

**OFFICIAL STATEMENT**

New Issue

*This Official Statement provides information on the Bonds. Some of the information appears on this cover page for ready reference. To make an informed investment decision, a prospective investor should read the entire Official Statement.*

**\$430,240,000**

**STATE OF WISCONSIN  
GENERAL OBLIGATION REFUNDING BONDS OF 2005, SERIES 1**

**Dated: Date of Delivery**

**Due: May 1 as shown below**

**Ratings—See page 4** Based on MBIA Insurance Underlying Rating  
 AAA AA- Fitch Ratings  
 Aaa Aa3 Moody's Investors Service, Inc.  
 AAA AA- Standard & Poor's Ratings Services

**Tax Exemption** Interest on the Bonds is excluded from gross income, and is not included as an item of tax preference, for federal income tax purposes. Interest on the Bonds is subject to State of Wisconsin income and franchise taxes—*See pages 11-13.*

**Redemption** Bonds maturing on or after May 1, 2016 are subject to optional redemption at par (100%) on any date on or after May 1, 2015—*See page 3.*

**Security** General obligations of the State of Wisconsin—*See page 3.*

**Insurance** Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Bonds—*Pages 8-11.*



**Purpose** Proceeds of the Bonds are primarily being used for the advance refunding of general obligation bonds previously issued for general governmental purposes—*See pages 1-2.*

**Interest Payment Dates** May 1 and November 1, beginning November 1, 2005

**Closing/Settlement** On or about February 10, 2005

**Denominations** Multiples of \$5,000

**Bond Counsel** Foley & Lardner LLP

**Registrar/Paying Agent** Secretary of Administration

**Issuer Contact** Wisconsin Capital Finance Office—(608) 266-2305; capfin@doa.state.wi.us

**Book-Entry System** The Depository Trust Company—*See page 5.*

**2004 Annual Report** This Official Statement incorporates by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004.

The prices and yields listed below were determined on January 19, 2005 at negotiated sale. The Bonds were purchased at an aggregate purchase price of \$466,633,579.21.

CUSIP	Due (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Call Date	Call Price
97705L FM4	2006	\$ 5,420,000	4.00%	2.19%	102.173%	Not Callable	-
97705L FN2	2007	390,000	3.00	2.40	101.290	Not Callable	-
97705L FP7	2008	400,000	3.00	2.60	101.227	Not Callable	-
97705L FQ5	2009	415,000	3.00	2.77	100.908	Not Callable	-
97705L FR3	2010	6,860,000	5.00	3.00	109.601	Not Callable	-
97705L FS1	2011	480,000	3.00	3.19	98.932	Not Callable	-
97705L FT9	2012	7,515,000	5.00	3.37	110.370	Not Callable	-
97705L FU6	2013	545,000	4.00	3.51	103.470	Not Callable	-
97705L FV4	2014	12,195,000	5.00	3.62	110.735	Not Callable	-
97705L FW2	2015	59,975,000	5.00	3.73	110.708	Not Callable	-
97705L FX0	2016	57,720,000	5.00	3.81	109.994	<sup>(a)</sup> 5/1/2015	100%
97705L FY8	2017	72,175,000	5.00	3.89	109.284	<sup>(a)</sup> 5/1/2015	100
97705L FZ5	2018	81,265,000	5.00	3.96	108.668	<sup>(a)</sup> 5/1/2015	100
97705L GA9	2019	39,730,000	5.00	4.01	108.231	<sup>(a)</sup> 5/1/2015	100
97705L GB7	2020	52,715,000	5.00	4.05	107.883	<sup>(a)</sup> 5/1/2015	100
97705L GC5	2021	32,440,000	5.00	4.09	107.536	<sup>(a)</sup> 5/1/2015	100

<sup>(a)</sup> Dollar price computed to the May 1, 2015 first call date.

**Bear, Stearns & Co. Inc.**

**Robert W. Baird & Co.  
Loop Capital Markets, LLC**

**Citigroup  
Merrill Lynch & Co.**

**JPMorgan  
Morgan Stanley**

January 20, 2005

This document is the State's *official* statement about the offering of the Bonds; that is, it is the only document the State has authorized for providing information about the Bonds. This document is not an offer or solicitation for the Bonds, and no unlawful offer, solicitation, or sale may occur through the use of this document or otherwise. This document is not a contract, and it provides no investment advice. Prospective investors should consult their advisors and legal counsel with questions about this document, the Bonds, and anything else related to the offering.

The purpose of this document is to provide prospective investors with information that may be important in making an investment decision. It may not be used for any other purpose without the State's permission. The State is the author of this document and is responsible for its accuracy and completeness. The Underwriters are not the authors of this document. In accordance with their responsibilities under federal securities laws, the Underwriters are required to review the information in this document and must have a reasonable basis for their belief in the accuracy and completeness of its key representations.

The estimates, forecasts, projections, and opinions in this document are not hard facts, and no one guarantees them. Some of the people who prepared, compiled, or reviewed this information had specific functions that covered some aspects of the offering but not others. For example, financial staff focused on quantitative financial information, and legal counsel focused on specific documents or legal issues assigned to them.

No dealer, broker, sales representative, or other person has been authorized to give any information or to make any representations about the Bonds other than what is in this document. The information and expressions of opinion in this document may change without notice. Neither the delivery of this document nor any sale of the Bonds implies that there has been no change in the other matters contained in this document since its date. Material referred to in this document is not part of this document unless expressly included.

In connection with the offering of the Bonds, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of such Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF BONDS

## BUILDING COMMISSION MEMBERS

<b>Voting Members</b>	<b>Term of Office Expires</b>
Governor Jim Doyle, Chairperson	January 8, 2007
Senator Fred A. Risser, Vice-Chairperson	January 5, 2009
Senator Carol Roessler	January 5, 2009
Senator David Zien	January 8, 2007
Representative Jeff Fitzgerald	January 8, 2007
Representative Jennifer Shilling	January 8, 2007
Representative Daniel Vrakas	January 8, 2007
Mr. Terry McGuire, Citizen Member	At the pleasure of the Governor
<b>Nonvoting, Advisory Members</b>	
Mr. Adel Tabrizi, State Chief Engineer Department of Administration	_____
Mr. Dave Haley, State Chief Architect Department of Administration	_____
<b>Building Commission Secretary</b>	
Mr. Robert G. Cramer, Administrator Division of State Facilities Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration

## OTHER PARTICIPANTS

Ms. Peggy A. Lautenschlager State Attorney General	January 8, 2007
Mr. Marc J. Marotta, Secretary Department of Administration	At the pleasure of the Governor

## DEBT MANAGEMENT AND DISCLOSURE

Department of Administration  
Capital Finance Office  
P.O. Box 7864  
101 E. Wilson Street, 10th Floor  
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## SUMMARY DESCRIPTION OF BONDS

*Selected information is presented on this page for the convenience of the reader. To make an informed investment decision, a prospective investor should read the entire Official Statement.*

