

OFFERING MEMORANDUM

In the opinion of Quarles & Brady, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law, the interest on the Notes is excluded from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

STATE OF WISCONSIN

\$188,600,000

TRANSPORTATION REVENUE COMMERCIAL PAPER NOTES OF 1997, SERIES A

The \$188,600,000 State of Wisconsin Transportation Revenue Commercial Paper Notes of 1997, Series A (the "Notes") offered hereby are issued as the first series of notes under the State of Wisconsin (the "State") Transportation Revenue Commercial Paper Note Program (the "Program") established pursuant to the Program Resolution adopted on April 23, 1997 by the State Building Commission (the "Program Resolution"). Under the Program, the State may issue transportation revenue commercial paper notes at one time, or from time to time, in one or more series, up to an aggregate outstanding principal amount of \$200 million to finance major highway projects and transportation facilities (the "Projects") and to pay interest due on maturing notes. The Notes are issued as interest-bearing obligations, in book-entry form, in denominations of \$100,000 and additional increments of \$1,000 above \$100,000.

The Notes are not general obligations of the State, its agencies, instrumentalities, or political subdivisions and the Notes do not constitute "public debt" of the State as that term is used in the Constitution and Statutes of the State. The Notes are revenue obligations of the State payable solely from Program Income, as described herein, deposited into the Subordinated Debt Service Fund that is created and pledged pursuant to the Program Resolution. The pledge of such Program Income to payment of the Notes is subordinate to the pledge of Program Income to payment of Outstanding Bonds presently outstanding or hereafter incurred, as defined herein, by the State in accordance with the General Resolution, as defined herein.

The State has entered into a credit agreement with Westdeutsche Landesbank Girozentrale, acting through its New York Branch, Bayerische Landesbank Girozentrale, acting through its New York Branch and Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch (collectively, the "Banks"), pursuant to which the Banks have severally provided an irrevocable standby letter of credit for a stated amount of \$188,600,000 for the payment of principal of and interest on the Notes.

This Offering Memorandum contains certain information regarding the Notes. All references to documents and other materials are qualified in their entirety by reference to the complete provisions of the documents and other material referenced, which may be examined at the State of Wisconsin, as described herein. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after April 23, 1997, and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since April 23, 1997.

LEHMAN BROTHERS

BEAR, STEARNS & CO. INC.

April 23, 1997

STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF NOTES

BUILDING COMMISSION MEMBERS

| Voting Members | Term of Office Expires |
|---|---------------------------------|
| Governor Tommy G. Thompson, Chairperson | January 4, 1999 |
| Senator Rodney C. Moen | January 4, 1999 |
| Senator Fred A. Risser | January 8, 2001 |
| Senator Tim Weeden | January 4, 1999 |
| Representative Timothy Hoven | January 4, 1999 |
| Representative Clifford Otte | January 4, 1999 |
| Representative Robert Turner | January 4, 1999 |
| Mr. Bryce Styza, Citizen Member | At the pleasure of the Governor |

| Nonvoting, Advisory Members | |
|---|---------------------------------|
| Mr. Mark D. Bugher Secretary Department of Administration | At the pleasure of the Governor |
| Mr. Adel Tabrizi State Chief Engineer Department of Administration | _____ |
| Mr. Wilbert King State Chief Architect Department of Administration | _____ |

| Building Commission Secretary | |
|--|--|
| Mr. Robert Brandherm (also serves as Administrator, Division of Facilities Development of the Department of Administration) | At the pleasure of the Building Commission and Secretary of Administration |

OTHER PARTICIPANTS

| | |
|--|-----------------|
| Mr. Jack C. Voight State Treasurer | January 4, 1999 |
| Mr. James E. Doyle State Attorney General | January 4, 1999 |

DEBT MANAGEMENT AND DISCLOSURE

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OFFERING MEMORANDUM

\$188,600,000

STATE OF WISCONSIN

**TRANSPORTATION REVENUE COMMERCIAL PAPER NOTES OF 1997,
SERIES A**

INFORMATION CONCERNING THE PROGRAM AND THE OFFERING

Lehman Brothers and Bear, Stearns & Co. Inc. (collectively, the “Dealers”) have been initially appointed to serve as the Dealers for the \$188,600,000 State of Wisconsin Transportation Revenue Commercial Paper Notes of 1997, Series A (the “Notes”), issued pursuant to a Program Resolution, adopted on April 23, 1997 by the State Building Commission (the “Program Resolution”) and a Supplemental Resolution Authorizing and Awarding Not to Exceed \$188,600,000 Under the Program Resolution for the State of Wisconsin Transportation Revenue Commercial Paper Notes, adopted on April 23, 1997 by the State Building Commission (the “Supplemental Resolution”). Both the Program Resolution and the Supplemental Resolution are series resolutions within the meaning of a General Resolution adopted on June 26, 1986 by the State Building Commission (the “General Resolution”).

Under the State of Wisconsin Transportation Revenue Commercial Paper Program (the “Program”), the State may issue transportation revenue commercial paper notes at one time, or from time to time, in one or more series, up to an aggregate outstanding principal amount of \$200 million. The aggregate principal amount of transportation revenue commercial paper notes outstanding under the Program may be increased or decreased from time to time as provided in the Program Resolution and other supplemental resolutions to the Program Resolution. The State expects to amend the Program Resolution in July 1998 to increase the authorized aggregate outstanding amount of transportation revenue commercial paper notes to approximately \$325 million.

This Offering Memorandum relates to the offering, from time to time, of up to \$188,600,000 aggregate principal amount of Notes under the Issuing and Paying Agency Agreement, dated as of May 7, 1997 (the “Issuing and Paying Agency Agreement”) between the State and Bankers Trust Company (the “Issuing and Paying Agent”).

THE NOTES

Purpose of the Notes

The Notes are being issued pursuant to Subchapter II of Chapter 18 and Section 84.59 of the Wisconsin Statutes, which authorize the issuance and sale of revenue obligations for up to the amount specified by the Wisconsin Legislature to pay the costs of major highway projects and certain State transportation facilities (the “Projects”). The amount of Notes authorized and awarded under the Supplemental Resolution includes \$154,750,000 to finance Projects and to pay the costs of issuance of the Notes and \$33,850,000 available to pay interest on the Notes as the Notes come due from time to time.

Description of the Notes

The Notes will be dated the date of their respective authentication, will be issued as interest-bearing obligations in denominations of \$100,000 and additional increments of \$1,000 above \$100,000 and, except as described below, will be issued in book-entry form through the book-entry system of The Depository Trust Company (“DTC”). Each Note will bear interest from its date of issuance, at the rate determined at the date of issuance (which may not exceed 12% per annum) and payable at maturity. The Notes are not callable prior to maturity.

The Notes will mature no later than 270 days from the date of issuance; provided, so long as the Liquidity Facility (see “LIQUIDITY FACILITY” for a discussion of the initial Liquidity Facility) is in effect, no Notes may be issued with a maturity date after the stated expiration date of the Liquidity Facility or after the stated expiration date of a substitute Liquidity Facility. Interest is computed on the basis of a 365 or 366 day year, and the actual number of days elapsed. The principal of and interest on the Notes in book-entry form will be paid at maturity to DTC and distributed by it to its Participants as described below.

Book-Entry Form

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered master note certificate will be issued covering all series of notes, and will be deposited with the Issuing and Paying Agent as the agent for DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Notes with DTC and their

registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. 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 the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the State, or the Issuing and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the State or the Issuing and Paying Agent, and disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC; the State takes no responsibility for its accuracy.

No assurance can be given by the State, the Issuing and Paying Agent, nor the Dealers that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect to the Notes. The State assumes no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Notes.

Similarly, no assurance can be given by the State, the Issuing and Paying Agent, nor the Dealers that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

Security for the Notes

The Notes are not general obligations of the State, its agencies, instrumentalities, or political subdivisions and the Notes do not constitute "public debt" of the State as that term is used in

the Constitution and Statutes of the State. The Notes are revenue obligations of the State payable solely from Program Income (defined as moneys derived from vehicle registration fees authorized under Section 341.25 of the Wisconsin Statutes, together with all of the interest earned or gain realized from the investments thereof in the Redemption Fund under the General Resolution) deposited into the Subordinated Debt Service Fund that is created and pledged pursuant to the Program Resolution.

The pledge of such Program Income to the payment of the Notes is subordinate to the pledge of Program Income to payment of the State Transportation Revenue Bonds, 1986 Series A, 1988 Series A, 1989 Series A, 1991 Series A, 1992 Series A and B, 1993 Series A, 1994 Series A, 1995 Series A, and 1996 Series A, and any other obligations hereafter incurred on a parity with such bonds by the State in accordance with the General Resolution (collectively the “Outstanding Bonds”).

The State expects to pay the principal of and interest on the Notes with the proceeds of additional Notes until the State provides permanent financing through the issuance of long-term transportation revenue bonds for the Projects which are being initially financed by the Notes.

In order to assure the timely payment of principal of and interest on the Notes, the State and Westdeutsche Landesbank Girozentrale, acting through its New York Branch, Bayerische Landesbank Girozentrale, acting through its New York Branch and Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch (collectively, the “Banks”) have entered into a Credit Agreement, dated as of May 7, 1997 (the “Credit Agreement” which is the initial Liquidity Facility Agreement within the meaning of the Program Resolution). Pursuant to this Credit Agreement, the Banks have issued to the Issuing and Paying Agent, as beneficiary, an irrevocable standby letter of credit. See “LIQUIDITY FACILITY” and “DESCRIPTION of BANKS” herein.

