.2**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**
Plus Revenues and Transfers-In	2,277.4	3,788.1	2,489.5	2,166.8	2,135.6	2,373.3	2,730.1	1,941.5	2,675.7	3,008.0	2,590.3	2,648.9
Less Expenditures and Transfers-Out	(2,054.2)	(2,829.7)	(2,622.0)	(2,436.0)	(2,473.7)	(2,467.1)	(2,115.2)	(2,184.7)	(3,098.2)	(3,094.9)	(2,721.0)	(3,114.8)
Increase (Decrease) in Voucher Inventory (A/P)	(109.8)	(1,251.8)	132.4	269.1	338.1	93.8	(614.9)	243.2	422.5	86.9	130.7	645.9
Ending Cash Balance - General Funds	**$ 393.2**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 280.0**
Budget Stabilization Fund Balance	-	-	-	-	-	-	-	-	-	-	-	275.7
Ending Available Balance - General Funds	**$ 393.2**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 100.0**	**$ 555.7**
GENERAL FUNDS - VOUCHERS PAYABLE (Cash Basis Accounts Payable) *												
Beginning Vouchers Payable (including Lapse Period)	**$ 2,612.0**	**$ 2,502.2**	**$ 1,250.4**	**$ 1,382.8**	**$ 1,651.9**	**$ 1,990.1**	**$ 2,083.9**	**$ 1,469.0**	**$ 1,712.2**	**$ 2,134.8**	**$ 2,221.7**	**$ 2,352.4**
Change in Vouchers Payable at Office of Comptroller	(109.8)	(1,251.8)	132.4	269.1	338.1	93.8	(614.9)	243.2	422.5	86.9	130.7	645.9
Ending Vouchers Payable (including Lapse Period)	**$ 2,502.2**	**$ 1,250.4**	**$ 1,382.8**	**$ 1,651.9**	**$ 1,990.1**	**$ 2,083.9**	**$ 1,469.0**	**$ 1,712.2**	**$ 2,134.8**	**$ 2,221.7**	**$ 2,352.4**	**$ 2,998.3**

* ***"Vouchers Payable" (or "Vouchers on Hand") represents liabilities of the State approved by agencies, forwarded to the Illinois Office of the Comptroller (IOC), and awaiting payment. FY2009 Budget Basis Accounts Payable is equal to Vouchers Payable at June***

Table 5C

MONTHLY CASHFLOW - ALL FUNDS

(In millions)

7/23/2009

FY 2009

All Funds Pro Forma Cashflow	Actual											
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
GENERAL FUNDS												
Beginning Cash Balance	141	301	164	188	214	109	215	251	108	191	123	242
Receipts	2,765	2,139	2,938	2,417	2,030	4,466	2,863	2,246	2,814	3,519	4,757	3,088
Disbursements	(2,604)	(2,276)	(2,914)	(2,391)	(2,136)	(4,359)	(2,828)	(2,389)	(2,731)	(3,587)	(4,638)	(3,050)
Ending Cash Balance	**301**	**164**	**188**	**214**	**109**	**215**	**251**	**108**	**191**	**123**	**242**	**280**
HIGHWAY FUNDS												
Beginning Cash Balance	814	911	955	860	731	672	629	605	542	539	625	670
Receipts	602	552	407	471	358	399	387	347	361	438	474	521
Disbursements	(504)	(508)	(503)	(599)	(417)	(443)	(412)	(409)	(364)	(352)	(429)	(503)
Ending Cash Balance	**911**	**955**	**860**	**731**	**672**	**629**	**605**	**542**	**539**	**625**	**670**	**688**
SPECIAL STATE FUNDS												
Beginning Cash Balance	2,741	2,351	2,231	2,508	2,427	2,475	2,558	2,389	2,181	2,416	2,546	2,514
Receipts	1,305	1,188	1,306	1,189	1,066	1,258	1,319	1,133	3,254	2,165	1,997	2,028
Disbursements	(1,695)	(1,309)	(1,029)	(1,270)	(1,018)	(1,175)	(1,488)	(1,341)	(3,019)	(2,035)	(2,029)	(1,968)
Ending Cash Balance	**2,351**	**2,231**	**2,508**	**2,427**	**2,475**	**2,558**	**2,389**	**2,181**	**2,416**	**2,546**	**2,514**	**2,574**
BOND FINANCED FUNDS												
Beginning Cash Balance	77	69	54	43	30	25	19	17	16	15	96	88
Receipts	0	0	0	0	0	0	0	0	0	152	0	0
Disbursements	(9)	(14)	(12)	(12)	(5)	(6)	(2)	(1)	(1)	(70)	(9)	(20)
Ending Cash Balance	**69**	**54**	**43**	**30**	**25**	**19**	**17**	**16**	**15**	**96**	**88**	**68**
DEBT SERVICE FUNDS												
Beginning Cash Balance	649	431	469	518	633	490	514	602	674	628	757	527
Receipts	178	167	187	190	164	197	173	201	423	562	776	553
Disbursements	(396)	(129)	(138)	(74)	(307)	(173)	(85)	(130)	(468)	(434)	(1,005)	(427)
Ending Cash Balance	**431**	**469**	**518**	**633**	**490**	**514**	**602**	**674**	**628**	**757**	**527**	**654**
REVOLVING FUNDS												
Beginning Cash Balance	63	57	70	75	56	45	50	51	42	40	30	33
Receipts	46	82	62	36	21	46	75	38	47	49	27	43
Disbursements	(52)	(69)	(57)	(55)	(32)	(41)	(75)	(46)	(48)	(59)	(24)	(48)
Ending Cash Balance	**57**	**70**	**75**	**56**	**45**	**50**	**51**	**42**	**40**	**30**	**33**	**29**
STATE TRUST FUNDS												
Beginning Cash Balance	2,520	2,469	2,502	2,400	2,248	2,328	2,317	2,441	2,321	2,298	2,108	2,104
Receipts	3,780	3,765	3,721	3,862	3,358	4,657	4,142	3,377	4,590	4,409	4,514	4,491
Disbursements	(3,831)	(3,732)	(3,823)	(4,015)	(3,278)	(4,669)	(4,018)	(3,497)	(4,612)	(4,599)	(4,517)	(4,238)
Ending Cash Balance	**2,469**	**2,502**	**2,400**	**2,248**	**2,328**	**2,317**	**2,441**	**2,321**	**2,298**	**2,108**	**2,104**	**2,357**
SUMMARY OF ALL FUNDS												
BEGINNING CASH BALANCE	**7,005**	**6,590**	**6,445**	**6,590**	**6,340**	**6,145**	**6,303**	**6,355**	**5,883**	**6,127**	**6,284**	**6,178**
RECEIPTS	**8,675**	**7,892**	**8,620**	**8,165**	**6,998**	**11,023**	**8,959**	**7,342**	**11,488**	**11,292**	**12,546**	**10,725**
DISBURSEMENTS	(9,091)	(8,037)	(8,475)	(8,415)	(7,193)	(10,865)	(8,908)	(7,814)	(11,244)	(11,136)	(12,652)	(10,253)
ENDING CASH BALANCE	**6,590**	**6,445**	**6,590**	**6,340**	**6,145**	**6,303**	**6,355**	**5,883**	**6,127**	**6,284**	**6,178**	**6,650**