Description:	State of Wisconsin General Obligation Refunding Bonds of 2005, Series 1
Principal Amount:	\$430,240,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about February 10, 2005)
Record Dates:	April 15 and October 15
Interest Payment:	May 1 and November 1, beginning November 1, 2005
Maturities:	May 1, 2006-2021— <i>See cover</i>
Redemption:	Bonds maturing on or after May 1, 2016 are subject to optional redemption at par (100%) on any date on or after May 1, 2015— <i>See page 3</i>
Form:	Book entry only— <i>See page 5</i>
Paying Agent:	All payments of principal and interest on the Bonds will be paid by the Secretary of Administration. All payments will be made to The Depository Trust Company, which will distribute payments to Beneficial Owners as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of December 1, 2004, general obligations of the State were outstanding in the amount of \$4,876,460,340.
Insurance:	Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Bonds— <i>See pages 8-11</i>
Authority for Issuance:	The Bonds are issued under Article VIII of the Wisconsin Constitution and Chapters 18 and 20 of the Wisconsin Statutes.
Purpose:	Proceeds of the Bonds are primarily being used for the advance refunding of general obligation bonds previously issued for general governmental purposes.
Additional General Obligation Debt:	The State may issue additional general obligation debt.
Legality of Investment:	State law provides that the Bonds are legal investments for all banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business; for all personal representatives, guardians, trustees, and other fiduciaries; and for the State and all public officers, municipal corporations, political subdivisions, and public bodies.
Tax Exemption:	Interest on the Bonds is excluded from gross income, and is not included as an item of tax preference, for federal income tax purposes— <i>See pages 11-13</i> .  Interest on the Bonds is subject to State of Wisconsin income and franchise taxes— <i>See page 13</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See APPENDIX C</i>

**OFFICIAL STATEMENT**  
**\$430,240,000**  
**STATE OF WISCONSIN**  
**GENERAL OBLIGATION REFUNDING BONDS OF 2005, SERIES 1**

**INTRODUCTION**

This Official Statement provides information about the \$430,240,000 General Obligation Refunding Bonds of 2005, Series 1 (**Bonds**), which are issued by the State of Wisconsin (**State**). This Official Statement includes by reference Parts I, II, and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004 (**2004 Annual Report**).

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes (**Act**), as well as an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on January 14, 2005 (**Resolution**).

The Commission, an agency of the State, is empowered by law to authorize, issue, and sell all the State's general obligations. The Commission is assisted and staffed by the State of Wisconsin Department of Administration (**Department of Administration**).

The Commission has authorized the Department of Administration to prepare this Official Statement. This Official Statement contains information furnished by the State or obtained from the sources indicated.

**THE STATE**

The State is located in the Midwest among the northernmost tier of states. The State ranks 20th among the states in population and 26th in land area. Wisconsin attained statehood in 1848, its capital is Madison, and its largest city is Milwaukee.

Information concerning the State, its financial condition, and its general obligation debt is included as **APPENDIX A**, which includes by reference Part II and Part III of the 2004 Annual Report. **APPENDIX A** also includes updates to Part II of the 2004 Annual Report.

Requests for additional information about the State may be directed to:

*Contact:* Capital Finance Office  
Attn: Capital Finance Director  
*Phone:* (608) 266-2305  
*Mail:* 101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
*E-mail:* [capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)  
*Web site:* [www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

**PLAN OF REFUNDING**

**General**

The Act empowers the Commission to issue refunding bonds. The Bonds are being issued within the available amounts authorized by the Act. See **APPENDIX B**.

The Bonds are primarily being issued for the advance refunding of certain maturities of general obligation bonds that the State previously issued for general governmental purposes. The refunded maturities are currently outstanding in the total principal amount of \$434,260,000 (**Refunded Bonds**). **APPENDIX D** identifies, and provides information on, the Refunded Bonds.

To provide for the advance refunding of the Refunded Bonds, Bond proceeds will be used to purchase direct general obligations of the United States direct noncallable obligations of the United States, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation (**Escrow Obligations**). These Escrow Obligations, together with the interest to be earned and a beginning cash deposit, will be sufficient:

- to pay when due the interest on the Refunded Bonds to and including their respective redemption or maturity dates, and
- to redeem or pay the principal of the Refunded Bonds on their respective redemption or maturity dates at their respective redemption prices or amounts of maturing principal.

### **Refunding Escrow Agreement**

The Escrow Obligations, the beginning cash balance, and the interest earnings will be held in an escrow fund (**Escrow Fund**) created by a Refunding Escrow Agreement (**Escrow Agreement**), between the State and Deutsche Bank National Trust Company (**Escrow Trustee**) solely for the benefit of the owners of the Refunded Bonds.

The Escrow Fund will be held by the Escrow Trustee in trust to make principal and interest payments on the Refunded Bonds. The Escrow Fund will be held by the Escrow Trustee separate and apart from all other funds or accounts held by the Escrow Trustee. The Escrow Trustee will have no lien whatsoever upon any moneys in the Escrow Fund for any of its fees and costs incurred in carrying out the provisions of the Escrow Agreement. Instead, the State will pay these fees and costs to the Escrow Trustee from other available funds.

The arithmetical accuracy of the computations of the sufficiency of the amounts deposited into the Escrow Fund will be independently verified by Samuel Klein & Company, Certified Public Accountants (**Verification Agent**).

In the opinion of Bond Counsel, all money in the Escrow Fund may be expended only for the payment of principal and interest on the Refunded Bonds; however, notwithstanding the amount in the Escrow Fund, the full faith, credit, and taxing power of the State will continue to be pledged for the payment of the Refunded Bonds. Each year, for the purpose of determining the constitutional limit on public debt, the amount in the Escrow Fund will be subtracted from the outstanding aggregate public debt of the State.

## **THE BONDS**

### **General**

The **front cover of this Official Statement** sets forth the maturity dates, amounts, and interest rates for the Bonds.

The Bonds will be dated their date of delivery (expected to be February 10, 2005) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2005.

Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year. Payments of principal and interest for each Bond will be paid to the registered owner of the

Bonds. The Bonds are being issued in book-entry-only form, so the registered owner will be a securities depository—initially, a nominee of The Depository Trust Company, New York, New York (DTC). See “[THE BONDS; Book-Entry-Only Form](#)”.

The Bonds are issued as fully registered bonds without coupons in principal denominations of \$5,000 or multiples of \$5,000.

### **Security**

The Bonds are direct and general obligations of the State. The full faith, credit, and taxing power of the State are irrevocably pledged to make principal and interest payments on the Bonds. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient to make principal and interest payments on the Bonds as the payments become due. The Bonds are secured equally with all other outstanding general obligations issued by the State.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by MBIA Insurance Corporation (MBIA) simultaneously with the delivery of the Bonds. See “[OTHER INFORMATION; The MBIA Insurance Corporation Financial Guaranty Insurance Policy](#)”.

### **Redemption Provisions**

#### *Optional Redemption*

The Bonds maturing on or after May 1, 2016 may be redeemed on any date on or after May 1, 2015, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100%) plus accrued interest to the redemption date. The Commission may decide whether to redeem Bonds, and it may direct the amounts and maturities of the Bonds to be redeemed.