To provide additional security for payment of the principal of and interest on the Notes as the same shall become due and payable there has been granted to the Noteholders a lien and pledge of the Note Fund created by the Program Resolution and held by the Issuing and Paying Agent. Amounts held in the Note Fund which are derived from different sources are not commingled, but established and maintained in separate accounts or subaccounts, as necessary, for each source of money. Deposits shall be made to the Note Fund from (i) the proceeds of the sale of the Notes, including Notes issued for the purpose of paying principal of and interest on maturing Notes, (ii) payments made by Bank One Wisconsin Trust Company, National Association, Milwaukee, Wisconsin (the “Trustee”) from the Subordinated Debt Service Fund with respect to payment of principal of or interest on the Notes, (iii) proceeds of Advances, as defined herein, made under the Liquidity Facility with respect to payment of principal of and interest on the Notes and (iv) any other funds provided to the Issuing and Paying Agent by the State for payment of principal of and interest on the Notes.

Proceeds from the initial sale of the Notes will be immediately paid over from the Note Fund to the Trustee for deposit in the Program Account of the Program Capital Fund, created pursuant to the General Resolution, to pay costs of Projects and costs of issuance—see “THE NOTES; Purpose of the Notes”. The proceeds from the initial sale of Notes will not provide security for the Notes.

With respect to payments under (ii) above, the State expects to amortize the outstanding Notes in accordance with the State’s customary fiscal policy by making the following payments from the Subordinated Debt Service Fund into the Note Fund; (i) on July 1, 1998 and July 1, 1999, the specific amounts determined by the State, as set forth in the Supplemental Resolution, and on July 1, 2000 and each July 1 thereafter, the aggregate amount of interest due on maturing Notes for the preceding period of October 1 through March 30 plus an amount required to amortize the original amount of Notes as set forth in the Supplemental Resolution, and (ii) on January 1, 1998 and January 1, 1999, the specific amounts determined by the State, as set forth in the Supplemental Resolution, and on January 1, 2000 and each January 1 thereafter, the aggregate amount of interest due on maturing

Notes for the preceding period of April 1 through September 30. The amount of Notes authorized and awarded under the Supplemental Resolution exceeds the amount of Notes initially sold in order to provide adequate Note proceeds to pay-off maturing Notes, taking into account the specific amounts set forth in the Supplemental Resolution for payment of principal of the Notes on July 1, 1998 and July 1, 1999 and the payment of interest on the Notes on January 1, 1998, July 1, 1998, January 1, 1999 and July 1, 1999. **The above is only a general summary of the State's expected amortization of the Notes and the Subordinated Debt Service Fund Requirement shall be the amounts set forth in the Supplemental Resolution.** Interested purchasers should review the Supplemental Resolution, Program Resolution and General Resolution at length for the definition of Subordinated Debt Service Fund Requirement. The Supplemental Resolution, Program Resolution and General Resolution may be examined upon reasonable prior notice at the State of Wisconsin at the address set forth herein during regular business hours. Prospective purchasers may address questions with respect to the offering of the Notes to the State of Wisconsin at the address set forth herein.

Ratings

The Notes are rated F-1+ by Fitch Investors Service, L.P. ("Fitch"), P-1 by Moody's Investor's Service, Inc. ("Moody's") and A-1+ by Standard & Poor's Rating Group (Standard & Poor's"). Any explanation of the significance of a rating may only be obtained from the rating service furnishing such rating. There is no assurance a rating given to the Notes will be maintained for any period of time; a rating may be lowered or withdrawn entirely by the rating service if in its judgment circumstances so warrant. Any such downgrade or withdrawal of such rating may have an adverse effect on the market price of the Notes.

The State's outstanding transportation revenue bonds are currently rated AA by Fitch, A1 by Moody's and AA- by Standard & Poor's.

DESCRIPTION OF THE BANKS

Westdeutsche Landesbank Girozentrale

Westdeutsche Landesbank Girozentrale ("WestLB"), which traces its history to 1832, was created by the merger of two central banks, or Landesbanks (German State Banks), in the State of North Rhine-Westphalia, the Federal Republic of Germany ("Germany") on January 1, 1969. As a German universal bank, WestLB provides commercial and investment banking services regionally, nationally and internationally to public, corporate and bank customers. WestLB is the largest of the Landesbanks and, on the basis of total assets at December 31, 1995, was the third largest bank in Germany. At December 31, 1995, WestLB had total assets of approximately Deutsche Marks ("DM" or "Deutsche Marks") 307 billion (US\$ 214.2 billion).

West LB currently has a long-term debt rating by Moody's of Aa1 and by Standard & Poor's of AA+ as well as short-term ratings of P-1 by Moody's and A-1+ by Standard & Poor's.

WestLB also performs the functions of a state and municipal bank for the State of North Rhine-Westphalia and acts as the central bank of the Sparkassen (savings banks) in North Rhine-Westphalia (Germany's most populous state). It conducts a comprehensive range of wholesale banking business and has the power to issue mortgage bonds, municipal bonds and other bonds and is the largest continuous issuer of long term debt in Germany. In its capacity as central bank, WestLB acts as the clearing and depository bank for the savings banks in North Rhine-Westphalia. As a state bank, WestLB provides trustee services for State-supported lending programs for housing, regional economic assistance, middle market firms and environmental protection. Internationally, the WestLB Group operates through an extensive network of banking subsidiaries, branches and representative offices to provide a range of financial services to its clients.

North Rhine-Westphalia effectively guarantees all obligations of WestLB. Pursuant to this guaranty obligation (Gewährträgerhaftung) set forth in Section 37 of the North Rhine-Westphalia Savings Bank Act and Section 5 of the Ordinances of WestLB, North Rhine-Westphalia together with the other guarantors specified therein (including regional authorities and savings bank associations) are jointly and severally liable without restriction for all obligations of WestLB, including all obligations of WestLB New York. The guaranty obligation gives creditors a direct claim against North Rhine-Westphalia only if the claims of the creditors have not first been satisfied out of the assets of WestLB, including the assets of WestLB New York.

In addition to being liable under the guaranty obligation, North Rhine-Westphalia, having established WestLB, is responsible to WestLB for the performance of WestLB's obligations, including all obligations of WestLB New York. This maintenance obligation (Anstaltslast), while not a formal guaranty affording creditors of WestLB a direct claim against North Rhine-Westphalia, requires North Rhine-Westphalia to keep WestLB in a position to perform its functions and to enable it, in the event of financial difficulties, to perform its obligations, when due.

The New York Branch of WestLB ("WestLB New York") is licensed and subject to supervision and regulation by the Superintendent of Banks of the State of New York. WestLB New York is examined by the New York State Banking Department and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch. In addition to being subject to New York banking laws and regulations, WestLB and WestLB New York are also subject to the International Banking Act of 1978 (the "IBA") and the Foreign Bank Supervision Enhancement Act of 1991, and WestLB is subject to federal regulation under the IBA and the Bank Holding Company Act of 1956.

In the fiscal year ended December 31, 1995, WestLB's total assets grew by 11.1% from DM 276.3 billion to DM 307.0 billion (US\$ 214.2 billion). As of December 31, 1995, total deposits and borrowed funds totaled DM 173.8 billion (US\$ 121.2 billion), an increase of 14.3% from the previous year's amount of DM 151.8 billion. WestLB's capital and declared reserves increased to DM 15,313 million (US\$ 10,682 million) as of December 31, 1995 (as compared to DM 14,985 million as of December 31, 1994).

WestLB's operating profit before risk reserves of DM 1,071 million (US\$ 747 million) was 17.3% less than its 1994 operating profits, in part due to a decrease in interest surplus of 7.6% (from DM 2,518 million in 1994 to DM 2,326 million in 1995). Commission surplus decreased slightly by 2.6% (from DM 341 million in 1994 to DM 332 million in 1995). Staff expenses went up by 10.0% to DM 986 million (US\$ 688 million), with other administrative expenses showing an increase of 6.4% to DM 695 million (US\$ 485 million).

The financial information for the year ended December 31, 1995 is derived from the audited statements of WestLB, does not include the consolidated subsidiaries of the WestLB Group and has been prepared in accordance with accounting principles, practices, laws and regulations generally accepted in Germany. German accounting principles differ in certain respects from accounting principles generally accepted in the United States.

Unless indicated otherwise, currency amounts are stated in Deutsche Marks ("DM" or "Deutsche Marks") or United States dollars ("US\$" or "U.S. dollars"). Merely for the convenience of the reader, this summary contains translations of certain Deutsche Mark amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the Deutsche Mark amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollar amounts at the rate indicated. Unless otherwise indicated, the translations of Deutsche Marks into U.S. dollars have been made at DM 1.4335 = US\$ 1.00, which was the official (Frankfurt fixing)

exchange rate on December 29, 1995, the last trading day in 1995. In certain instances, figures reflect the effect of rounding.