Table 5D

MONTHLY CASHFLOW - ALL FUNDS

(In millions)

8/2/2009

FY 2010

All Funds Pro Forma Cashflow	Actual	Projected										
	Jul-09	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**May-10**	**Jun-10**
GENERAL FUNDS												
Beginning Cash Balance	280	393	100	100	100	100	100	100	100	100	100	100
Receipts	2,376	3,790	2,490	2,167	2,136	2,373	2,730	1,941	2,676	3,008	2,590	2,649
Disbursements	(2,262)	(4,084)	(2,490)	(2,167)	(2,136)	(2,373)	(2,730)	(1,941)	(2,676)	(3,008)	(2,590)	(2,469)
Ending Cash Balance	**393**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**280**
HIGHWAY FUNDS												
Beginning Cash Balance	688	808	759	745	665	650	618	601	573	639	713	757
Receipts	602	445	444	406	382	359	359	322	397	414	416	449
Disbursements	(482)	(494)	(459)	(486)	(396)	(391)	(377)	(349)	(331)	(339)	(373)	(421)
Ending Cash Balance	**808**	**759**	**745**	**665**	**650**	**618**	**601**	**573**	**639**	**713**	**757**	**785**
SPECIAL STATE FUNDS												
Beginning Cash Balance	2,574	1,990	1,820	2,058	1,898	1,912	2,054	1,993	1,939	1,951	2,181	2,087
Receipts	1,216	965	1,223	1,121	977	1,158	1,098	1,106	1,603	1,846	1,441	1,577
Disbursements	(1,800)	(1,136)	(985)	(1,280)	(963)	(1,016)	(1,159)	(1,159)	(1,591)	(1,616)	(1,535)	(1,544)
Ending Cash Balance	**1,990**	**1,820**	**2,058**	**1,898**	**1,912**	**2,054**	**1,993**	**1,939**	**1,951**	**2,181**	**2,087**	**2,120**
BOND FINANCED FUNDS												
Beginning Cash Balance	68	59	26	(25)	(1)	2	(21)	(75)	(72)	(76)	23	(25)
Receipts	1	63	61	127	105	71	37	72	81	197	58	183
Disbursements	(10)	(97)	(112)	(104)	(102)	(94)	(92)	(68)	(85)	(99)	(106)	(105)
Ending Cash Balance	**59**	**26**	**(25)**	**(1)**	**2**	**(21)**	**(75)**	**(72)**	**(76)**	**23**	**(25)**	**53**
DEBT SERVICE FUNDS												
Beginning Cash Balance	654	487	550	568	720	532	594	621	674	637	787	665
Receipts	176	188	131	278	170	164	155	142	203	356	365	392
Disbursements	(343)	(124)	(113)	(126)	(358)	(102)	(128)	(90)	(240)	(206)	(486)	(339)
Ending Cash Balance	**487**	**550**	**568**	**720**	**532**	**594**	**621**	**674**	**637**	**787**	**665**	**719**
REVOLVING FUNDS												
Beginning Cash Balance	29	57	65	59	52	50	51	48	44	44	40	40
Receipts	95	54	32	28	24	37	36	32	38	35	30	41
Disbursements	(66)	(46)	(38)	(36)	(26)	(36)	(38)	(37)	(38)	(39)	(30)	(39)
Ending Cash Balance	**57**	**65**	**59**	**52**	**50**	**51**	**48**	**44**	**44**	**40**	**40**	**42**
STATE TRUST FUNDS												
Beginning Cash Balance	2,357	2,200	2,220	2,217	2,182	2,210	2,235	2,275	2,285	2,315	2,228	2,243
Receipts	3,603	2,727	2,554	2,759	2,623	2,872	2,902	2,623	3,062	3,110	3,074	3,278
Disbursements	(3,760)	(2,708)	(2,556)	(2,795)	(2,596)	(2,846)	(2,862)	(2,613)	(3,032)	(3,197)	(3,059)	(3,193)
Ending Cash Balance	**2,200**	**2,220**	**2,217**	**2,182**	**2,210**	**2,235**	**2,275**	**2,285**	**2,315**	**2,228**	**2,243**	**2,328**
SUMMARY OF ALL FUNDS												
BEGINNING CASH BALANCE	**6,650**	**5,995**	**5,540**	**5,723**	**5,616**	**5,455**	**5,631**	**5,562**	**5,543**	**5,609**	**6,071**	**5,866**
RECEIPTS	**8,068**	**8,233**	**6,936**	**6,886**	**6,417**	**7,035**	**7,316**	**6,238**	**8,059**	**8,965**	**7,974**	**8,570**
DISBURSEMENTS	**(8,723)**	**(8,689)**	**(6,752)**	**(6,992)**	**(6,578)**	**(6,859)**	**(7,386)**	**(6,258)**	**(7,992)**	**(8,504)**	**(8,179)**	**(8,109)**
ENDING CASH BALANCE	**5,995**	**5,540**	**5,723**	**5,616**	**5,455**	**5,631**	**5,562**	**5,543**	**5,609**	**6,071**	**5,866**	**6,327**

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

GAAP FINANCIAL REPORT

The complete General Purpose Financial Statements for FY08, prepared in accordance with GAAP, have been filed with each NRMSIR and are incorporated herein by reference thereto. Such Statements are also available upon request from the Comptroller at (217) 782-6000 or from the Comptroller's webpage at www.illinoiscomptroller.com. These statements were prepared by the Comptroller and examined and certified by the State Auditor General. For FY08 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 vs. GAAP is presented in the Notes to Required Supplemental Information in the Comprehensive Annual Financial Report. Significant differences noted in the financial statements include recording accounts receivable, deferred revenue and accounts payable at year-end. Accounts payable include liabilities which will be paid from future year appropriations (e.g., income tax refunds, Public Aid medical reimbursements and payments to local school boards for State Board of Education reimbursement programs).