#### *Selection of Bonds*

If less than all the Bonds of a particular maturity are to be redeemed, the selection of Bonds to be redeemed depends on whether the Bonds are in book-entry-only form or are in certificated form. See “[THE BONDS; Book-Entry-Only Form](#)”. If the Bonds are in book-entry-only form, selection of the beneficial owners affected by the redemption will be made by the securities depository and its participants in accordance with their rules. If the Bonds are not in book-entry-only form, selection will be by lot.

#### *Notice of Redemption*

If the Bonds are in book-entry-only form, any redemption notice will be sent to the securities depository between 30 and 45 days before the redemption date. A redemption notice may be revoked by sending notice to the securities depository at least 15 days before the proposed redemption date.

If the Bonds are not in book-entry-only form, any redemption notice will be published between 30 and 45 days before the date of redemption in a financial newspaper published or circulated in New York, New York. The notice will also be mailed, postage prepaid, between 30 and 45 days before the redemption date to the registered owners of any Bonds to be redeemed. The mailing, however, will not be a condition to the redemption; any proceedings to redeem the Bonds will still be effective even if the notice is not given. A redemption notice may be revoked by publication of a notice at least 15 days before the proposed redemption date in a financial newspaper published or circulated in New York, New York. Any revocation notice will also be mailed, postage prepaid, at least 15 days before the proposed redemption date to the registered owners of any Bonds to have been redeemed. The mailing, however, will not be a condition to the revocation; the revocation will still be effective even if the notice is not given.

Interest on any Bond called for redemption will cease to accrue on the redemption date so long as the Bond is paid or money is provided for its payment.

**Registration and Payment of Bonds**

How the Bonds are paid depends on whether or not they are in book-entry-only form.

If the Bonds are in book-entry-only form, payment of principal will be made by wire transfer to the securities depository or its nominee upon the presentation and surrender of the Bonds at the principal office of the **Paying Agent**—which is the Secretary of Administration. Payment of interest will be made by wire transfer to the securities depository or its nominee on the payment date.

If the Bonds are not in book-entry-only form, payment of principal will be made by check or draft issued upon the presentation and surrender of the Bonds at the principal office of the Paying Agent, as designated by the Commission. Payment of interest due on the Bonds will be made by check or draft mailed to the registered owner shown in the registration book at the close of business on the 15th day (whether or not a business day) of the calendar month before the interest payment date (**Record Date**).

**Ratings**

At the State’s request, several rating agencies have rated the Bonds with the understanding that a financial guaranty insurance policy guaranteeing the scheduled payment of principal of and interest on the Bonds will be issued by MBIA concurrently with the delivery of the Bonds:

<u>Rating</u>	<u>Rating Agency</u>
AAA	Fitch Ratings
Aaa	Moody’s Investors Service, Inc.
AAA	Standard & Poor’s Ratings Services

In addition, at the State’s request, these rating agencies have assigned an underlying rating to the Bonds:

<u>Underlying Rating</u>	<u>Rating Agency</u>
AA–	Fitch Ratings
Aa3	Moody’s Investors Service, Inc. <sup>(1)</sup>
AA–	Standard & Poor’s Ratings Services

<sup>(1)</sup> On March 4, 2002, Moody’s Investors Service, Inc. assigned a rating outlook on the State’s general obligations of “negative”.

Any explanation of what a rating means may only be obtained from the rating agency giving the rating. No one can offer any assurance that a rating given to the Bonds will be maintained for any period of time; a rating agency may lower or withdraw the rating it gives if in its judgment circumstances so warrant. Any downgrade or withdrawal of a rating may adversely affect the market price of the Bonds.

**Sources and Uses of Funds**

The proceeds from the sale of the Bonds are expected to be used as follows:



Sources

Principal Amount of the Bonds .....	\$430,240,000.00
Net Original Issue Premium .....	<u>38,698,151.40</u>
TOTAL SOURCES .....	<u>\$468,938,151.40</u>

Uses

Deposit to Escrow Fund .....	\$465,702,308.90
Underwriters' Discount.....	2,304,572.19
Bond Insurance Premium.....	927,000.00
Applied to Costs of Issuance.....	<u>4,270.31</u>
TOTAL USES .....	<u>\$468,938,151.40</u>

**Book-Entry-Only Form**

The Bonds will initially be issued in book-entry-only form. Purchasers of the Bonds will not receive bond certificates but instead will have their ownership in the Bonds recorded in the book-entry system.

Bond certificates are to be issued and registered in the name of a nominee of DTC, which acts as securities depository for the Bonds. Ownership of the Bonds by the purchasers is shown in the records of brokers and other organizations participating in the DTC book-entry system (**DTC Participants**). All transfers of ownership in the Bonds must be made, directly or indirectly, through DTC Participants.

*Payment*

The State will make all payments of principal of, interest on, and any redemption premium on the Bonds to DTC. Owners of the Bonds will receive payments through the DTC Participants.

*Notices and Voting Rights*

The State will provide notices and other communications about the Bonds to DTC. Owners of the Bonds will receive any notices or communications through the DTC Participants. In any situation involving voting rights, DTC will not vote but will rather give a proxy through the DTC Participants.

*Redemption*

If less than all of the Bonds of a given maturity are being redeemed, DTC's practice is to determine by lottery the amount of the Bonds to be redeemed from each DTC Participant.

*Discontinued Service*

In the event that participation in DTC's book-entry system were to be discontinued and a successor securities depository were not obtained, Bond certificates would be executed and delivered to DTC Participants.

*Further Information*

Further information concerning DTC and DTC's book-entry system is available at [www.dtcc.com](http://www.dtcc.com). The State is not responsible for any information available on DTC's web site. That information may be subject to change without notice.

The State is not responsible for a failure by DTC or any DTC Participant to transfer payments or notices to the owners of the Bonds or to follow the procedures established by DTC for its book-entry system.

## OTHER INFORMATION

### Limitations on Issuance of General Obligations

All general obligations issued by the State fall within a debt limit set forth in the Wisconsin Constitution and Statutes. There is an annual limit of three-quarters of one percent, and a cumulative limit of five percent, of the aggregate value of all taxable property in the State. The annual limit is currently \$2,933,908,610, and the aggregate limit is currently \$19,559,390,735. A funding or refunding obligation does not count for purposes of the annual debt limit or the cumulative debt limit. Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the debt limitations. As of December 1, 2004, general obligations of the State were outstanding in the amount of \$4,876,460,340.

### Borrowing Plans for 2005

#### *General Obligations*

The Bonds are among the first series of general obligations to be issued in this calendar year. The Commission has also authorized the following general obligations that may be issued in calendar year 2005:

- Up to \$280 million of general obligations for various governmental purposes. The State sold \$131 million of these general obligations in the form of bonds on January 19, 2005 with delivery scheduled for the same date as delivery of the Bonds. The State expects the balance of these general obligations to be issued as bonds or extendible municipal commercial paper later in the first quarter of this calendar year.
- Up to \$130 million of additional general obligations to refund general obligations previously issued for various governmental purposes. The State may sell some or all of the additional refunding bonds, shortly after the sale of the Bonds, with delivery occurring in early calendar year 2006. The amount and timing of any issuance of additional refunding bonds depend on market conditions.
- Up to \$28 million of taxable general obligation bonds for the veterans housing loan program. The amount and timing of any issuance of taxable general obligation bonds depend on loan originations of the veterans housing loan program.
- Up to \$121 million of general obligation bonds to refund general obligation bonds previously issued for the veterans housing loan program. The amount and timing of any issuance of general obligation refunding bonds for this purpose depend on market conditions.
- Up to \$30 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program. The amount and timing of any issuance of additional general obligation subsidy bonds for this purpose depend on loan disbursements from the Clean Water Fund Program.