Bayerische Landesbank Girozentrale

Bayerische Landesbank Girozentrale was incorporated as a public law financial institution (Rechtsfaehige Anstalt des Oeffentlichen Rechts) by the Law Establishing Bayerische Landesbank Girozentrale (Gesetz ueber die Errichtung der Bayerischen Landesbank Girozentrale) of June 27, 1972, as amended, as adopted by the Parliament of the Free State of Bavaria, and is subject to the German Federal Banking Act of July 10, 1961, as amended (Gesetz ueber das Kreditwesen) (the "Federal Banking Act"). Its statutes authorize Bayerische Landesbank Girozentrale to provide universal financial services including both commercial and investment banking as well as brokerage activities. The Free State of Bavaria owns 50% of Bayerische Landesbank Girozentrale's share capital, the other 50% being owned by the Bavarian Savings Bank and Clearing Association (Bayerischer Sparkassen-und Giroverband) (which is the central organization of the Bavarian Savings Banks).

Bayerische Landesbank Girozentrale currently has a long-term debt rating by Moody's of Aa2 and by Standard & Poor's of AAA as well as short-term ratings of P-1 by Moody's and A-1+ by Standard & Poor's.

Bayerische Landesbank Girozentrale is equipped to provide a full range of domestic and international banking services; with regard to local banking functions, Bayerische Landesbank Girozentrale also makes use of the Bavarian Savings Bank's network. In the domestic field, Bayerische Landesbank Girozentrale places emphasis on wholesale banking, lending to federal and local authorities and mortgage lending, together with industrial credit. Bayerische Landesbank Girozentrale holds the function of a banker of the Free State of Bavaria and its municipalities, and also finances public and private development projects, administers public funds and performs certain treasury functions for the Free State of Bavaria.

The Free State of Bavaria and the Bavarian Savings Bank and Clearing Association are jointly and severally liable for the obligations of Bayerische Landesbank Girozentrale if the liabilities cannot be satisfied from the Bayerische Landesbank Girozentrale's assets (Gewahrtraeger). The owners of Bayerische Landesbank Girozentrale also have an obligation to maintain Bayerische Landesbank Girozentrale in a financial position which enables it to carry out its functions. This liability (Anstaltslast), which is peculiar to German law, obliges the owners to provide funds for Bayerische Landesbank Girozentrale that are necessary to enable it to fulfill its functions, to meet its liabilities and to keep its finances sound. As an additional safeguard, it is noted that as a public law institution Bayerische Landesbank Girozentrale can only be put into liquidation through a specific law to this effect.

Bayerische Landesbank Girozentrale established a Representative Office in New York in October 1979 and obtained a license from the office of the Comptroller of the Currency in October 1981 to operate through a branch located in the City of New York.

The New York Branch engages in a diversified banking business, and is a major wholesale lending participant throughout the United States, offering a full range of domestic and international financial services, including loans, foreign exchange and money market operations.

All banking institutions in the Federal Republic of Germany are subject to governmental supervision and regulation exercised by the Federal Banking Supervisory Authority (Bundesaufsichtsamt fuer das Kreditwesen), an independent federal authority with regulatory powers and by the Deutsche Bundesbank (the "German Federal Central Bank") in accordance with the Federal Banking Act. The Federal Banking Act contains major rules for banking supervision and regulates the Bayerische

Landesbank Girozentrale's business activities, capital adequacy and liquidity. In addition to the above-mentioned general banking supervision, the group of Landesbanks is subject to special supervision by their respective federal states.

As reported in Bayerische Landesbank Girozentrale's Annual Report for the Fiscal Year ended December 31, 1995, the Bank had total assets of DM 299.9 billion (DM 318.4 billion on a consolidated basis). Business volume (balance sheet total, own drawings charged to borrowers, endorsement liabilities, and guarantees) expanded by 13.7% to DM 316.5 billion from the previous year end. Bayerische Landesbank Girozentrale's lending volume increased by DM 16.4 billion to DM 177.0 billion from year end 1994. Total equity of Bayerische Landesbank Girozentrale, including, among other items, nominal capital of DM 1.3 billion, profits participation rights with a nominal value of DM 1.4 billion and capital contributions of silent partners in an amount of DM 2.09 billion, made up for DM 9.66 billion, and was thus equal to 3.2% of the unconsolidated balance sheet. Net income after tax was DM 441.0 million, compared to DM 341.0 million at year end 1994. DM 350 million of such amount has been allocated to revenue reserves, raising the bank's published reserve to DM 4.78 billion. The accounting principles applied in the preparation of the Bayerische Landesbank Girozentrale's financial statements comply with generally accepted accounting principles in the Federal Republic of Germany and may not conform to generally accepted accounting principles applied by United States banks.

The rate of exchange between the DM and the dollar is determined by the forces of supply and demand in the foreign exchange markets, which, in turn, are affected by changes in the balance of payments and other economic and financial conditions, government intervention, speculation and other factors. On December 29, 1995, the DM/dollar exchange rate was DM 1.4335 per dollar, as per the official Frankfurt mid-day fixing. The foregoing information relating to Bayerische Landesbank Girozentrale is based upon facts and circumstances present on the dates referenced above. Such facts and circumstances may change from time to time. Bayerische Landesbank Girozentrale shall have no obligation to update the foregoing information to reflect any such change.

Copies of Bayerische Landesbank Girozentrale's Annual Report for the most recent available fiscal year may be obtained at the New York Branch in person during normal business hours or by mail by writing to the New York Branch at: Bayerische Landesbank Girozentrale, 560 Lexington Avenue, New York, New York 10022, Attention: Corporate Finance.

Bayerische Landesbank Girozentrale has supplied the information relating to it in the previous paragraphs. Bayerische Landesbank Girozentrale does not accept responsibility for any information contained in this Offering Memorandum other than the information contained in this Section relating to the Bayerische Landesbank Girozentrale.

Landesbank Hessen-Thüringen Girozentrale

Landesbank Hessen-Thüringen Girozentrale ("Helaba") ranks among Germany's major banks with total assets of approximately \$100.38 billion, shareholders' equity of approximately \$1.84 billion, total loans of approximately \$82.06 billion and total deposits of approximately \$51.29 billion for the year ending December 31, 1995 (at December 31, 1995, the exchange rate was US\$1 = DM 1.4335). The Bank is one of the largest issuers of bank bonds and notes in Germany with a total of more than \$37.42 billion outstanding. Helaba's Eurobonds and medium term notes have been rated AAA/Aaa by Standard & Poor's and Moody's. Its short-term deposits including its US commercial paper and its certificates of deposits have been rated A-1+/P-1.

Helaba is owned by the Savings Bank and Giro Association Hesse-Thüringia. The Bank acts as the Giro central bank for these savings banks in Hesse and Thuringia and as a municipal bank for the municipalities/districts in these states. Headquartered in Frankfurt/Main and Erfurt, Helaba

concentrates on wholesale financial services offering comprehensive banking facilities for multinational corporations, central banks, public sector entities, and other financial institutions. Helaba has branch offices in London, New York and Grand Cayman and wholly-owned subsidiaries in Luxembourg, Dublin, Amsterdam and Zurich. Representative offices are being maintained in Warsaw, Budapest, Prague, Madrid, Brussels, Paris and Hong Kong.

The New York Branch of Helaba, licensed under New York law, provides a full range of wholesale commercial banking services in the New York City metropolitan area and throughout the United States. Upon written request, Helaba will provide without charge a copy of its most recent Annual Report. Requests should be directed to the following: Landesbank Hessen-Thüringen Girozentrale, New York Branch, 420 Fifth Avenue, 24th Floor, New York, NY 10018, Tel: (212) 703-5200, Fax: (212) 703-5256.

LIQUIDITY FACILITY

The State and the Banks have entered into a Credit Agreement, dated as of May 7, 1997, which is the initial Liquidity Facility Agreement within the meaning of the Program Resolution, which provides a commitment for the issuance of an irrevocable letter of credit in the stated amount up to \$188,600,000 (the "Commitment"). In order to assure timely payment of principal and interest on the Notes and the Notes coming due from time to time, the Banks have issued pursuant to the terms and conditions of the Credit Agreement to the Issuing and Payment Agent, as beneficiary, an irrevocable standby letter of credit in a stated amount of \$188,600,000 (the "Letter of Credit"). The stated termination date of the Commitment and the Letter of Credit is currently May 6, 1998, subject to extension as provided for in the Credit Agreement. The obligations of the Banks to make payment under the Letter of Credit are several and not joint.

If any Bank shall make a payment under the Letter of Credit and the State does not reimburse such Bank on the same business day, then such payment shall constitute a Liquidity Advance under the Credit Agreement. If any Bank shall make a payment under the Letter of Credit and (i) the State does not reimburse such Bank on the same business day, and (ii) certain conditions contained in the Credit Agreement are not fulfilled, such payment shall constitute a Default Advance under the Credit Agreement (Liquidity Advances and Default Advances are collectively referred to as an "Advance"). The aggregate principal amount of all Advances made on any date may not exceed the outstanding Stated Amount of the Letter of Credit.

The State's obligation to repay such Advances will be evidenced by its delivery to each Bank of one or more promissory notes (the "Promissory Note") in an aggregate principal amount equal to the amount of all Advances authorized under the Credit Agreement. The Promissory Note is payable solely from Program Income deposited into the Subordinated Debt Service Fund, as set forth in the Supplemental Resolution, and the Promissory Note ranks equally with the Notes.