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

Note 4 – Restatement (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 FY10 the state has maintained the same Refund Fund Rates (described below) as utilized in FY09, resulting in an estimated increase in the Refund Fund backlog for corporate income tax refunds of approximately $370 million by the end of FY10, versus the amount reflected in the proposed FY10 operating budget introduced on March 18, 2009.

The Refund Fund rate for personal income taxes was statutorily set at 7.1 percent for FY99 - 01 to accommodate increases to the personal exemption. In FY02, the Refund Fund rate for personal income taxes was determined by the statutory formula, with a cap of 7.6 percent. In FY03, the Refund Fund rate for personal income taxes was set at 8.0 percent. The Refund Fund rate for FY04 for personal income taxes was set at 11.7 percent. The statutory rates were set at 10% for FY05, and 9.75% through FY07. The FY08 and FY09 budget adopted a 7.75% and 9.75% rate respectively. The FY10 budget adopted a 9.75% rate.

7.3% of all personal income tax collections not deposited into the Refund Fund are 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 are 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 FY99 - 01 to accommodate the changes to the apportionment formula. In FY02, the Refund Fund rate for corporate income taxes was determined by the statutory formula, with a cap of 23.0 percent. In FY03, the Refund Fund rate for corporate income taxes was set at 27.0 percent. The Refund Fund rate for FY04 for corporate income taxes was set at 32 percent. The statutory rates were set at 24%, 20% and 17.5% for FY05, 06 and 07, respectively. The FY08 and FY09 budget adopted a 15.5% and 17.5% rate respectively. The FY10 budget adopted a 17.5% rate.

7.3% of all corporate income tax collections not deposited into the Refund Fund are 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 are 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 FY06, public utility taxes provided 3.9 percent of General Fund revenues. The Gas Revenue Tax is imposed on gas utilities at the lesser of 5.0 percent of gross receipts or 2.4 cents per therm. 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 shall be 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 Funds and $5 million a month is deposited into the School Infrastructure Fund for debt service payments on an expansion of the school construction grant program. Remaining cigarette tax revenues are deposited into the Long Term Care Provider Fund.

ROAD FUND

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

Motor Fuel Tax: The State imposes the following taxes on 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 cent 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 (HB 0075 passed both houses and is pending action by the Governor at the time of writing; it 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 $78 annually and large truck and trailer registration fees were on a scale ranging from $135 for an 8,000 pound truck to $2,790 for an 80,000 pound truck. Certificate of title fees are $65. Since calendar year 2000, $48 of each title fee increase has been deposited into the Road Fund and the remaining $4 have been deposited into the Motor Vehicle License Plate Fund.

TAX BURDEN

According to two commonly cited measures of tax burden, tax receipts per capita and tax receipts per $1,000 of personal income, Illinois has 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 August 4, 2009, the total Protest Fund balance was $423.2 million.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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]	$1,250	June 2010
May 2009	1,000	May 2010
December 2008	1,400	June 2009
April 2008[2]	1,200	June 2008
September 2007[2]	1,200	November 2007
February 2007[2]	900	June 2007
November 2005	1,000	June 2006
March 2005[2]	765	June 2005
June 2004	850	October 2004
May 2003	1,500	May 2004
July 2002	1,000	June 2003
August 1995	500	June 1996
August 1994	687	June 1995
August 1993	900	June 1994
October 1992	300	June 1993
August 1992	600	May 1993
February 1992	500	October 1992
August 1991	185	June 1992
February 1987	100	February 1988
June-July 1983	200	May 1984

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

General Obligation Bonds

GO Bonds of the State may be authorized by a vote of three-fifths of the members of each house of the General Assembly or by a majority of the voters at a general election. The Bond Act consolidated the authorization contained in prior bond acts into a single act and currently authorizes the issuance of multiple purpose GO Bonds in the aggregate amount of $22,770,777,443, excluding general obligation refunding bonds, for capital purposes and $10 billion of GO Bonds for Pension funding purposes. The State issued $10 billion of GO Pension Obligation Bonds in June 2003 for the purpose of funding or reimbursing a portion of the State's contributions to State retirement systems. See "Pension Systems - Issuance of GO Pension Obligation Bonds and Allocations of Proceeds."

In April 2009, pursuant to Public Act 96-5, GO bond authorization was increased by $2 billion and $1 billion dollars for projects comprised under Sections 4a and Section 4b, respectively. In addition, GO capital purpose Bond authorization was further increased in various categories pursuant to Public Act 93-36. Both previously referenced increases 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, to increase General Obligation refunding bonds outstanding by 2 billion and also authorized the issuance of $3,466 million of Pension Funding Bonds, pursuant to Public Act 96-43, to be used for funding or reimbursing a portion of the State's retirement systems. See "Pension Systems - Issuance of GO Pension Obligation Bonds and Allocations of Proceeds."

The following table shows the statutory general obligation bond authorization and all GO Bonds outstanding as of closing of July 31, 2009.

Table 8
General Obligation Bonds
(As of July 31, 2009)

Authorization Category	Amount Authorized	Amount Issued	Authorized Unissued	Amount Outstanding
Anti-Pollution[1]	$ 599,000,000	$ 599,000,000	$ -	$ 800,000
Capital Development[1]	1,737,000,000	1,737,000,000	-	-
Coal and Energy Development[1]	35,000,000	35,000,000	-	-
School Construction[1]	330,000,000	330,000,000	-	-
Transportation Series A[1]	1,326,000,000	1,326,000,000	-	-
Transportation Series B[1]	403,000,000	403,000,000	-	-
Multi-purpose	22,770,777,443	15,141,386,352	7,629,391,091	7,180,371,294
Subtotal – New Money Bonds[2]	$27,200,777,443	$19,571,386,352	$7,629,391,091	$7,181,171,294
Refunding Bonds[2]	4,839,025,000	4,569,524,239	2,988,398,543	1,850,626,458
Subtotal – New Money and Refunding[2]	$32,039,802,443	$24,140,910,591	$10,617,789,634	$9,031,797,751
Pension Refunding	10,000,000,000	10,000,000,000	-	9,900,000,000
Pension Notes	3,466,000,000	-	3,466,000,000	
Total – Capital and Pension[2]	$45,505,802,443	$34,140,910,591	$14,083,789,634	$18,931,797,751

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

[2] 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 $2,718,897,781 were issued, have matured or have been refunded, and are no longer outstanding

Pursuant to the Bond Act, amounts in the Anti-Pollution bond retirement and interest fund were transferred to and consolidated in the GOBRI Fund. The GOBRI Fund is used to make debt service payments on outstanding GO

Bonds issued for these purposes, on multiple purpose and refunding bonds issued under the Bond Act, and on short term certificates issued as described above under "SHORT-TERM DEBT."