The Commission is also expected to authorize additional general obligations in the third or fourth quarter for general governmental purposes.

#### *Other Obligations*

The Commission has authorized up to \$215 million of transportation revenue obligations to pay the costs of financing transportation facilities and major highway projects. The State expects to issue these obligations in the second quarter of 2005. The Commission has authorized up to \$154 million of transportation revenue refunding bonds to refund previously issued

transportation revenue bonds. The amount and timing of any issuance of refunding bonds depend on market conditions.

On December 10, 2004 the State sold \$108 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. Delivery of these clean water revenue refunding bonds is expected to occur on January 25, 2005.

The Commission has authorized \$50 million of petroleum inspection fee revenue obligations to fund environmental remediation claims; the amount and timing of any issuance of additional petroleum inspection fee revenue obligations depend on funding of the claims. The Commission has also authorized up to \$30 million of petroleum inspection fee revenue refunding bonds. The amount and timing of any issuance of additional refunding bonds depend on market conditions.

The State has determined that operating notes will not be issued for the 2004-05 fiscal year.

### **Underwriting**

The Bonds are being purchased by the **Underwriters**, for which Bear, Stearns & Co. Inc. is acting as the representative. The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the State at an aggregate purchase price of \$466,633,579.21 (reflecting a net original issue premium of \$38,698,151.40 and underwriters' discount of \$2,304,572.19). The Underwriters have agreed to reoffer the Bonds at the public offering prices or yields set forth on the front cover of this Official Statement. The Bonds may be offered and sold to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions, and they will be obligated to purchase all the Bonds if any Bonds are purchased.

Certain legal matters will be passed upon for the Underwriters by their counsel, Gonzalez, Saggio & Harlan, L.L.P.

### **Reference Information About the Bonds**

The table below—as well as the table on the front cover—includes information about the Bonds and is provided for reference. The CUSIP number for each maturity has been obtained from sources the State believes to be reliable, but the State is not responsible for the correctness of the CUSIP numbers. The Underwriters have provided the reoffering yields and prices to allow the computation of yield for federal tax law compliance. For each of the Bonds maturing on or after May 1, 2016, the dollar price at issuance is computed to the lower of the first call date or the nominal maturity date.

**\$430,240,000**  
**State of Wisconsin**  
**General Obligation Refunding Bonds of 2005, Series 1**

**Dated Date: Date of Delivery**  
**First Interest Date: November 1, 2005**  
**Issuance Date: On or about February 10, 2005**

<b>CUSIP</b>	<b>Due (May 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield at Issuance</b>	<b>Price at Issuance</b>	<b>First Call Date</b>	<b>Call Price</b>
97705L FM4	2006	\$ 5,420,000	4.00%	2.19%	102.173%	Not Callable	-
97705L FN2	2007	390,000	3.00	2.40	101.290	Not Callable	-
97705L FP7	2008	400,000	3.00	2.60	101.227	Not Callable	-
97705L FQ5	2009	415,000	3.00	2.77	100.908	Not Callable	-
97705L FR3	2010	6,860,000	5.00	3.00	109.601	Not Callable	-
97705L FS1	2011	480,000	3.00	3.19	98.932	Not Callable	-
97705L FT9	2012	7,515,000	5.00	3.37	110.370	Not Callable	-
97705L FU6	2013	545,000	4.00	3.51	103.470	Not Callable	-
97705L FV4	2014	12,195,000	5.00	3.62	110.735	Not Callable	-
97705L FW2	2015	59,975,000	5.00	3.73	110.708	Not Callable	-
97705L FX0	2016	57,720,000	5.00	3.81	109.994 <sup>(a)</sup>	5/1/2015	100%
97705L FY8	2017	72,175,000	5.00	3.89	109.284 <sup>(a)</sup>	5/1/2015	100
97705L FZ5	2018	81,265,000	5.00	3.96	108.668 <sup>(a)</sup>	5/1/2015	100
97705L GA9	2019	39,730,000	5.00	4.01	108.231 <sup>(a)</sup>	5/1/2015	100
97705L GB7	2020	52,715,000	5.00	4.05	107.883 <sup>(a)</sup>	5/1/2015	100
97705L GC5	2021	32,440,000	5.00	4.09	107.536 <sup>(a)</sup>	5/1/2015	100

<sup>(a)</sup> Dollar price computed to the May 1, 2015 first call date.

### **Financial Advisor**

First Albany Capital Inc. has been employed by the State to perform professional services in the capacity of financial advisor. The financial advisor has provided advice on the plan of refunding and the structure of the Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and reviewed the pricing of the Bonds by the Underwriters.

### **Verification of Mathematical Computations**

The arithmetical accuracy of certain computations was independently verified by the Verification Agent. These computations, which were provided by the Underwriters, indicate (i) the sufficiency of the receipts from the Escrow Obligations, together with an initial cash deposit, to pay to and at early redemption the principal of and interest on the Refunded Bonds and (ii) the yield of the Escrow Fund is less than the yield on the Bonds. The Verification Agent relied upon assumptions and information supplied by the Underwriters on behalf of the State and has not made any study or examination of them, except as noted in its report. The Verification Agent has not expressed an opinion on the reasonableness of the assumptions or the likelihood that the debt service requirements of the Refunded Bonds will be paid as described in its report.

### **The MBIA Insurance Corporation Financial Guaranty Insurance Policy**

The following information has been furnished by MBIA for use in this Official Statement. Reference is made to **APPENDIX E** for a specimen of MBIA's policy.

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the State to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such

principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (**Preference**).

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence, or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

#### *MBIA*

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (**Company**). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States, and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore, and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments, and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control, and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than

with respect to (i) the accuracy of the information regarding the policy and MBIA set forth under the heading “OTHER MATTERS; The MBIA Insurance Corporation Financial Guaranty Insurance Policy” and (ii) the specimen policy included as **APPENDIX E**. Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The Financial Guaranty Insurance Policies are not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

#### *MBIA Information*

The following documents filed by the Company with the Securities and Exchange Commission (SEC) are incorporated herein by reference:

- The Company’s Annual Report on Form 10-K for the year ended December 31, 2003; and
- The Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly, and special reports, information statements, and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company’s Annual Report on Form 10-K for the year ended December 31, 2003, and (2) the Company’s Quarterly Report on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004, and September 30, 2004), are available (i) over the Internet at the SEC’s web site; (ii) at the SEC’s public reference room in Washington D.C.; (iii) over the Internet at the Company’s web site; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2003, MBIA had admitted assets of \$9.9 billion (audited), total liabilities of \$6.2 billion (audited), and total capital and surplus of \$3.7 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2004, MBIA had admitted assets of \$10.4 billion (unaudited), total liabilities of \$6.7 billion (unaudited), and total capital and surplus of \$3.7 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

#### *Financial Strength Ratings of MBIA*

- Moody’s Investors Service, Inc. rates the financial strength of MBIA “Aaa.”
- Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., also referred to as Standard & Poor’s Ratings Services, rates the financial strength of MBIA “AAA.”
- Fitch Ratings rates the financial strength of MBIA “AAA.”