In addition, if any Event of Default as defined in the Credit Agreement occurs, the Banks may deliver to the State and Issuing and Paying Agent a notice upon receipt of which the State shall cease issuing Notes. Upon receipt of a No-Issuance Notice, the State shall cease issuing Notes unless and until such No-Issuance Notice is rescinded. A No-Issuance Notice shall not affect the obligation of the Banks to make Advances with respect to the payment of Notes issued prior to the receipt by the State of such No-Issuance Notice.

The Program Resolution permits the State to replace the Credit Agreement with another comparable agreement or agreements with any other liquidity facility provider provided that such substitution meets all of the qualifications set forth in the Program Resolution, including, but not limited to, written evidence from each rating agency which, at the request of the State, is then rating the Notes and which is then also rating the provider (or its guarantor) of the proposed substitute liquidity

facility to the effect that the substitution of the Liquidity Facility will not by itself result in a withdrawal, suspension or reduction of its ratings of the Notes from those which then prevail. In the event that a different agreement is substituted for the initial Liquidity Facility Agreement, references in the Program Resolution to the Liquidity Facility Agreement refer to such substitute Liquidity Facility Agreement. Any such substituted Liquidity Facility Agreement may have covenants, conditions to borrowing and other provisions different from those referred to above. The State will notify the Dealers of any change in the Liquidity Facility. The State will also notify each nationally recognized municipal securities information repository (“NRMSIR”) of any change in the Liquidity Facility—see “CONTINUING DISCLOSURE”.

Interested purchasers should review the Program Resolution and Credit Agreement at length. The Program Resolution and Credit Agreement may be examined upon reasonable prior notice at the State of Wisconsin at the address set forth herein during regular business hours. Prospective purchasers may address questions with respect to the offering of the Notes to the State of Wisconsin at the address set forth herein.

INFORMATION ABOUT THE STATE

Information concerning the State, its operations and financial condition and the transportation revenue bond program and transportation revenue bonds is included as APPENDIX A, which includes by reference Parts II and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 1996 (the “Annual Report”).

Requests for additional information concerning the State can be obtained from the Capital Finance Office, Attn.: Mr. Frank R. Hoadley, Capital Finance Director, (608) 266-2305, 101 East Wilson Street, P.O. Box 7864, Madison, Wisconsin 53707-7864.

FINANCIAL ADVISOR

First Albany Corporation is employed by the State to perform professional services in the capacity of financial advisor. In First Albany Corporation’s role as financial advisor to the State, it has provided advice on the structuring of the Program and assisted in preparation of this Offering Memorandum.

LEGALITY

Legal matters incident to the authorization, issuance and delivery of the Notes are subject to the approval of Quarles & Brady, Bond Counsel.

As required by law, the Attorney General will examine a certified copy of all proceedings preliminary to issuance of the Notes to determine the regularity and validity of such proceedings. In the event certificated Notes are issued, the certificate of the Attorney General will be printed on the reverse side of each Note.

TAX EXEMPTION

Quarles & Brady, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion, substantially in the form set forth in APPENDIX B, with respect to the federal income tax exemption applicable to the interest on the Notes under existing law.

The State has covenanted to comply with all such requirements referenced in the legal opinion to the extent it may lawfully do so. However, the proceedings authorizing the Notes do not provide for an increase in interest rates in the event of taxability or in the event of the inclusion of interest as an item of tax preference in computing the alternative minimum tax.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

In the opinion of Bond Counsel, the Notes are not “private activity bonds” under Section 141(a) of the Code.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income”, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the Notes. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to obligations (such as the Notes) issued prior to enactment.

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

CONTINUING DISCLOSURE

The State has entered into a Master Agreement on Continuing Disclosure, and before closing on the initial placement of the Notes, will enter into an Addendum Regarding Transportation Revenue Commercial Paper Notes and a Supplemental Agreement pertaining to the Notes (collectively, the “Agreements”). The Agreements constitute an undertaking for the benefit of the beneficial owners of the Notes, and while an Annual Report is not required nor will be prepared for the Notes, the Agreements provide that notices of occurrence of certain events specified in the Rule will be provided to the NRMSIRs or the Municipal Securities Rulemaking Board (the “MSRB”), and to the state information depository (“SID”), if any. As of the date of this Offering Memorandum no SID has been established. Copies of the Agreements and notices may be obtained from: Capital Finance Office; Department of Administration; Division of Executive Budget and Finance; 101 East Wilson Street; P.O. Box 7864; Madison, WI 53707-7864 or located on the internet at:

<http://www.doa.state.wi.us/debf/capfin/2ndmkt.htm>.

The Agreements also describe the consequences of any failure to provide the required information. The Agreements require that a failure to provide the required information must be reported to the NRMSIRs or the MSRB, and to any SID. In the previous five years, there has been no failure to comply in any material respect with a similar undertaking by the State.

Bond Counsel has furnished the material under “TAX EXEMPTION”. Bond Counsel has not been asked to express any opinion as to the accuracy, completeness or sufficiency of any other portion of this Offering Memorandum.

Any statements in this Offering Memorandum involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Offering Memorandum is not to be construed as a contract or agreement between the State and the purchasers or owners of any of the Notes.

This Offering Memorandum is submitted only in connection with the offering of the Notes by the Dealers and may not be reproduced or used in whole or in part for any other purpose, except with express permission.

Dated: April 23, 1997

STATE OF WISCONSIN

/s/ Tommy G. Thompson

Governor Tommy G. Thompson, Chairperson
State of Wisconsin Building Commission

/s/ Charles H. Thompson

Charles H. Thompson, Secretary
State of Wisconsin Department of Transportation

/s/ Robert Brandherm

Robert Brandherm, Secretary
State of Wisconsin Building Commission

APPENDIX A

INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin and the transportation revenue bond program. Parts II and V of the State of Wisconsin Continuing Disclosure Annual Report, dated December 27, 1996 (the "Annual Report") are included by reference as APPENDIX A hereof.

Part II to the Annual Report contains certain general information about the State, including information about the State's operations and financial procedures, the State's accounting and financial reporting, the organization and description of services provided by the State, certain financial information about the State, the results of the 1995-96 fiscal year, the State budget, State obligations, and the State Investment Board, together with statistical information about the State's population, income and employment. Included as APPENDIX A to Part II are the audited general purpose financial statements for the fiscal year ending June 30, 1996, prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Government Accounting Standards Board, and the State Auditor's report.

Part V to the Annual Report contains certain information concerning the transportation revenue bonds issued by the State, including a discussion of the security for indebtedness under the General Resolution, the Wisconsin Transportation Projects Commission, the Wisconsin Department of Transportation, and a summary of certain provisions of the General Resolution. Included as APPENDIX A to Part V are audited financial statements for the Transportation Revenue Bond Program for the fiscal year ending June 30, 1996, prepared in conformity with GAAP.

The Annual Report has been filed with each nationally recognized municipal securities information repository ("NRMSIR"). As of the date of this Offering Memorandum, the Annual Report can be found on the internet at:

<http://www.doa.state.wi.us/debf/capfin/96condis.htm>

Subsequent to publication and filing of the Annual Report, certain changes or events have occurred that affect matters discussed in the Annual Report. Listed below, by reference to particular sections of the Annual Report, are the changes or additions to the discussion contained in that particular section. The following changes are disclosed in this Offering Memorandum and have not been filed with the NRMSIRS.

STATE BUDGET (Pages Part II-14 through Part II-16). Add the following:

In January 1997, revenues and disbursements were reviewed and revised taking into account actual experience through December 1996 and projections through June 1997. On an all-funds basis total available funds for the fiscal year ending June 30, 1997 were estimated to be approximately \$40 million lower than projected in the Annual Report. Total disbursements and reserves for the fiscal year ending June 30, 1997 were estimated to be approximately \$79 million lower than projected in the Annual Report. Therefore, the all-funds balance at June 30, 1997 is now estimated to be approximately \$139 million. The budget is summarized on page A-3.

The projected general-fund balance for June 30, 1997 is the same as the all-funds balance, \$139 million. The budget is summarized on page A-4.

Proposed Budget for 1997-99

On February 12, 1997 the Governor introduced the executive budget for the 1997-98 and 1998-99 fiscal years. For the fiscal year ending June 30, 1998, the budget on an all-funds basis projects a balance of \$130 million. Total available revenues are estimated to be \$23.176 billion consisting of (i) a beginning balance of \$139 million, (ii) tax revenues of \$9.118 billion and (iii) nontax revenues of \$13.919 billion. Total disbursements and reserves are estimated to be \$23.142 billion, consisting of

net disbursements of \$23.012 billion and reserves of \$130 million. This results in an estimated balance of \$34 million which, when combined with the statutorily required balance of \$96 million, results in a balance at June 30, 1998 of \$130 million. The budget is summarized on page A-3.

The projected general-fund balance for June 30, 1998 is the same as the all-fund balance, \$130 million. Total available revenues are estimated to be \$15.712 billion consisting of (i) a beginning balance of \$139 million, (ii) tax revenues of \$9.118 billion and (iii) nontax revenues of \$6.455 billion. Total disbursements and reserves are estimated to be \$15.678 billion, consisting of net disbursements of \$15.548 billion and reserves of \$130 million. The balance is identical to the all-funds amount. The budget is summarized on page A-4.