As of August 5, 2009 a total of $438.2 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 $438.2 million.

INTEREST RATE EXCHANGE AGREEMENTS

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

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

HISTORICAL BORROWING

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

TABLE 9
GENERAL OBLIGATION BOND SALES
($ IN MILLIONS)

Fiscal Year	Capital Improvement	Refunding	Pension Funding
2005	875.0	-	-
2006	925.0	275.0	-
2007	258.0	329.0	-
2008	125.0	-	-
2009	150.0	-	-

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

INDEBTEDNESS IN PRIOR YEARS

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

TABLE 10
GENERAL OBLIGATION BONDS OUTSTANDING
($ IN MILLIONS)

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

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

DEBT SERVICE PAYMENTS

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

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

TABLE 11
GENERAL OBLIGATION BONDS
DEBT SERVICE PAYMENTS
($ 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 Pension Bonds is funded corresponding reductions to the Unfunded Actuarial Accrued Liability payments appropriated from the general funds as an unfunded liability replacement financing pursuant to Public Acts 88-593, 94-004 and 93-009.

MEASURES OF DEBT BURDEN

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

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

Fiscal Year	Total Expenditures[1] ($ In Millions)	Capital Improvement Bonds[2] % of Expenditures	Pension Bonds % of Expenditures
2005	26,736	4.11%	1.86%
2006	27,982	4.12%	1.77%
2007	30,952	3.81%	1.60%
2008	28,267	4.20%	1.93%
2009	33,356	3.48%	1.63%

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

TABLE 13
RATIO OF GENERAL OBLIGATION DEBT
TO ILLINOIS PERSONAL INCOME
FISCAL YEARS 2004-2009

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, July 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[3]	$786	$783	$778	$771	$767

1 U.S. Department of Commerce, Bureau of the Census. 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 2004-2008

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

[1] Estimates provided by the Illinois Department of Revenue, 2009 data not yet available

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

	General Obligation Capital Improvement Bonds						General Obligation Pension Bonds			Total
Fiscal Year June 30	Anti-Polution	Multiple Purpose	Refunding	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service	Combined Total Debt Service
2009	2,360,000	400,008,710	158,782,434	561,151,143	599,126,984	1,160,278,128	50,000,000	494,950,000	544,950,000	1,705,228,128
2010	800,000	423,952,909	162,711,843	587,464,753	546,403,872	1,133,868,625	50,000,000	493,550,000	543,550,000	1,677,418,625
2011	-	359,117,946	207,702,085	566,820,031	529,773,947	1,096,593,978	50,000,000	491,900,000	541,900,000	1,638,493,978
2012	-	337,470,910	188,762,529	526,233,439	478,951,970	1,005,185,409	100,000,000	490,125,000	590,125,000	1,595,310,409
2013	-	255,030,751	276,580,000	531,610,751	437,393,328	969,004,079	100,000,000	486,375,000	586,375,000	1,555,379,079
2014	-	256,489,607	276,470,000	532,959,607	390,856,731	923,816,338	100,000,000	482,525,000	582,525,000	1,506,341,338
2015	-	384,535,720	168,625,000	553,160,720	339,777,919	892,938,638	100,000,000	478,575,000	578,575,000	1,471,513,638
2016	-	412,186,341	128,665,000	540,851,341	314,323,946	855,175,286	100,000,000	474,525,000	574,525,000	1,429,700,286
2017	-	408,476,341	104,570,000	513,046,341	282,004,953	795,051,294	125,000,000	470,175,000	595,175,000	1,390,226,294
2018	-	395,107,806	94,625,000	489,732,806	245,432,128	735,164,934	150,000,000	464,737,500	614,737,500	1,349,902,434
2019	-	373,512,317	82,560,000	456,072,317	218,293,495	674,365,813	175,000,000	458,212,500	633,212,500	1,307,578,313
2020	-	358,661,629	71,610,000	430,271,629	198,536,696	628,808,325	225,000,000	449,550,000	674,550,000	1,303,358,325
2021	-	334,055,883	80,075,000	414,130,883	170,526,934	584,657,817	275,000,000	438,412,500	713,412,500	1,298,070,317
2022	-	382,057,410	7,670,000	389,727,410	139,931,290	529,658,700	325,000,000	424,800,000	749,800,000	1,279,458,700
2023	-	381,492,922	-	381,492,922	125,471,740	506,964,663	375,000,000	408,712,500	783,712,500	1,290,677,163
2024	-	345,653,968	-	345,653,968	100,679,303	446,333,271	450,000,000	390,150,000	840,150,000	1,286,483,271
2025	-	304,388,835	-	304,388,835	86,504,707	390,893,542	525,000,000	367,200,000	892,200,000	1,283,093,542
2026	-	289,030,000	-	289,030,000	68,717,542	357,747,542	575,000,000	340,425,000	915,425,000	1,273,172,542
2027	-	277,945,000	-	277,945,000	54,295,833	332,240,833	625,000,000	311,100,000	936,100,000	1,268,340,833
2028	-	243,605,000	-	243,605,000	40,601,250	284,206,250	700,000,000	279,225,000	979,225,000	1,263,431,250
2029	-	212,370,000	-	212,370,000	28,616,917	240,986,917	775,000,000	243,525,000	1,018,525,000	1,259,511,917
2030	-	157,260,000	-	157,260,000	20,267,917	177,527,917	875,000,000	204,000,000	1,079,000,000	1,256,527,917
2031	-	113,215,000	-	113,215,000	13,538,083	126,753,083	975,000,000	159,375,000	1,134,375,000	1,261,128,083
2032	-	54,335,000	-	54,335,000	9,055,000	63,390,000	1,050,000,000	109,650,000	1,159,650,000	1,223,040,000
2033	-	53,625,000	-	53,625,000	6,286,833	59,911,833	1,100,000,000	56,100,000	1,156,100,000	1,216,011,833
2034	-	86,795,000	-	86,795,000	2,638,333	89,433,333	-	-	-	89,433,333
2035	-	-	-	-	-	-	-	-	-	-
Total	3,160,000	7,600,380,004	2,009,408,891	9,612,948,895	5,448,007,652	15,060,956,546	9,950,000,000	9,467,875,000	19,417,875,000	34,478,831,546