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell, or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guarantee the market price of the Bonds, nor does it guarantee that the ratings on the Bonds will not be revised or withdrawn.

### **Legal Investment**

State law provides that the Bonds are legal investments for the following:

- Banks, trust companies, bankers, savings banks and institutions, building and loan associations, savings and loan associations, credit unions, investment companies, and other persons or entities carrying on a banking business.
- Personal representatives, guardians, trustees, and other fiduciaries.
- The State and all public officers, municipal corporations, political subdivisions, and public bodies.

### **Legal Opinions**

#### *Bond Opinion*

Legal matters relating to the authorization, issuance, and sale of the Bonds are subject to the approval of Foley & Lardner LLP (**Bond Counsel**). Bond Counsel will deliver an approving opinion when the Bonds are delivered, in substantially the form shown in **APPENDIX C**. If certificated Bonds are issued, then the opinion will be printed on the reverse side of each Bond.

#### *Attorney General*

As required by law, the office of the Attorney General will examine a certified copy of all proceedings leading to issuance of the Bonds. The Attorney General will deliver an opinion on the regularity and validity of the proceedings. If certificated Bonds are issued, then a certificate of the Attorney General will be printed on the reverse side of each Bond.

### **Tax Exemption**

#### *Federal Income Tax*

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes. Such interest also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. Moreover, the State must comply with all requirements of the Internal Revenue Code of 1986, as amended (**Code**), that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has promised to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Bonds to be included in gross income for federal income tax purposes, perhaps even starting from the date the Bonds were issued. Bond Counsel expresses no opinion about other federal tax consequences arising regarding the Bonds. The proceedings authorizing the Bonds do not provide for an increase in interest rates or a redemption of the Bonds in the event interest on the Bonds ceases to be excluded from gross income.

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond maturing on May 1, 2011 (**Discount Bond**), to the extent properly allocable to the owner of a Discount Bond, is excluded from gross income for federal income tax purposes to the same extent that any interest payable on such Discount Bond is or would be excluded from gross income for federal income tax purposes. The original issue discount is the excess of the stated redemption price at maturity of a Discount Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discount Bonds were sold (**Issue Price**).

Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound interest basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals:

- The Issue Price of the Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, *multiplied by*
- The yield to maturity of the Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of each accrual period), *less*
- Any interest payable on the Discount Bond during such accrual period.

The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in the Discount Bond. The adjusted tax basis in a Discount Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Discount Bond.

Owners of Discount Bonds who do not purchase their Discount Bonds in the initial offering at the Issue Price should consult their own tax advisors with respect to the tax consequences of owning Discount Bonds.

Owners of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds. It is possible that under the applicable provisions governing the determination of state and local taxes, accrued original issue discount on the Discount Bonds 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.

Each Bond maturing on May 1, 2006 through 2010 and May 1, 2012 through 2021 (**Premium Bond**) has an issue price that is greater than the amount payable at the maturity of the Bond.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium. During each taxable year, such an owner must reduce his or her tax basis in the Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the owner owned the Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of the Premium Bond.

Owners of Premium Bonds who do not purchase their Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning Premium Bonds.



The Code contains many provisions that could affect the economic value of the Bonds to particular Bond owners. For example:

- Section 265 of the Code denies a deduction for interest on any indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on the Bonds.
- Property and casualty insurance companies will be required in each taxable year to reduce the amount of their deductible losses by 15% of the amount of tax-exempt interest received or accrued during such taxable year, including interest on the Bonds, and life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest.
- Interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code.
- Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation is passive investment income.
- Section 86 of the Code requires certain recipients of social security and railroad retirement benefits to include a portion of those benefits in gross income by reason of receipt or accrual of interest on the Bonds.
- A portion of the original issue discount, if any, that accrues in each year to an owner of a Discount Bond may result in collateral federal income tax consequences similar to the consequences of receipt of interest on the Bonds and may result in tax liability in the year of accrual, even though the owner of the Discount Bond will not receive a corresponding cash payment until a later year.

This section does not present an exhaustive discussion of collateral tax consequences arising from ownership of the Bonds. There may be other federal tax law provisions that could adversely affect the value of an investment in the Bonds for particular owners of Bonds. Prospective investors should consult their own tax advisors about the tax consequences of owning a Bond.

#### *State of Wisconsin Income and Franchise Taxes*

Interest on the Bonds is subject to State of Wisconsin income and franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Bond.

## **CONTINUING DISCLOSURE**

The State has made an undertaking, for the benefit of the beneficial owners of the Bonds, to provide an annual report presenting certain financial information and operating data about the State (**Annual Reports**). By December 27 of each year, the State will send the report to each nationally recognized municipal securities information repository (**NRMSIR**) and to any appropriate state information depository (**SID**) for the State. The State will also provide notices of the occurrence of certain events specified in the undertaking to each NRMSIR, or the Municipal Securities Rulemaking Board (**MSRB**), and to any SID. At this time, there is no appropriate SID for the State. [Part I of the 2004 Annual Report, which contains information on the undertaking, is included by reference as part of this Official Statement.](#)

Copies of the Annual Reports and notices may be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)  
[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

The undertaking also describes the consequences if the State fails to provide any required information. The State must report the failure to the NRMSIRS, or the MSRB, and to any SID. In the last five years, the State has not failed to comply in any material respect with this or any similar undertaking.

Dated: January 20, 2005

## STATE OF WISCONSIN

/s/ JIM DOYLE

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Governor Jim Doyle, Chairperson  
State of Wisconsin Building Commission

/s/ MARC J. MAROTTA

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Marc J. Marotta, Secretary  
State of Wisconsin Department of Administration

/s/ ROBERT G. CRAMER

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Robert G. Cramer, Secretary  
State of Wisconsin Building Commission

## APPENDIX A

### INFORMATION ABOUT THE STATE

This appendix includes information concerning the State of Wisconsin (**State**). Parts **II** and **III** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 23, 2004 (**2004 Annual Report**) is included by reference as part of this APPENDIX A. This appendix also includes changes or additions to the information presented in Part II of the 2004 Annual Report.

[Part II to the 2004 Annual Report](#) contains general information about the State. More specifically, that part presents information on the following matters:

- State's operations and financial procedures
- State's accounting and financial reporting
- Organization of, and services provided by, the State
- Results of fiscal year 2003-04
- State budget
- Obligations of the State
- State Investment Board
- Statistical information about the State's population, income, and employment

Included as [APPENDIX A to Part II of the 2004 Annual Report](#) are the audited general purpose external financial statements for the fiscal year ending June 30, 2004, prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Government Accounting Standards Board, and the State Auditors' report.