For the fiscal year ending June 30, 1999, the budget on an all-funds basis projects a balance of \$0.4 million. Total available revenues are estimated to be \$23.640 billion consisting of (i) a beginning balance of \$130 million, (ii) tax revenues of \$9.586 billion and (iii) nontax revenues of \$13.925 billion. Total disbursements and reserves are estimated to be \$23.639 billion, consisting of net disbursements of \$23.476 billion and reserves of \$163 million. This results in an estimated balance of \$0.4 million which, when combined with the statutorily required balance of \$98 million, results in a balance at June 30, 1999 of \$98.4 million. The budget is summarized on page A-3.

The projected general-fund balance for June 30, 1999 is the same as the all-fund balance, \$0.4 million. Total available revenues are estimated to be \$16.008 billion consisting of (i) a beginning balance of \$130 million, (ii) tax revenues of \$9.586 billion and (iii) nontax revenues of \$6.293 billion. Total disbursements and reserves are estimated to be \$16.008 billion, consisting of net disbursements of \$15.844 billion and reserves of \$164 million. The balance is identical to the all-funds amount. The budget is summarized on page A-4.

Table II-3; State Budget—All Funds (Page Part II-15). Replace the table with the following:

State Budget—All Funds^(a)

| | Actual ^(b) 1995-96 | Budget 1995-96 | Budget 1996-97 | Governor's Proposed Budget 1997-98 | Governor's Proposed Budget 1998-99 |
|---|----------------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------------------|
| RECEIPTS | | | | | |
| Fund Balance from Prior Year..... | \$ 400,881,000 | \$ 408,880,400 | \$ 579,943,800 | \$ 138,980,800 | \$ 129,646,900 |
| Tax Revenue | | | | | |
| Individual Income..... | 4,183,604,000 | 4,160,100,000 | 4,465,000,000 | 4,740,000,000 | 5,014,800,000 |
| General Sales and Use..... | 2,704,226,000 | 2,710,000,000 | 2,860,000,000 | 3,017,500,000 | 3,191,500,000 |
| Corporate Franchise and Income..... | 636,010,000 | 650,000,000 | 640,000,000 | 637,000,000 | 658,500,000 |
| Public Utility..... | 285,288,000 | 284,600,000 | 295,600,000 | 273,700,000 | 269,600,000 |
| Excise | | | | | |
| Cigarette/Tobacco Products..... | 205,350,000 | 206,300,000 | 206,400,000 | 225,400,000 | 225,000,000 |
| Liquor and Wine..... | 30,813,000 | 30,500,000 | 30,800,000 | 30,500,000 | 30,500,000 |
| Malt Beverage..... | 9,187,000 | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 |
| Inheritance, Estate & Gift..... | 45,602,000 | 41,000,000 | 44,000,000 | 45,000,000 | 45,000,000 |
| Insurance Company..... | 92,285,000 | 96,000,000 | 92,500,000 | 93,000,000 | 93,500,000 |
| Other..... | 830,664,000 | 43,900,000 ^(c) | 45,200,000 ^(c) | 47,200,000 ^(c) | 48,300,000 ^(c) |
| Subtotal..... | 9,023,029,000 | 8,231,400,000 | 8,688,500,000 | 9,118,300,000 | 9,585,700,000 |
| Nontax Revenue | | | | | |
| Departmental Revenue..... | 128,256,000 | 174,683,100 | 150,409,000 | 141,949,100 | 141,805,900 |
| Total Federal Aids..... | 3,275,795,000 | 3,850,830,600 | 3,891,800,700 | 4,179,363,600 | 4,174,821,800 |
| Total Program Revenue..... | 2,179,107,000 | 2,185,416,200 | 1,975,161,400 | 2,304,377,500 | 2,374,351,500 |
| Total Segregated Funds..... | 2,705,320,000 | 1,908,291,300 | 1,910,832,300 | 2,073,543,800 | 1,962,670,500 |
| Fund Transfers In..... | NA | NA | NA | 261,605,900 | NA |
| Bond Authority..... | 330,950,000 | 305,000,000 | 330,000,000 | 415,000,000 | 430,000,000 |
| Employe Benefit Contributions ^(d) | 6,200,903,000 | 3,737,890,089 | 3,976,959,649 | 4,542,998,211 | 4,840,878,164 |
| Subtotal..... | 14,820,331,000 | 12,162,111,289 | 12,235,163,049 | 13,918,838,111 | 13,924,527,864 |
| Total Available..... | \$ 24,244,241,000 | \$ 20,802,391,689 | \$ 21,503,606,849 | \$ 23,176,118,911 | \$ 23,639,874,764 |
| DISBURSEMENTS AND RESERVES | | | | | |
| Commerce..... | \$ 575,240,000 | \$ 305,755,800 | \$ 361,145,100 | \$ 398,186,300 | \$ 375,757,600 |
| Education..... | 5,978,715,000 | 6,008,560,200 | 6,645,449,700 | 7,071,045,800 | 7,191,194,600 |
| Environmental Resources..... | 2,057,321,000 | 1,966,661,500 | 1,955,734,400 | 2,018,992,800 | 2,037,057,400 |
| Human Relations and Resources..... | 5,623,499,000 | 5,507,561,200 | 5,446,078,300 | 5,808,085,700 | 5,955,695,400 |
| General Executive..... | 2,146,487,000 | 437,336,900 | 568,192,600 | 594,291,600 | 595,914,900 |
| Judicial..... | 82,503,000 | 82,558,300 | 87,716,700 | 87,927,900 | 88,178,300 |
| Legislative..... | 50,048,000 | 50,169,100 | 50,119,600 | 51,840,600 | 51,799,900 |
| General Appropriations..... | 2,191,850,000 | 1,827,543,400 | 1,816,969,400 | 2,062,722,100 | 1,955,825,000 |
| General Obligation Bond Program..... | 309,320,000 | 305,000,000 | 330,000,000 | 415,000,000 | 430,000,000 |
| Employe Benefit Payments ^(d) | 1,317,768,000 | 1,695,305,629 | 1,843,607,584 | 1,889,607,836 | 2,019,386,350 |
| Reserve for Employe Benefit Payments ^(d) | 4,883,135,000 | 2,042,584,460 | 2,133,352,065 | 2,653,390,375 | 2,821,491,814 |
| Subtotal..... | 25,215,886,000 | 20,229,036,489 | 21,238,365,449 | 23,051,091,011 | 23,522,301,264 |
| Less: (Lapses)..... | NA | (41,322,800) | (193,300,300) | (39,144,100) | (46,698,800) |
| Compensation Reserves..... | NA | 18,235,000 | 46,382,400 | 32,307,900 | 63,730,700 |
| Required Statutory Balance..... | NA | 82,598,400 | 91,999,900 | 95,681,200 | 98,033,100 |
| Fund Transfers Out..... | NA | 3,503,800 | 260,078,500 | 2,217,200 | 2,108,600 |
| Federal Retiree Reserve..... | NA | 26,600,000 | 13,100,000 | NA | NA |
| Change in Continuing Balance..... | (1,553,335,000) | NA | NA | NA | NA |
| Total Disbursements & Reserves..... | \$ 23,662,551,000 | \$ 20,318,650,889 | \$ 21,456,625,949 | \$ 23,142,153,211 | \$ 23,639,474,864 |
| Fund Balance..... | \$ 581,690,000 | \$ 483,740,800 | \$ 46,980,900 | \$ 33,965,700 | \$ 399,900 |
| Undesignated Surplus..... | \$ 581,690,000 | \$ 566,339,200 | \$ 138,980,800 | \$ 129,646,900 | \$ 98,433,000 |

(a) The amounts shown are based on statutorily required accounting and not on GAAP.

(b) The amounts shown are unaudited and rounded to the nearest thousand.

(c) The budgets do not include taxes collected for segregated funds. The largest such tax is the motor vehicle fuel tax, which collected \$676 million in the 1995-96 fiscal year.

(d) State law separates the accounting of employe benefits from the budget. They are included for purposes of comparability to the figures presented in this table and Tables II-1 and II-2 in the Annual Report. Benefits are provided for on a fully funded basis. Therefore, when contributions actually received exceed the benefits actually paid out, the difference is added to the trust funds. In the event that the actual benefit payments exceed the contributions, investment earnings will be used to cover the difference before they are deposited in the Employe Benefit Fund.

Source: Wisconsin Department of Administration.