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

12 Months	2,360,000	400,008,710	158,782,434	561,151,143	599,126,984	1,160,278,128	50,000,000	494,950,000	544,950,000	1,705,228,128
00 Months	-	-	-	-	-	-	-	-	-	-
FY 2009	2,360,000	400,008,710	158,782,434	561,151,143	599,126,984	1,160,278,128	50,000,000	494,950,000	544,950,000	1,705,228,128

REVENUE BONDS

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

TABLE 17
REVENUE BONDS
(ESTIMATED AS OF JUNE 30, 2009)
($ IN MILLIONS)

Revenue Bond Program	Bonds Outstanding
Build Illinois (Sales Tax Revenue Bonds)	$1,963.7
Metropolitan Exposition and Auditorium Authorities - Civic Center Program	100.0
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	22.3
Total	**$4,756.0**

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

BUILD ILLINOIS

The Build Illinois program funds initiatives in business development, infrastructure construction and replacement, education, and environmental protection. The Build Illinois Bonds are dedicated State tax revenue bonds. The current Build Illinois bond authorization is $4,615.5 million. Public Act 93-0839 (effective July 30, 2004) amended the Build Illinois Bond Act, 30 ILCS 425 et. seq., to include restrictions similar to those contained in the GO Bond Act.

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

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

METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITIES—CIVIC CENTER PROGRAM

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

State of Illinois Civic Center Bonds are direct, limited obligations of the State payable from and secured by an irrevocable pledge and lien on moneys deposited in the Illinois Civic Center Bond Retirement and Interest Fund.

The payment of debt service is subject to annual appropriation by the General Assembly. The bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The bondholders may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the bonds.

METROPOLITAN PIER AND EXPOSITION AUTHORITY—DEDICATED STATE TAX REVENUE BONDS

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

METROPOLITAN PIER AND EXPOSITION AUTHORITY—EXPANSION PROJECT BONDS

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

ILLINOIS SPORTS FACILITIES AUTHORITY

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

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

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

CERTIFICATES OF PARTICIPATION

Public Act 93-0839 provides that the State shall not enter into any third-party vendor or other arrangements relating to the issuance of certificates of participation or other forms of financing relating to the rental or purchase of office or other space, buildings, or land unless otherwise authorized by law. The State has issued two series of certificates of participation for the acquisition of real property, $21.0 million in October 1995 and $17.7 million in May 1996. The proceeds of these certificates were used to finance the construction of correctional facilities. The certificates are payable from lease or installment purchase payments which are subject to annual appropriation and are not a full faith and credit obligation of the State.

OTHER OBLIGATIONS

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Year Ending June 30	Build Illinois	MPEA D.S.T.R.B.	MPEA Expansion Project	Civic Center Program	Sports Facilities Authority	Illinois Certificates of Participation	Total Principal	Total Interest	Total Debt Service
2010	141,375,756	24,015,000	50,936,819	8,595,000	14,465,316	1,945,000	241,332,891	237,197,939	478,530,830
2011	142,754,169	25,595,000	63,289,090	9,085,000	2,786,432	2,055,000	245,564,692	233,814,691	479,379,383
2012	142,063,399	26,735,000	38,426,743	9,555,000	3,787,861	2,170,000	222,738,003	257,281,661	480,019,664
2013	145,412,124	28,145,000	36,491,366	10,095,000	4,742,354	2,305,000	227,190,844	256,318,939	483,509,784
2014	152,939,306	29,600,000	35,991,812	10,705,000	5,649,695	2,440,000	237,325,813	248,669,854	485,995,667
2015	150,946,038	4,850,000	36,234,751	11,415,000	6,517,832	2,590,000	212,553,621	248,119,275	460,672,896
2016	152,000,000	-	45,846,956	12,020,000	7,363,337	2,750,000	219,980,293	232,267,792	452,248,085
2017	136,980,000	-	50,075,228	5,488,409	8,151,095	2,915,000	203,609,733	238,290,032	441,899,764
2018	122,220,000	-	50,037,243	5,668,835	6,355,418	3,140,000	187,421,496	245,834,898	433,256,394
2019	109,230,000	-	57,165,083	5,875,462	6,569,442	-	178,839,987	245,090,398	423,930,385
2020	93,185,000	-	65,259,453	6,103,026	6,977,726	-	171,525,206	245,094,114	416,619,320
2021	78,495,000	-	104,202,400	5,405,000	7,374,846	-	195,477,246	208,330,279	403,807,525
2022	72,785,000	-	81,118,012	-	7,767,537	-	161,670,549	243,719,520	405,390,069
2023	60,460,000	-	140,272,495	-	8,156,172	-	208,888,667	198,561,950	407,450,616
2024	53,200,000	-	80,281,436	-	8,543,953	-	142,025,388	258,272,890	400,298,279
2025	52,005,000	-	85,297,449	-	8,891,669	-	146,194,118	253,596,949	399,791,067
2026	50,080,000	-	149,351,189	-	14,950,731	-	214,381,920	184,461,404	398,843,324
2027	41,265,000	-	180,115,836	-	31,842,372	-	253,223,208	138,219,117	391,442,325
2028	35,160,000	-	162,087,687	-	36,240,797	-	233,488,485	153,812,927	387,301,411
2029	14,125,000	-	169,405,321	-	41,040,210	-	224,570,531	144,334,519	368,905,050
2030	11,000,000	-	10,277,690	-	52,405,825	-	73,683,515	291,267,035	364,950,550
2031	6,000,000	-	9,145,954	-	75,355,000	-	90,500,954	274,131,221	364,632,175
2032	-	-	8,140,997	-	84,295,000	-	92,435,997	271,068,428	363,504,425
2033	-	-	7,243,844	-	-	-	7,243,844	267,750,831	274,994,675
2034	-	-	6,447,732	-	-	-	6,447,732	268,546,943	274,994,675
2035	-	-	5,737,216	-	-	-	5,737,216	269,257,459	274,994,675
2036	-	-	5,107,150	-	-	-	5,107,150	269,887,525	274,994,675
2037	-	-	4,545,622	-	-	-	4,545,622	270,449,053	274,994,675
2038	-	-	4,043,951	-	-	-	4,043,951	270,950,724	274,994,675
2039	-	-	3,600,523	-	-	-	3,600,523	271,394,152	274,994,675
2040	-	-	3,202,467	-	-	-	3,202,467	271,792,208	274,994,675
2041	-	-	66,137,223	-	-	-	66,137,223	208,857,452	274,994,675
2042	-	-	265,360,000	-	-	-	265,360,000	9,638,738	274,998,738
Total	1,963,680,792	138,940,000	2,080,876,736	100,010,732	450,230,621	22,310,000	4,756,048,882	7,686,280,917	12,442,329,799