[Part III to the 2004 Annual Report](#) contains information concerning general obligations issued by the State. That part discusses the security provisions for general obligation debt (including the flow of funds to pay debt service on general obligations) and presents data about the State's outstanding general obligation debt and the portion of that general obligation debt that is revenue-supported general obligation debt.

The 2004 Annual Report has been filed with each nationally recognized municipal securities information repository (NRMSIR). As of the date of this Official Statement, Parts **II** and **III** of the 2004 Annual Report is available from the part of the Capital Finance Office web site called "Official Disclosure for Bonds, Notes, and Other Securities Issued by the State of Wisconsin". The Capital Finance Office web site is located at the following address:

[www.doa.wi.gov/capitalfinance](http://www.doa.wi.gov/capitalfinance)

Copies of the 2004 Annual Report may also be obtained from:

State of Wisconsin Capital Finance Office  
Department of Administration  
101 East Wilson Street, FLR 10  
P.O. Box 7864  
Madison, WI 53707-7864  
(608) 266-2305  
[capfin@doa.state.wi.us](mailto:capfin@doa.state.wi.us)

Listed below, by reference to particular sections of the 2004 Annual Report, are changes or additions to the discussion contained in those particular sections. Many of the following changes or additions have not been filed with the NRMSIRs. However, the State has filed, and expects to continue to file, certain informational notices with the NRMSIRs, some of which may be notices

that do not describe listed material events under the State's Master Agreement on Continuing Disclosure.

**State Budget; Budget for 2005-07 (Part II–Page 30).** Update with the following:

Governor Jim Doyle is expected to release his proposed budget for the 2005-07 biennium on February 8, 2005.

**General Fund Information; General Fund Cash Flow (Part II–Pages 41-49).** Update with the following:

The following provide updates to various tables containing General Fund information that are presented on either a cash basis or agency recorded basis. Unless noted, the following information is through December 31, 2004 and projections after that date reflect the General Fund tax revenue estimates that were provided by the Department of Revenue (DOR) on November 20, 2004. The following information does not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. In light of this decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with tribal governments regarding the one outstanding payment and the assumed payments due during the 2004-05 fiscal year.

The comparison of monthly General Fund information that is presented on a cash basis has many inherent problems. Unforeseen events or variations from underlying assumptions may cause a decrease or increase in receipts and disbursements from those projected for any specific month. As an example, the General Fund information through November 30, 2004 included some large variances from estimates for individual income tax receipts and federal revenues, which are expected to reverse, in part, in subsequent months. Furthermore, the following General Fund information through December 31, 2004 includes a large variance in the income maintenance category.

The State has determined that operating notes will not be issued for 2004-05 fiscal year. The following tables may show negative balances on a cash basis. Wisconsin Statutes provide certain administrative remedies, such as interfund borrowing, to deal with periods when the balance, on a cash basis, is negative. If the amount of interfund borrowing available to the General Fund is not sufficient, then the Secretary of Administration is authorized to prorate and defer certain payments.

The State is not prohibited from having a negative cash balance at the end of a fiscal year. This is different than budgetary requirements; the Wisconsin Constitution requires the Legislature to enact a balanced biennial budget.

**Table II-7; Actual and Projected General Fund Cash Flow (Part II–Page 44).** Update the table with the following:

**ACTUAL GENERAL FUND CASH FLOW; JULY 1, 2004 TO DECEMBER 31, 2004  
PROJECTED GENERAL FUND CASH FLOW; JANUARY 1, 2005 TO JUNE 30, 2005<sup>(a)</sup>**

	(In Thousands of Dollars)											
	July 2004	August 2004	September 2004	October 2004	November 2004	December 2004	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005
<b>BALANCES<sup>(b)</sup></b>												
<b>Beginning Balance</b>	(\$21,216)	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,250,945	\$1,468,236	\$520,789	\$890,353	\$1,124,262
<b>Ending Balance<sup>(c)</sup></b>	(\$431,440)	\$209,127	\$536,311	\$875,711	\$912,695	\$205,179	\$1,250,945	\$1,468,236	\$520,789	\$890,353	\$1,124,262	\$366,663
<b>Lowest Daily Balance<sup>(c)</sup></b>	(\$431,440)	(\$436,769)	\$53,578	\$403,787	\$383,199	(\$351,824)	\$205,179	\$908,447	\$433,944	\$244,135	\$629,860	\$108,095
<b>RECEIPTS</b>												
<b>TAX RECEIPTS</b>												
Individual Income	\$533,817	\$540,819	\$571,670	\$464,819	\$526,873	\$430,598	\$912,400	\$476,700	\$417,200	\$941,900	\$408,900	\$625,600
Sales & Use	380,702	389,894	384,632	378,842	371,408	334,261	427,100	333,600	301,200	339,600	361,000	370,600
Corporate Income	30,839	16,739	144,521	34,036	36,179	161,303	29,100	15,200	202,100	31,600	20,700	144,400
Public Utility	0	38	179	3,948	131,313	497	0	3,500	200	4,900	112,200	1,600
Excise	29,945	32,206	32,708	31,917	29,395	30,788	28,800	30,500	25,600	28,100	31,500	31,000
Insurance	295	2,305	27,417	229	1,496	58,508	2,300	15,100	24,100	30,400	4,900	29,200
Inheritance	8,654	7,954	14,003	10,329	9,156	5,230	10,700	7,200	8,100	13,400	8,300	7,400
<b>Subtotal Tax Receipts</b>	<b>\$984,252</b>	<b>\$989,955</b>	<b>\$1,175,130</b>	<b>\$924,120</b>	<b>\$1,105,820</b>	<b>\$1,021,185</b>	<b>\$1,410,400</b>	<b>\$881,800</b>	<b>\$978,500</b>	<b>\$1,389,900</b>	<b>\$947,500</b>	<b>\$1,209,800</b>
<b>NON-TAX RECEIPTS</b>												
Federal	\$344,173	\$535,363	\$537,338	\$462,100	\$546,148	\$456,585	\$588,900	\$510,700	\$461,600	\$518,200	\$504,900	\$536,400
Other & Transfers <sup>(d)</sup>	196,901	339,783	411,016	330,993	241,754	155,269	416,250	418,050	348,750	350,750	330,150	503,850
Note Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal Non-Tax Receipts</b>	<b>\$541,074</b>	<b>\$875,146</b>	<b>\$948,354</b>	<b>\$793,093</b>	<b>\$787,902</b>	<b>\$611,854</b>	<b>\$1,005,150</b>	<b>\$928,750</b>	<b>\$810,350</b>	<b>\$868,950</b>	<b>\$835,050</b>	<b>\$1,040,250</b>
<b>TOTAL RECEIPTS</b>	<b>\$1,525,326</b>	<b>\$1,865,101</b>	<b>\$2,123,484</b>	<b>\$1,717,213</b>	<b>\$1,893,722</b>	<b>\$1,633,039</b>	<b>\$2,415,550</b>	<b>\$1,810,550</b>	<b>\$1,788,850</b>	<b>\$2,258,850</b>	<b>\$1,782,550</b>	<b>\$2,250,050</b>
<b>DISBURSEMENTS</b>												
Local Aids <sup>(e)(f)</sup>	\$835,926	\$170,248	\$670,948	\$115,497	\$774,303	\$1,163,305	\$227,374	\$232,359	\$1,193,196	\$122,127	\$248,992	\$1,817,211
Income Maintenance	383,180	416,654	427,137	405,086	419,216	390,891	344,776	414,316	471,345	434,538	408,025	388,860
Payroll and Related	390,998	244,728	314,918	378,189	319,992	326,967	359,826	325,251	369,525	470,929	255,539	313,235
Tax Refunds	49,162	55,304	51,246	50,655	64,252	127,443	62,810	350,703	352,497	315,206	235,992	209,511
Debt Service	0	687	0	118,493	1,108	0	0	3,621	0	266,649	39,575	0
Miscellaneous	276,284	336,913	332,051	309,893	277,867	331,949	374,998	267,009	349,734	279,837	360,518	278,832
Note Repayment	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL DISBURSEMENTS</b>	<b>\$1,935,550</b>	<b>\$1,224,534</b>	<b>\$1,796,300</b>	<b>\$1,377,813</b>	<b>\$1,856,738</b>	<b>\$2,340,555</b>	<b>\$1,369,784</b>	<b>\$1,593,259</b>	<b>\$2,736,297</b>	<b>\$1,889,286</b>	<b>\$1,548,641</b>	<b>\$3,007,649</b>