Table II-4; State Budget—General Fund (Page Part II-16). Replace the table with the following:

State Budget—General Fund^(a)

| | Actual ^(b) 1995-96 | Budget 1995-96 | Budget 1996-97 | Governor's Proposed Budget 1997-98 | Governor's Proposed Budget 1998-99 |
|---------------------------------------|----------------------------------|-------------------|-------------------|--|--|
| RECEIPTS | | | | | |
| Fund Balance from Prior Year..... | \$ 400,881,000 | \$ 408,880,400 | \$ 579,943,800 | \$ 138,980,800 | \$ 129,646,900 |
| Tax Revenue | | | | | |
| State Taxes Deposited to General Fund | | | | | |
| Individual Income..... | 4,183,604,000 | 4,160,100,000 | 4,465,000,000 | 4,740,000,000 | 5,014,800,000 |
| General Sales and Use..... | 2,704,226,000 | 2,710,000,000 | 2,860,000,000 | 3,017,500,000 | 3,191,500,000 |
| Corporate Franchise and Income..... | 636,010,000 | 650,000,000 | 640,000,000 | 637,000,000 | 658,500,000 |
| Public Utility..... | 285,288,000 | 284,600,000 | 295,600,000 | 273,700,000 | 269,600,000 |
| Excise | | | | | |
| Cigarette/Tobacco Products..... | 205,350,000 | 206,300,000 | 206,400,000 | 225,400,000 | 225,000,000 |
| Liquor and Wine..... | 30,813,000 | 30,500,000 | 30,800,000 | 30,500,000 | 30,500,000 |
| Malt Beverage..... | 9,187,000 | 9,000,000 | 9,000,000 | 9,000,000 | 9,000,000 |
| Inheritance, Estate & Gift..... | 45,602,000 | 41,000,000 | 44,000,000 | 45,000,000 | 45,000,000 |
| Insurance Company..... | 92,285,000 | 96,000,000 | 92,500,000 | 93,000,000 | 93,500,000 |
| Other..... | 28,874,000 | 43,900,000 | 45,200,000 | 47,200,000 | 48,300,000 |
| Subtotal..... | 8,221,239,000 | 8,231,400,000 | 8,688,500,000 | 9,118,300,000 | 9,585,700,000 |
| Nontax Revenue | | | | | |
| Departmental Revenue..... | 128,256,000 | 174,683,100 | 150,409,000 | 141,949,100 | 141,805,900 |
| Program Revenue Federal..... | 3,275,795,000 | 3,457,543,500 | 3,523,184,100 | 3,746,964,400 | 3,776,651,500 |
| Program Revenue Other..... | 2,179,107,000 | 2,185,416,200 | 1,975,161,400 | 2,304,377,500 | 2,374,351,500 |
| Fund Transfers In..... | NA | NA | NA | 261,605,900 | NA |
| Subtotal..... | 5,583,158,000 | 5,817,642,800 | 5,648,754,500 | 6,454,896,900 | 6,292,808,900 |
| Total Available..... | \$ 14,205,278,000 | \$ 14,457,923,200 | \$ 14,917,198,300 | \$ 15,712,177,700 | \$ 16,008,155,800 |
| DISBURSEMENTS AND RESERVES | | | | | |
| Commerce..... | \$ 164,514,000 | \$ 165,757,000 | \$ 191,645,400 | \$ 198,309,900 | \$ 196,865,000 |
| Education..... | 5,837,139,000 | 5,964,122,000 | 6,600,333,700 | 7,006,784,000 | 7,145,889,300 |
| Environmental Resources..... | 242,361,000 | 236,724,600 | 239,038,900 | 235,328,800 | 237,703,900 |
| Human Relations and Resources..... | 5,255,874,000 | 5,329,183,900 | 5,355,935,200 | 5,712,226,900 | 5,849,847,200 |
| General Executive..... | 412,906,000 | 420,885,100 | 486,673,600 | 513,950,700 | 511,864,900 |
| Judicial..... | 82,154,000 | 81,921,900 | 87,080,300 | 87,284,000 | 87,534,400 |
| Legislative..... | 50,048,000 | 50,169,100 | 50,119,600 | 51,840,600 | 51,799,900 |
| General Appropriations..... | 1,603,605,000 | 1,635,804,400 | 1,641,130,200 | 1,781,424,900 | 1,809,077,700 |
| Subtotal..... | 13,648,601,000 | 13,884,568,000 | 14,651,956,900 | 15,587,149,800 | 15,890,582,300 |
| Less: (Lapses)..... | NA | (41,322,800) | (193,300,300) | (39,144,100) | (46,698,800) |
| Compensation Reserves..... | NA | 18,235,000 | 46,382,400 | 32,307,900 | 63,730,700 |
| Required Statutory Balance..... | NA | 82,598,400 | 91,999,900 | 95,681,200 | 98,033,100 |
| Fund Transfers Out..... | NA | 3,503,800 | 260,078,500 | 2,217,200 | 2,108,600 |
| Federal Retiree Reserve..... | NA | 26,600,000 | 13,100,000 | NA | NA |
| Changes in Continuing Balance..... | (25,011,000) | NA | NA | NA | NA |
| Total Disbursements & Reserves..... | \$ 13,623,588,000 | \$ 13,974,182,400 | \$ 14,870,217,400 | \$ 15,678,212,000 | \$ 16,007,755,900 |
| Fund Balance..... | \$ 581,690,000 | \$ 483,740,800 | \$ 46,980,900 | \$ 33,965,700 | \$ 399,900 |
| Undesignated Surplus..... | \$ 581,690,000 | \$ 566,339,200 | \$ 138,980,800 | \$ 129,646,900 | \$ 98,433,000 |

(a) The amounts shown are based on statutorily required accounting and not on GAAP.

(b) The amounts shown are unaudited and rounded to the nearest thousand.

Source: Wisconsin Department of Administration.

STATE BUDGET; Potential Effect of Litigation; Special Performance Dividend (Page Part II-17).

Add the following:

On January 17, 1997, the State Supreme Court ruled that the Special Investment Performance Dividend (the "SIPD"), which was first paid in 1987, was unconstitutional. The case was remanded to the Circuit Court, with directions that the Circuit Court order defendants to pay from the State treasury to the fixed annuity reserve account of the Wisconsin Retirement System an amount equal to all disbursed SIPD payments (including a \$3.8 million reimbursement to the State for State funds advanced to finance the SIPD), plus interest at the "effective rate" for the fixed annuity division of the Wisconsin Retirement System on all SIPD payments from the date that the payments left the annuity reserve account. The Circuit Court must determine the exact amount due, as well as the mode and timing of the payment. At this time, it is unknown how long the State will be given to pay the remedy directed by the Supreme Court. As of March 31, 1997, this remedy was estimated at \$214 million.

The Governor's proposed executive budget for the 1997-98 and 1998-99 fiscal years does not provide for payment of this remedy.

STATE BUDGET; Potential Effect of Litigation; Computer Software (Page Part II-17). Add the following:

Upholding prior decisions by the Wisconsin Tax Appeals Commission and Circuit Court, the Court of Appeals has held that computer software is not tangible property and is thus not subject to sales and use taxes. The State Supreme Court has declined to hear the appeal. The cost of this remedy to the State is estimated at \$20 million.

The Governor's proposed executive budget for the 1997-98 and 1998-99 fiscal years does provide for payment of this remedy.

Table II-7; General Fund Monthly Cash Position (Page Part II-26). Replace the table with the following:

GENERAL FUND MONTHLY CASH POSITION
July 1, 1994 through January 31, 1997 — Actual
February 1, 1997 through June 30, 1997 — Estimated^(a)
(Amounts in Thousands)

| | Starting Date | Starting Balance | Receipts^(b) | Disbursements^(b) |
|------|----------------------|-------------------------|-------------------------------|------------------------------------|
| 1994 | July | \$ 186.704 | \$1,470.855 | \$1,398.247 |
| | August | 259.312 | 1,052.011 | 734.930 |
| | September | 576.393 | 1,276.805 | 1,077.444 |
| | October | 775.754 | 1,064.641 | 751.206 |
| | November | 1,089.189 | 1,192.576 | 1,575.886 |
| | December | 705.879 | 1,154.400 | 1,448.653 |
| 1995 | January | 411.626 | 1,390.708 | 744.552 |
| | February | 1,057.782 | 1,044.973 | 1,037.499 |
| | March | 1,065.256 | 1,148.635 | 1,826.357 |
| | April | 387.534 | 1,222.615 | 931.170 |
| | May | 678.979 | 1,228.463 | 981.567 |
| | June | 925.875 | 1,240.931 | 1,715.816 |
| | July | 451.090 | 1,306.431 | 1,337.712 |
| | August | 419.809 | 1,005.527 | 849.866 |
| | September | 625.470 | 1,362.210 | 1,101.358 |
| | October | 886.322 | 1,151.661 | 810.058 |
| | November | 1,227.925 | 1,220.032 | 1,622.269 |
| | December | 825.688 | 1,156.810 | 1,493.484 |
| 1996 | January | 489.014 | 1,461.087 | 878.316 |
| | February | 1,071.785 | 1,132.269 | 1,044.288 |
| | March | 1,159.766 | 1,240.173 | 1,888.319 |
| | April | 511.620 | 1,402.600 | 936.278 |
| | May | 977.942 | 1,180.704 | 1,029.277 |
| | June | 1,129.369 | 1,362.420 | 1,922.703 |
| | July | 569.086 | 1,279.815 | 1,434.154 |
| | August | 414.747 | 1,030.924 | 844.258 |
| | September | 601.413 | 1,476.166 | 1,011.367 |
| | October | 1,066.212 | 1,137.121 | 855.357 |
| | November | 1,347.976 | 1,201.689 | 1,691.802 |
| | December | 857.863 | 1,191.440 | 1,728.258 |
| 1997 | January | <u>321.045</u> | <u>1,660.082</u> | <u>969.951</u> |
| | February | 1,011.176 | 1,115.695 | 1,046.909 |
| | March | 1,079.962 | 1,247.692 | 2,023.643 |
| | April | 304.011 | 1,379.004 | 970.239 |
| | May | 712.776 | 1,261.583 | 984.657 |
| | June | 989.702 | 1,390.893 | 2,030.776 |

^(a) The monthly receipt and disbursement projections for February 1, 1997 through June 30, 1997 are based on estimates provided by the Division of Executive Budget and Finance.