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 JUNE 30, 2008,
($ IN MILLIONS)

Issuing Authority	**Moral Obligation Bonds Outstanding**
Illinois Housing Development Authority	$ 0.3
Southwestern Illinois Development Authority	37.0
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]	103.9
Total	**$162.8**

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

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

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

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

AGRICULTURAL LOAN GUARANTEE PROGRAM

The Illinois Finance Authority (the "IFA", as successor to the Illinois Farm Development Authority), is authorized at 20 ILCS 3501 Article 830 et. seq., (the "Loan Program"), to issue up to $235 million ($385 million, effective

January 1, 2010) 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 July 31, 2009, the available balances in the Reserve Funds held by the IFA were $9.9million and $7.6 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 July 31, 2009, the IFA Loan Programs secure: (i) $21.6 million in Illinois Agricultural Loans and (ii) $53.5 million in Illinois Farmer & Agribusiness Loans. In total, 85 percent of these two Loan Programs or $57.9 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.

ILLINOIS STUDENT ASSISTANCE COMMISSION STATE GUARANTEE RIDER

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PENSION SYSTEMS

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

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

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

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

Actuarial services are retained by each Retirement System to report on its aggregate membership, fair market value of assets, the actuarially determined aggregate liability for benefits, and its Unfunded Accrued Actuarial Liability (or "*UAAL*"). The most recently available Actuary Reports as of fiscal year ending June 30, 2008 are summarized for all Retirement Systems:

- Total membership of 706,579 consisting of 311,251 active members, 202,974 inactive members entitled to benefits and 192,354 retired members and beneficiaries.
- Approximately \$64.7 billion of assets at fair market value, approximately \$119.1 billion in actuarially determined accrued liability, and a UAAL of approximately \$54.4 billion, or a funded ratio of 54.3%, which decreased from a funded ratio of 62.6% as of June 30, 2007.

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

TABLE 20
RETIREMENT SYSTEMS' PENSION FUND STATISTICS

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

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

STATE LAW REQUIREMENTS FOR RETIREMENT SYSTEMS FUNDING

State law regulates the State's funding of the Retirement Systems. Public Act 88-593, effective July 1, 1995, created a 50-year funding schedule for the Retirement Systems which requires the State to contribute each year, starting with fiscal year 2011, the level percentage of payroll sufficient to cause the assets of the Retirement Systems to equal 90 percent of the total accrued liabilities by the end of fiscal year 2045. In fiscal years 1997 through 2010, contributions as a percentage of payroll are increased each year such that by fiscal year 2010, the contribution rate is at the same level as required for years 2011 through 2045. The legislation also provided for continuing appropriations to the Retirement Systems beginning in fiscal year 1996. This provision requires the State to provide contributions to the Retirement Systems without being subject to the annual appropriation process. Except as provided for fiscal years 2006 and 2007 in connection to certain pension benefit reform measures pursuant to Public Act 94-4 (described below), in the event that the General Assembly fails to appropriate the amounts certified by the Retirement Systems, Public Act 88-593 provides for payments to be transferred by the Comptroller and the Treasurer to the Retirement Systems, in amounts sufficient to meet their requirements.

ISSUANCE OF GO PENSION FUNDING BONDS AND ALLOCATION OF PROCEEDS

On June 12, 2003, the State issued $10 billion of GO Pension Obligation Bonds. The net proceeds of the GO Pension Obligation Bonds were used to (i) reimburse the State's General Revenue Fund for a portion of the contributions made to the Retirement Systems for the last quarter of the State's fiscal year 2003, or a total of $300 million, (ii) reimburse the State's General Revenue Fund for the State's contributions to the Retirement Systems for the State's fiscal year 2004, up to a total of $1.86 billion, and (iii) fund a portion of the UAAL for the net balance of the proceeds after capitalized interest and issuance costs, or $7.3 billion. The net proceeds of the GO Pension Funding Bonds were not sufficient to fully fund the UAAL.

FUTURE STATE CONTRIBUTIONS TO RETIREMENT SYSTEMS

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

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

PUBLIC ACT 94-4

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

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

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

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

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

PUBLIC ACT 96-43

Public Act 96-43, effective July 15, 2009, provided for the issuance of $3,466 million of Pension Funding Bonds to be used for funding or reimbursing a portion of the State's retirement systems. The net General Funds portion of the FY10 pension contribution is approximately $3,575 million. The public act further provided that the actuarial valuation of the retirement system funding levels of the determined five year asset smoothing calculation which 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.

PROPOSED PENSION REFORMS

House Joint Resolution Number 65 of the 96th General Assembly, created the Pension System Modernization Task Force. The taskforce includes members of the General Assembly, organized labor, the business community, and retirees. It is to meet at least monthly between June and October of 2009, and is to report its findings to the Governor and the General Assembly on or before November 1, 2009.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

FUNDING FOR RETIREMENT SYSTEMS

One measure of the fiscal condition of retirement systems, the degree of funding or the funding ratio, is the ratio of net assets to total liabilities. Table 21 summarizes the degree of funding for the Retirement Systems from fiscal year 2003 through fiscal year 2008.

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

Fiscal Year	Total Assets[1]	Liabilities[2]	Ratio (%)
2003	40,721.2	83,825.2	48.6%
2004	54,738.9	89,832.4	60.9%
2005	58,577.8	97,178.1	60.3%
2006	62,341.4	103,073.5	60.5%
2007	70,731.2	112,908.6	62.6%
2008	64,700.5	119,084.4	54.3%

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

[2] Actuarially determined accrued cost of projected benefits.