(a) Projections reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. Prior to this release, the estimates reflected the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection estimates provided by LFB on February 10, 2004. While the estimates from DOR and LFB are presented on a budgetary basis, the estimates herein are presented on a cash basis and not a budgetary basis. The following information does not reflect the Wisconsin Supreme Court's decision concerning amendments to gaming compacts. In light of the decision, it was uncertain whether or to what extent the tribal governments would make the payments due under the amended gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. It remains uncertain whether or to what extent the tribal governments will make the payments prior to June 30, 2005, and discussions continue with tribal governments regarding the one outstanding payment and the payments due on or after June 30, 2005. Projections do not include interfund borrowings.

(b) The General Fund cash balances presented in this schedule are not based on Generally Accepted Accounting Principles (GAAP). The General Fund includes funds designated for operations and capital purposes of certain proprietary programs of the State's Universities. Receipts and disbursements of such funds for the designated programs and the disbursement of such funds for other purposes are reflected in the cash flow. A use of the designated funds for purposes other than the proprietary programs is, in effect, a borrowing of such funds. Therefore, at any time that the balance in the General Fund is less than the balance of such designated funds, the State is obligated to replenish the designated funds to the extent of the shortfall. These designated funds are expected to range from \$150 to \$300 million during the 2004-05 fiscal year. In addition, the General Fund is the depository for several escrow accounts pursuant to court orders or federal rulings. These funds are expected to average approximately \$50 million during the 2004-05 fiscal year.

(c) The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately \$589 million for the 2004-05 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately \$354 million for the 2004-05 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

(d) Includes \$75 million to be transferred from the Transportation Fund to the General Fund in June 2005.

(e) \$190 million of the November 2004 shared revenue payments were made from Segregated Funds and are not included in these Local Aid disbursement totals.

(f) \$60 million of the September 2004 equalization payments were made from the Transportation Fund and are not included in these Local Aid disbursement totals.

**Table II-8; General Fund Cash Receipts and Disbursements Year To Date; Compared to Estimates and Previous Fiscal Year. (Page 45).** Update the table with the following:

<b>2004-05 FISCAL YEAR</b>							
<b>GENERAL FUND CASH RECEIPTS AND DISBURSEMENTS YEAR-TO-DATE</b>							
<b>COMPARED TO ESTIMATES AND PREVIOUS FISCAL YEAR<sup>(a)</sup></b>							
<b>(Cash Basis)</b>							
<b>As of December 31, 2004</b>							
<b>(Amounts in Thousands)</b>							
	<b>FY04 through December 2003</b>		<b>FY05 through December 2004</b>				
	<u>Actual</u>		<u>Actual</u>	<u>Estimate<sup>(b)</sup></u>	<u>Variance</u>	<u>Adjusted Variance<sup>(c)</sup></u>	<u>Difference FY04 Actual to FY05 Actual</u>
<b>RECEIPTS</b>							
<b>Tax Receipts</b>							
Individual Income	\$ 2,846,958		\$ 3,068,596	\$ 3,072,300	\$ (3,704)	\$ (3,704)	\$ 221,638
Sales	2,153,789		2,239,739	2,242,900	(3,161)	(3,161)	85,950
Corporate Income	375,295		423,617	398,100	25,517	25,517	48,322
Public Utility	135,374		135,975	148,400	(12,425)	(12,425)	601
Excise	191,139		186,959	188,600	(1,641)	(1,641)	(4,180)
Insurance	57,815		90,250	59,000	31,250	31,250	32,435
Inheritance	45,901		55,326	48,500	6,826	6,826	9,425
<b>Total Tax Receipts</b>	<b>\$ 5,806,271</b>		<b>\$ 6,200,462</b>	<b>\$ 6,157,800</b>	<b>\$ 42,662</b>	<b>\$ 42,662</b>	<b>\$ 394,191</b>
<b>Non-Tax Receipts</b>							
Federal	\$ 3,013,843		\$ 2,881,707	\$ 2,901,000	\$ (19,293)	\$ (19,293)	\$ (132,136)
Other and Transfers	2,382,525		1,675,716	1,609,200	66,516	66,516	(706,809)
Note Proceeds	400,000		-	-	-	-	(400,000) <sup>(d)</sup>
<b>Total Non-Tax Receipts</b>	<b>\$ 5,796,368</b>		<b>\$ 4,557,423</b>	<b>\$ 4,510,200</b>	<b>\$ 47,223</b>	<b>\$ 47,223</b>	<b>\$ (1,238,945)</b>
<b>TOTAL RECEIPTS</b>	<b>\$ 11,602,639</b>		<b>\$ 10,757,885</b>	<b>\$ 10,668,000</b>	<b>\$ 89,885</b>	<b>\$ 89,885</b>	<b>\$ (844,754)</b>
<b>DISBURSEMENTS</b>							
Local Aids	\$ 3,874,267		\$ 3,730,227	\$ 3,765,403	\$ 35,176	\$ 35,176	\$ (144,040)
Income Maintenance	2,207,228		2,453,009	2,701,970	248,961	248,961	245,781
Payroll & Related	1,875,939		1,975,792	2,011,487	35,695	35,695	99,853
Tax Refunds	405,304		398,062	457,493	59,431	59,431	(7,242)
Debt Service	120,171		120,288	146,878	26,590	26,590	117
Miscellaneous	1,804,848		1,854,112	1,700,846	(153,266)	(153,266)	49,264
Note Repayment	-		-	-	-	-	-
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 10,287,757</b>		<b>\$ 10,531,490</b>	<b>\$ 10,784,077</b>	<b>\$ 252,587</b>	<b>\$ 252,587</b>	<b>\$ 243,733</b>
<b>VARIANCE FY05 YEAR-TO-DATE</b>					<b>\$ 342,472</b>	<b>\$ 342,472</b>	

- (a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments. In addition, comparison of monthly General Fund financial information has many inherent problems. Unforeseen events (including even a change in weather conditions) or variations from underlying assumptions may cause a decrease in receipts or an increase in disbursements from those projected for a given month.
- (b) Estimates reflect the revised General Fund revenue estimates that were released by DOR on November 20, 2004. Prior to this release, the estimates reflected the re-estimates of departmental revenues and expenditures provided by LFB on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. While the information from DOR and LFB is presented on a budgetary basis, the estimates are presented on a cash basis and not a budgetary basis. The estimates do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments due during and after the 2004-05 fiscal year.
- (c) Changes are sometimes made after the beginning of the fiscal year to the projected revenues and disbursements. Depending on when these changes occur, there are situations in which prior estimates can not be changed and results in large variances. This column includes adjustments to the variances to more accurately reflect the variance between the estimated and actual amounts.
- (d) Operating notes were issued on September 18, 2003 for the 2003-04 fiscal year, but the State has determined that operating notes will not be issued for the 2004-05 fiscal year.