^(b) The receipt amounts shown in July 1994–1996 include the proceeds received at closing for the respective operating notes. See “OTHER OBLIGATIONS; Operating Notes” in the Annual Report. The disbursement amounts shown for February, March, April and May 1995–1997 include impoundment payments required in connection with the operating notes.

Source: Wisconsin Department of Administration.

Table II-8; Balances in Funds Available for Interfund Borrowing (Page Part II-27) Replace the table with the following:

BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING^(a)

July 1, 1994 to February 1, 1997 — Actual
March 1, 1997 to June 1, 1997 — Estimated^(b)
(Amounts in Millions)

| | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> |
|----------------|-------------|-------------|-------------|-------------------------|
| Januav | | \$3,604.96 | \$2,991.90 | \$3,210.23 |
| Februarv | | 4,204.34 | 3,428.21 | 3,553.70 |
| March | | 4,450.34 | 3,852.78 | 2,162.05 ^(b) |
| April | | 3,886.69 | 3,808.74 | 2,053.43 |
| Mav | | 3,022.74 | 3,402.69 | 2,007.01 |
| June | | 2,703.44 | 3,145.00 | 2,055.69 |
| Julv | \$4,153.73 | 2,838.71 | 3,252.38 | |
| August | 4,502.50 | 3,143.94 | 3,511.90 | |
| September..... | 4,193.96 | 2,975.23 | 3,250.54 | |
| October..... | 3,728.02 | 2,902.89 | 3,010.27 | |
| November..... | 3,214.22 | 2,630.23 | 2,687.47 | |
| December | 3,185.67 | 2,732.65 | 2,072.66 | |

^(a) Consists of the following funds:

| | |
|--|---|
| Transportation | Common School |
| Conservation (Partial) | Normal School |
| Wisconsin Health Education Loan Repayment | University |
| Waste Management | Local Government Investment Pool |
| Wisconsin Election Campaign | Farms for the Future |
| Investment & Local Impact | Agrichemical Management |
| Elderly Property Tax Deferral | Historical Society Trust |
| Lottery | School Income Fund |
| Children's Trust | Benevolent |
| Racing | Groundwater |
| Work Injury Supplemental Benefit | Petroleum Storage Environmental Cleanup |
| Unemployment Compensation Interest Repayment | Clean Water |
| Uninsured Employers | Environmental |
| Health Insurance Risk Sharing Plan | Recycling |
| Local Government Property Insurance | University Trust Principal |
| Patients Compensation | Veterans Mortgage Loan Repayment |
| Mediation | State Building Trust |
| Agricultural College | |

^(b) Estimated balances for March 1, 1997 and succeeding months include \$480 million (a portion of the estimated balance) for the local government pool of the available funds. The local government pool has varied from a low of \$63 million on July 1, 1983 to a high of \$4,426 billion on March 1, 1994. The pool is composed of funds deposited by local units of government which may be withdrawn without notice. The amounts shown are the estimated balances of funds available for interfund borrowing. Under Section 20.002(11) of the Statutes, interfund borrowing is limited to \$400 million.

Source: Wisconsin Department of Administration.

Table II-9; Revenues Deposited To The General Fund (Page Part II-28). Replace the table with the following:

REVENUES DEPOSITED TO THE GENERAL FUND^(a)
July 1, 1996 to January 31, 1997 compared with previous year.
Unaudited

| | Actual Receipts 1995-96 FY^(b) | Projected Receipts 1996-97 FY | Actual Receipts July 1, 1995 to January 31, 1996 | Actual Receipts July 1, 1996 to January 31, 1997 |
|---|---|--|---|---|
| Individual Income Tax | \$ 4,183,604,344 | \$ 4,430,000,000 | \$ 2,238,520,000 | \$ 2,443,210,827 |
| General Sales and Use Tax .. | 2,704,226,017 | 2,845,000,000 | 1,377,209,502 | 1,454,561,940 |
| Corporate Franchise and Income Tax | 636,009,525 | 635,000,000 | 302,658,121 | 309,786,777 |
| Public Utility Taxes | 285,287,485 | 292,100,000 | 152,085,279 | 156,639,507 |
| Excise Taxes | 245,350,413 | 244,600,000 | 125,486,031 | 131,019,075 |
| Inheritance Taxes | 45,602,214 | 46,000,000 | 20,438,728 | 22,975,293 |
| Miscellaneous Taxes | 121,159,011 | 137,900,000 | 69,952,958 | 62,392,076 |
| SUBTOTAL..... | <u>8,221,239,009</u> | <u>8,630,600,000</u> | <u>4,286,350,619</u> | <u>4,580,585,495</u> |
| Federal Receipts..... | 3,275,795,203 | 3,523,184,100 | 1,893,980,105 | 2,003,780,314 |
| Dedicated and | | | | |
| Other Revenues..... | <u>2,307,363,090</u> | <u>2,203,940,600</u> | <u>1,323,189,110</u> ^(c) | <u>1,529,864,575</u> ^(c) |
| TOTAL..... | <u>\$13,804,397,302</u> | <u>\$14,357,724,700</u> | <u>\$7,503,519,834</u> | <u>\$8,114,230,384</u> |

^(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the Annual Report.

^(b) The amounts shown are the sum of all revenues for fiscal year 1995-96 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1996.

^(c) The amounts shown do not reflect receipt of \$250 million principal amount in fiscal year 1995-96 and \$150 million principal amount in fiscal year 1996-97 from the sale of operating notes.

Source: Wisconsin Department of Administration.

Table II-10; General Fund Expenditures By Function (Page Part II-29). Replace the table with the following:

**GENERAL FUND EXPENDITURES BY FUNCTION^(a)
July 1, 1996 to January 31, 1997 compared with previous year.
Unaudited**

| | Actual Expenditures 1995-96 FY ^(b) | Appropriations 1996-97 FY | Actual Expenditures July 1, 1995 to January 31, 1996 | Actual Expenditures July 1, 1996 to January 31, 1997 |
|-------------------------------|---|------------------------------|---|---|
| Commerce..... | \$ 164,514,710 | \$ 191,645,400 | \$ 97,431,970 | \$ 113,236,348 |
| Education..... | 5,837,139,605 | 6,600,333,700 | 2,783,844,737 | 3,165,181,780 |
| Environmental Resources..... | 242,360,896 | 239,038,900 | 99,698,246 | 96,592,425 |
| Human Relations & Resources.. | 5,255,874,239 | 5,355,935,200 | 2,982,784,076 | 3,014,780,776 |
| General Executive..... | 412,906,488 | 486,673,600 | 236,407,208 | 273,291,624 |
| Judicial..... | 82,154,128 | 87,080,300 | 54,983,501 | 59,159,804 |
| Legislative..... | 50,047,274 | 50,119,600 | 26,404,405 | 25,649,003 |
| General Appropriations..... | 1,603,605,241 | 1,641,130,200 | 1,389,328,882 | 1,409,449,654 |
| TOTAL..... | <u>\$ 13,648,602,581</u> | <u>\$ 14,651,956,900</u> | <u>\$ 7,670,883,025</u> | <u>\$ 8,157,341,414</u> |

(a) The amounts shown are based on the statutory accounting basis and not on GAAP. See "STATE GOVERNMENT ORGANIZATION AND FINANCIAL PROCEDURES; Accounting and Financial Reporting" in the Annual Report.

(b) The amounts shown are the sum of all expenditures for fiscal year 1995-96 based on the data used in the preparation of the Annual Fiscal Report, Budgetary Basis, for the year ending June 30, 1996.

Source: Wisconsin Department of Administration.

Table II-21; State Investment Fund (Page Part II-44). Replace the table with the following:

**STATE INVESTMENT FUND
AS OF FEBRUARY 28, 1997 (UNAUDITED)
Market Versus Amortized Cost Valuation Report**

| | Estimated Book Value | Estimated Market Value | Percentage of Portfolio at Market |
|--|---------------------------------|-----------------------------------|--|
| Commercial Paper | \$1,431,907,951 | \$1,431,791,525 | 20.80% |
| Certificates of Deposit..... | 27,700,000 | 27,700,000 | 0.40 |
| Yankees | 50,000,000 | 50,000,000 | 0.73 |
| Time Deposits | 2,056,222 | 2,056,222 | 0.03 |
| Repurchase Agreements..... | 2,899,212,200 | 2,899,221,500 | 42.13 |
| Government Agencies..... | 1,574,970,490 | 1,574,531,504 | 22.88 |
| Government Agencies..... | 198,689,475 | 198,841,019 | 2.89 |
| Government Bonds..... | 193,370,293 | 198,159,500 | 2.88 |
| Federal National Mortgage Assoc. | 2,100,904 | 2,073,655 | 0.03 |
| Collateralized Mortgage Obligations | 54,325,767 | 53,593,687 | 0.78 |
| Mortgage Pass-Through Certificates..... | 183,512,717 | 184,034,956 | 2.67 |
| Credit Card Receivables..... | 175,631,546 | 177,485,138 | 2.58 |
| Miscellaneous Asset Backed | 105,870,931 | 99,549,393 | 1.45 |
| Other Financial Corporate Bonds..... | 18,706,230 | 18,706,013 | 0.27 |
| Private Placements | 2,303,839 | 2,307,478 | 0.03 |
| Swaps | 0 | (71,292,313) | (1.04) |
| Adjustment Due To Discount Notes | 22,437,157 | 22,437,157 | 0.33 |
| Accrued Income | 6,065,434 | 6,065,434 | 0.09 |
| | <u>\$6,952,976,217</u> | <u>\$6,882,267,460</u> | <u>100.00%</u> |