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

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

DECLINE IN RETIREMENT SYSTEM ASSETS

The significant decline in financial markets during fiscal year 2009 has resulted in deterioration of retirement system assets. Preliminary and unaudited June 30, 2009 reports indicate losses of approximately 20% during fiscal year 2009. These losses will result in increased funding requirements if not reversed.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL DATA FOR RETIREMENT SYSTEMS

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

TABLE 22
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2008
($ IN THOUSANDS)

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

[1] The SURS Self Managed Plan (SMP) is not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.
[2] Reflects valuation of assets on a market basis as of June 30, 2008, per GASB Statement 25.
[3] Actuarially determined accrued benefit costs.
Note: Numbers may not add due to rounding.

TABLE 23
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2007
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	10,899,853	36,584,899.4	14,175,147.2	82,254.8	599,234.1	62,341,378.5	350,180.6
Income							
Member contributions	224,772.6	826,249.0	262,350.8	1,703.3	14,153.0	1,329,178.7	33,308.8
State contributions	358,786.7	737,670.6	261,142.6	5,470.4	35,236.8	1,398,307.1	41,641.8
Investment income	1,779,907.1	6,831,324,.4	2,517,496.0	12,991.0	98,157.7	11,239,876.2	80,335.0
Other		115,915.4					
Expenditures							
Benefits	1,161,291.0	3,111,752.7	1,177,348.0	14,719.3	75,615.9	5,540,726.9	3,226.6
Refunds	14,261.9	59,731.9	41,353.8	297.8	620.6	116,266.0	12,053.6
Administration	8,807.6	15,246.2	11,704.5	220.3	454.2	36,432.8	-
Other							
Equity Transfer							
Ending Net Asset Balance	12,078,909.0	41,909,318.0	15,985,730.2	87,182.2	670,091.0	70,731,230.4	584,020.4
Actuarial Liabilities[3]	22,280,916.7	65,648,395.0	23,362,079.2	231,914.0	1,385,339.6	112,908,644.5	N/A
Unfunded Accrued Liability	10,202,007.7	23,739,077.0	7,376,349.0	144,731.8	715,248.6	42,177,414.1	N/A
Asset/Liability Ratio	54.2%	63.8%	68.4%	37.6%	48.4%	62.6%	N/A

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

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

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

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

TABLE 25
STATE RETIREMENT SYSTEMS
FISCAL YEAR 2005
($ IN THOUSANDS)

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

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

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

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan State Universities[1]
Begin, Net Assets[2]	7,502,111.4	23,124,823.1	9,714,547.3	49,676.3	330,053.6	40,721,211.7	190,487.4
Income							
Member contributions	199,826.5	768,661.3	243,824.0	1,596.7	13,720.9	1,227,629.4	31,320.2
State contributions	1,864,673.4	5,361,851.8	1,757,546.9	32,951.8	178,593.1	9,195,617.0	25,769.1
Investment income	1,421,912.5	4,485,729.3	1,832,399.9	11,851.7	74,012.8	7,825,906.2	32,904.6
Other		127,573.4				127,573.4	
Expenditures							
Benefits	978,201.0	2,262,329.4	915,222.5	12,466.0	60,912.9	4,229,131.8	724.8
Refunds	12,442.6	48,019.6	34,453.4	97.8	439.6	95,453.0	4,681.6
Administration	7,693.3	13,560.5	11,516.5	304.7	448.1	33,523.1	
Other			821.1			821.1	
Equity Transfer							
Ending Net Asset Balance	9,990,186.9	31,544,729.3	12,586,304.7	83,208.0	534,579.8	54,739,008.7	275,074.9
Actuarial Liabilities[3]	18,442,664.8	50,947,451.0	19,078,583.0	207,592.7	1,156,093.0	89,832,384.5	N/A
Unfunded Accrued Liability	8,452,477.9	19,402,721.7	6,492,278.3	124,384.7	621,513.2	35,093,375.8	N/A
Asset/Liability Ratio	54.2%	61.9%	66.0%	40.1%	46.2%	60.9%	N/A

1 The SURS SMPis not included in the totals. The SMP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability.
2 Reflects valuation of assets on a market basis as of June 30, 2004, per GASB Statement 25.
3 Actuarially determined accrued benefit costs.
Note: Numbers may not add due to rounding.

OTHER POST EMPLOYMENT BENEFITS

As required by the Government Accounting Standards Board (GASB) in its Statement #45 "**Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions**", the state has determined that the accrued actuarial liability associated with Other Post Employment Benefits (OPEB) 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.

ADDITIONAL INFORMATION

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

FINANCIAL ADVISOR

AC Advisory, Chicago, Illinois, have been retained by the State to serve as Financial Advisor with respect to the Certificates (the "*Financial Advisor*"). Financial Advisor was retained by the State to provide a third-party verification of the bidding results.

MISCELLANEOUS

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

The State has authorized the distribution of this Official Statement.

APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

[THIS PAGE INTENTIONALLY LEFT BLANK]

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] – July 2009
(Thousands)

Industry Employment Sector	Illinois*	% of Total	U.S.**	% of Total
Natural Resources and Mining	10	0.2%	740	0.6%
Construction	226	4.0%	6,367	4.8%
Information and Financial Activities	483	8.5%	10,695	8.1%
Manufacturing	583	10.2%	12,146	9.2%
Trade, Transportation and Utilities	1,161	20.4%	25,371	19.2%
Professional and Business Services	796	14.0%	16,783	12.7%
Education and Health Services	804	14.1%	19,175	14.5%
Leisure and Hospitality	518	9.1%	13,168	9.9%
Other Services	259	4.5%	5,420	4.1%
Government	858	15.1%	22,616	17.1%
Total	5,698	100.0%	132,481	100.0%

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

* Data as of May 2009

** Data as of April 2009

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

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Table A-2

NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
ILLINOIS - 2004 THROUGH January 2009
(Thousands)

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

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

Contracts For Future Construction

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

Table A-5

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

	Future Contracts for Residential, Non-residential and Non-building Construction[1]	Residential Building Activity (Privately-Owned Housing Units)[2]	
Year	**Valuation**	**Permits**	**Valuation**
1997	12,703	46,323	5,087
1998	15,000	47,984	5,618
1999	16,450	53,974	6,538
2000	16,945	51,944	6,528
2001	19,393	54,839	7,141
2002	20,653	60,971	8,546
2003	19,033	62,211	9,106
2004	21,823	59,753	9,551
2005	24,300	66,942	10,963
2006	24,306	58,802	9,470
2007	20,896	43,020	6,936
2008	20,809	22,528	3,783

[1] Department of Commerce and Economic Opportunity

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

Financial Institutions

Illinois serves as the financial center of the Midwest. As of March 21, 2009, there were 566 banks headquartered in Illinois with total assets of $311.2 billion. In addition, there were 85 thrifts headquartered in Illinois with assets of $34.5 billion.