Average Maturity for the Last Six Months

| Reporting Date | Average Maturity (Days) | Reporting Date | Average Maturity (Days) |
|---------------------------|------------------------------------|---------------------------|------------------------------------|
| 2/28/1997 | 16 | 11/30/1996 | 45 |
| 1/31/1997 | 30 | 10/31/1996 | 44 |
| 12/31/1996 | 47 | 9/30/1996 | 45 |

Summary of Investment Fund Participants

| | Par Amount (Amounts in Thousands) | Percent of Portfolio |
|---|--|---------------------------------|
| Mandatory Participants | | |
| State of Wisconsin: | | |
| General Fund..... | \$ 1,135,865 | 17.1% |
| Transportation Fund..... | 161,505 | 2.4 |
| Natural Resources Fund..... | 29,251 | 0.4 |
| Bond Security and Redemption Fund | 2,982 | 0.1 |
| Lottery Fund..... | 112,925 | 1.7 |
| Patients Compensation | 9,982 | 0.2 |
| Veterans Mortgage Loan Repayment..... | 108,407 | 1.6 |
| Capital Improvement Fund | 37,327 | 0.6 |
| Others..... | 378,206 | 5.7 |
| State of Wisconsin Retirement System: | | |
| Fixed Retirement Investment Trust..... | 425,763 | 6.4 |
| Variable Retirement Investment Trust..... | 22,530 | 0.3 |
| Combined Stock Fund..... | 1,168,655 | 17.6 |
| Elective Participants | | |
| Local Government Investment Pool..... | <u>3,036,322</u> | <u>45.8</u> |
| | <u>\$ 6,629,720</u> | <u>100.0%</u> |

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Notes, it is expected that Quarles & Brady will deliver a legal opinion in substantially the following form:

(Letterhead of Quarles & Brady)

May 7, 1997

State of Wisconsin Building Commission
101 East Wilson Street, 7th Floor
Madison, WI 53702

RE: State of Wisconsin (the "Issuer") Transportation Revenue Commercial Paper
Notes of 1997, Series A (the "Notes")

We have acted as bond counsel in connection with the issuance by the Issuer of the Notes in an aggregate principal amount not exceeding \$188,600,000 outstanding at any one time. We hereby certify that, as bond counsel, we have examined a certified copy of the transcript of proceedings of record of the State of Wisconsin Building Commission (the "Commission") preliminary to and in connection with the issuance of the Notes, including the Resolutions (defined below), the Issuing and Paying Agency Agreement (defined below), the Credit Agreement dated as of May 7, 1997 among the State of Wisconsin and Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch, Bayerische Landesbank Girozentrale, acting through its New York Branch, and Westdeutsche Landesbank Girozentrale, acting through its New York Branch (the "Credit Agreement"), the Dealer Agreements dated as of May 7, 1997 by and between the State of Wisconsin and Lehman Brothers Inc., Bear, Stearns & Co. Inc., Goldman, Sachs & Co. and Merrill Lynch & Co., respectively (the "Dealer Agreements"), the Certificate with Respect to Arbitrage and other Tax Matters of the Issuer (the "Tax Certificate"), certificates of the Issuer, the Issuing and Paying Agent and others, opinions of counsel to the Issuer, the Issuing and Paying Agent, and others, as well as the law and such other documents, opinions and records we deem necessary to render this opinion. We have relied upon such transcript and documents as to the matters of fact stated therein, without independent verification. We have also examined a printer's proof or sample of the Notes and find the same to be in proper form.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Offering Memorandum or other offering material relating to the Notes (except to the extent, if any, stated in the Offering Memorandum) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Offering Memorandum).

The Notes are authorized and issued pursuant to the provisions of Subchapter II of Chapter 18 of the Wisconsin Statutes and Section 84.59 of the Wisconsin Statutes, as now in force (collectively, the "Act"), the resolution of the Commission adopted on June 26, 1986 entitled "1986 State of Wisconsin Building Commission Resolution 9, State of Wisconsin Transportation Facilities and Highway Projects Revenue Obligations General Resolution" (the "General Resolution"), resolutions of the Commission adopted on April 23, 1997 entitled "1997 State of Wisconsin Building Commission Resolution 7, Establishing State of Wisconsin Transportation Revenue Commercial Paper Note Program and Providing for the Issuance of Not to Exceed \$200,000,000 State of Wisconsin Transportation Revenue Commercial Paper Notes" (the "Program Resolution") and "1997 State of Wisconsin Building Commission Resolution 8, Supplemental Resolution Authorizing and

Awarding Not to Exceed \$188,600,000 Under the Program Resolution for the State of Wisconsin Transportation Revenue Commercial Paper Notes” (the “Supplemental Resolution”) and an Issuing and Paying Agency Agreement, dated as of May 7, 1997 (the “Issuing and Paying Agency Agreement”), between the Issuer and Bankers Trust Company, New York, New York (the “Issuing and Paying Agent”). Collectively, the General Resolution, Program Resolution and Supplemental Resolution shall be referred to herein as the “Resolutions”. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Program Resolution.

The Notes are issued on a basis junior and subordinate to the Transportation Revenue Bonds, 1986 Series A (the “1986 Bonds”); the Transportation Revenue Bonds, 1988 Series A (the “1988 Bonds”); the Transportation Revenue Bonds, 1989 Series A (the “1989 Bonds”); the Transportation Revenue Bonds, 1991 Series A (the “1991 Bonds”); the Transportation Revenue Bonds, 1992 Series A and B (the “1992 Bonds”); the Transportation Revenue Bonds, 1993 Series A (the “1993 Bonds”); the Transportation Revenue Bonds, 1994 Series A (the “1994 Bonds”); the Transportation Revenue Bonds, 1995 Series A (the “1995 Bonds”); the Transportation Revenue Bonds, 1996 Series A (the “1996 Bonds”); and any other obligations hereafter incurred on a parity with said Bonds in accordance with the terms of the General Resolution (the “Additional Bonds”) (collectively, the 1986 Bonds, the 1988 Bonds, the 1989 Bonds, the 1991 Bonds, the 1992 Bonds, the 1993 Bonds, the 1994 Bonds, the 1995 Bonds, the 1996 Bonds and any Additional Bonds shall be referred to as the “Senior Bonds”).

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, and no opinion is expressed herein as to any Note or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have not undertaken to verify independently, and have assumed, that the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof are and will remain, at all times while Notes are outstanding, true and accurate. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement, the Dealer Agreements and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Issuer has valid right and lawful authority to finance State transportation facilities and major highway projects by the adoption of the Resolutions, to perform its obligations under the terms and conditions of the Resolutions, and to issue the Notes.

2. Each of the Resolutions has been duly adopted by the Commission and is in full force and effect, and constitutes a valid and binding obligation of the Issuer in accordance with its respective terms.

3. The Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements have been duly executed and delivered by the Commission and constitute valid and binding obligations of the State, enforceable against the State in accordance with their respective terms.

4. The Notes have been duly and validly authorized and, when issued in the form authorized by the Issuing and Paying Agency Agreement and authenticated by the Issuing and Paying Agent, in all respects in accordance with the Act, the Resolutions and the Issuing and Paying Agency Agreement, will constitute limited obligations of the Issuer, payable solely from Program Income deposited into the Subordinated Debt Service Fund in the manner and to the extent set forth in the Resolutions on a basis junior and subordinate to the pledge of the Program Income granted to the Senior Bonds. The Notes do not constitute a debt or grant or loan of credit of the Issuer, and the Issuer shall not be generally liable thereon, nor shall the Notes be payable out of any funds other than those provided therefor pursuant to the Resolutions and the Act. Neither the faith and credit nor the taxing power of the Issuer or any political subdivision thereof is pledged to the payment of the principal, redemption price or the interest on the Notes.

5. The interest on the Notes, when the Notes are issued in accordance with the Issuing and Paying Agency Agreement and the Tax Certificate, is excluded for federal income tax purposes from the gross income of the owners of the Notes. Non-compliance with the representations in the Tax Certificate may cause interest on the Notes to be includable, for federal income tax purposes, retroactively in the gross income of the recipients thereof, irrespective of when such noncompliance may occur or be ascertained. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excluded from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements in the Tax Certificate. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes, the Resolutions, the Issuing and Paying Agency Agreement, the Credit Agreement and the Dealer Agreements may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may be also subject to the exercise of judicial discretion in appropriate cases.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in the applicable state or federal law existing on the date hereof, (ii) the Resolutions, in the form in effect on the date hereof, remain in full force and effect, (iii) the representations, warranties and covenants of the parties contained in the Credit Agreement, the Issuing and Paying Agency Agreement and the Dealer Agreements and certain certificates, including the Tax Certificate, dated the date hereof and delivered by authorized officers of the Issuer remain true and accurate and are complied with in all material respects, and (iv) no litigation affecting the issuance or validity of the Notes is pending or threatened at the time of delivery of any such instruments.

QUARLES & BRADY