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

Table A-6

Financial Institutions
($ in Millions)

Financial Institution	**Assets as of 6/1/08**
The Northern Trust Company	$65,796.33
Harris Bank, N.A.	$49,182.32
MB Financial Bank, N.A.	$9,008.34
Total	**$123,986.98**

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

Personal Income

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

Table A-7

PERSONAL INCOME
($ in Billions)

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

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

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Table A-8

PER CAPITA PERSONAL INCOME
($ in Billions)

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

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

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Employment

Table A-9

NUMBER OF UNEMPLOYED

	2004	2005	2006	2007	2008	2009*
United States	8,149,000	7,591,000	7,001,000	7,078,000	8,924,000	13,724,000
Illinois	398,047	370,810	297,631	374,597	433,684	656,242
Bloomington-Normal MSA	3,842	3,688	3,093	3,582	4,679	5,339
Champaign-Urbana MSA	5,283	5,022	4,530	5,404	6,967	7,615
Chicago PMSA	294,099	278,513	217,021	242,098	306,184	474,987
Danville MSA	3,043	2,481	2,233	2,456	3,096	3,579
Davenport-Moline-Rock Island MSA	10,347	9,487	8,701	9,047	10,779	13,378
Decatur MSA	3,637	3,312	2,917	3,242	3,962	5,211
Kankakee MSA	3,889	3,466	3,095	3,710	4,951	5,732
Peoria-Pekin MSA	10,232	9,197	7,939	9,314	11,620	18,701
Rockford MSA	12,249	10,924	9,191	11,254	15,978	21,056
Springfield MSA	5,797	5,231	4,832	5,407	6,780	6,656

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 April 2009
Source: U.S. Department of Labor, Bureau of Labor Statistics Data, July 2009.

Table A-10

UNEMPLOYMENT RATE (%)

	2004	2005	2006	2007	2008	2009*
United States	5.5	5.1	4.5	4.6	5.8	8.9
Illinois	6.2	5.7	4.2	5.1	6.5	9.3
Bloomington-Normal MSA	4.5	4.2	3.4	4.0	5.1	5.9
Champaign-Urbana MSA	4.5	4.2	3.7	4.5	5.7	6.2
Chicago PMSA	6.2	5.9	4.5	4.9	6.2	9.8
Danville MSA	8.1	6.5	5.9	6.5	8.2	9.7
Davenport-Moline-Rock Island MSA	5.2	4.7	4.2	4.4	5.2	6.5
Decatur MSA	6.9	6.2	5.3	5.9	7.2	9.8
Kankakee MSA	7.5	6.5	5.6	6.6	8.8	10.6
Peoria-Pekin MSA	5.5	4.8	4.0	4.6	5.7	9.1
Rockford MSA	7.4	6.5	5.3	6.4	9.1	12.1
Springfield MSA	5.3	4.6	4.2	4.7	5.9	6.0

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 April 2009
Source: U.S. Department of Labor, Bureau of Labor Statistics Data, July 2009.

Population

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

Table A-11

POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS

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

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

Organization

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

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

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

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

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

APPENDIX B

PROPOSED FORM OF OPINION OF PUGH, JONES, JOHNSON & QUANDT P.C.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[Date of Issuance]

State of Illinois

Springfield, Illinois

Re: $1,250,000,000 State of Illinois General Obligation Certificates of August 2009

We hereby certify that we have examined a certified copy of the proceedings of the Governor of the State of Illinois (the "*State*"), the Comptroller of the State and the Treasurer of the State authorizing the issue by the State of its fully registered $1,250,000,000 aggregate principal amount General Obligation Certificates of August 2009 (the *"Certificates"*). The Certificates are authorized and issued pursuant to Section 9(c) of Article IX of the Constitution of the State and the Short Term Borrowing Act, as amended (the *"Act"*), of the State. The Certificates are dated the date hereof, mature on the dates, in the aggregate principal amounts and bear interest at the rates per annum payable at maturity set forth below:

Maturity Date	Principal Amount	Interest Rate

The Certificates are not subject to redemption prior to maturity.

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 the form of Certificate prescribed for said issue and find the same in due form of law and in our opinion the Certificates, to the amount named, are valid and legally binding obligations of the State in accordance with their terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by the availability of equitable remedies.

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

Subject to the condition that the State comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the *"Code"*), under present law the Certificates are not "private activity bonds" within the meaning of Section 141 of the Code, and interest on the Certificates is not includible in gross income of the owners thereof for federal income tax purposes, will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations and will not be taken into account in computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest will be taken into account, however, in computing the “branch profits tax” imposed on certain foreign corporations. Failure by the State to comply with such covenants could cause the interest on the Certificates to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. Ownership of the Certificates may result in other federal income tax consequences to taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates. In rendering this option, we have relied upon a certificate of the State with respect to certain material facts solely within the State’s knowledge relating to the property financed with the proceeds of the Certificates and the application of the proceeds of the Certificates.

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

APPENDIX C

GLOBAL BOOK-ENTRY SYSTEM

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

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

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

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

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

APPENDIX D

LIMITED CONTINUING DISCLOSURE UNDERTAKING

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

MATERIAL EVENTS DISCLOSURE

The State covenants that it will disseminate through the Economic Municipal Market Access ("EMMA") system established by the Municipal Securities Board ("MSRB") for the purposes of the Rule and to the repository, if any, designated by the State as the state depository (the "*SID*") in a timely manner the disclosure of the occurrence of an Event (as described below) with respect to the Certificates that is material, as materiality is interpreted under the Securities Exchange Act of 1934, as amended. The "Events", certain of which may not be applicable to the Certificates, are:

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

CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION

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

AMENDMENT; WAIVER

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

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

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

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

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the State no longer has any legal liability for any obligation on or relating to repayment of the Certificates under the Certificate Order. The State shall give timely notice through the EMMA System and to the SID, if any, if there is such a termination.

ADDITIONAL INFORMATION

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

Printed by: ImageMaster, Inc.