**Table II-9; General Fund Monthly Position (Page 46).** Update the table with the following:

**GENERAL FUND MONTHLY CASH POSITION<sup>(a)</sup>**  
**July 1, 2002 through December 31, 2004 — Actual**  
**January 1, 2005 through June 30, 2005 — Estimated<sup>(b)</sup>**  
 (Amounts in Thousands)

	<u>Starting Date</u>	<u>Starting Balance</u>	<u>Receipts<sup>(c)</sup></u>	<u>Disbursements<sup>(c)</sup></u>
2002	July.....	\$ (421,915) <sup>(d)</sup>	\$ 1,700,476	\$ 1,895,272
	August.....	(616,711) <sup>(d)</sup>	1,637,001	1,171,887
	September.....	(151,597) <sup>(d)</sup>	2,025,879	1,562,196
	October.....	312,086	1,606,014	1,280,382
	November.....	637,718	1,482,326	1,488,485
	December.....	631,559 <sup>(d)</sup>	1,706,488	2,178,341
2003	January.....	159,706	2,105,857	1,431,836
	February.....	833,727	1,721,792	1,615,352
	March.....	940,167	1,652,274	2,383,386
	April.....	209,055 <sup>(d)</sup>	2,101,401	1,712,702
	May.....	597,754	1,485,340	1,566,243
	June.....	516,851 <sup>(d)</sup>	2,030,380	2,848,351
	July.....	(301,120) <sup>(d)</sup>	1,676,451	1,997,749
	August.....	(622,418) <sup>(d)</sup>	1,461,025	1,239,109
	September.....	(400,502) <sup>(d)</sup>	2,623,535	1,804,526
	October.....	418,507	1,829,971	1,340,667
	November.....	907,811	1,583,977	1,627,906
	December.....	863,882 <sup>(d)</sup>	2,427,680	2,277,800
2004	January.....	1,013,762	2,142,215	1,964,574
	February.....	1,191,403	1,668,211	1,820,788
	March.....	1,038,826 <sup>(d)</sup>	1,929,719	2,982,788
	April.....	(14,243) <sup>(d)</sup>	2,105,306	1,538,546
	May.....	552,517	1,624,996	1,418,939
	June.....	758,574 <sup>(d)</sup>	2,286,899	3,066,689
	July.....	(21,216) <sup>(d)</sup>	1,525,326	1,935,550
	August.....	(431,440) <sup>(d)</sup>	1,865,101	1,224,534
	September.....	209,127	2,123,484	1,796,300
	October.....	536,311	1,717,213	1,377,813
	November.....	875,711	1,893,722	1,856,738
	December.....	912,695 <sup>(d)</sup>	1,633,039	2,340,555
2005	January.....	205,179	2,415,550	1,369,784
	February.....	1,250,945	1,810,550	1,593,259
	March.....	1,468,236	1,788,850	2,736,297
	April.....	520,789	2,258,850	1,889,286
	May.....	890,353	1,782,550	1,548,641
	June.....	1,124,262	2,250,050	3,007,649

<sup>(a)</sup> The General Fund balances presented in this table are not based on Generally Accepted Accounting Principles (GAAP).

<sup>(b)</sup> The monthly receipt and disbursement projections for January 1, 2005 through June 30, 2005 are based on the General Fund tax revenue estimates provided by DOR on November 20, 2004. The estimates do not reflect the Wisconsin Supreme Court's decision in May 2004 concerning amendments to gaming compacts. Subsequent to the decision, the State received the payments expected to be received by June 30, 2004 from all but one of the tribal governments; the amount that was not received is \$30 million. Discussions continue with the tribal governments regarding the one outstanding payment and the assumed payments due during and after the 2004-05 fiscal year.

<sup>(c)</sup> The amounts shown in September 2003 include receipts from the issuance of operating notes, and amounts shown in February through May 2004 include disbursements for impoundment payments required in connection with the issuance of operating notes. No operating notes were issued for the 2002-03 fiscal year, and the State has determined that no operating notes will be issued for the 2004-05 fiscal year.

<sup>(d)</sup> The Statutes provide certain administrative remedies to deal with periods when the General Fund is in a negative cash position. The Secretary of Administration may temporarily reallocate cash in other funds (up to 5% of the general-purpose revenue appropriations then in effect) to the General Fund. This amount is approximately \$589 million for the 2004-05 fiscal year. In addition, the Secretary of Administration may also temporarily reallocate an additional amount up to 3% of the general-purpose revenue appropriations then in effect (approximately \$354 million for the 2004-05 fiscal year) for a period of up to 30 days. If the amount of interfund borrowing available to the General Fund is not sufficient, the Secretary of Administration is authorized to prorate and defer certain payments.

**Source: Wisconsin Department of Administration.**

**Table II-10; Balances in Funds Available for Interfund Borrowing (Page 47).** Update the table with the following:

**BALANCES IN FUNDS AVAILABLE FOR INTERFUND BORROWING<sup>(a)</sup>**  
**July 31, 2002 to December 31, 2004 — Actual**  
**January 31, 2005 to June 30, 2005— Estimated<sup>(b)</sup>**  
**(Amounts in Millions)**

The following two tables show, on a monthly basis, the cash balances available for interfund borrowing. The first table does not include balances in the Local Government Investment Pool (LGIP). While the LGIP is available for interfund borrowing, funds in the LGIP are deposited and withdrawn by local units of government, and thus are outside the control of the State.

**(Does Not Include Balances in the Local Government Investment Pool)**

<u>Month (Last Day)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
January .....		\$ 1,100	\$ 1,027	\$ 1,018 <sup>(b)</sup>
February .....		1,138	1,126	1,105
March .....		1,203	1,179	1,107
April .....		1,133	1,157	997
May .....		1,187	1,163	1,061
June .....		1,279	1,054	1,117
July .....	\$ 1,033	1,140	908	
August .....	1,049	1,242	1,003	
September .....	1,055	1,226	997	
October .....	1,032	1,187	954	
November .....	1,105	1,078	827	
December .....	1,131	1,130	892	

The second table includes the balances in the LGIP. The average daily balances in the LGIP for the past five years have ranged from a low of \$2.216 billion during November 2002 to a high of \$4.521 billion during March 2002.

**(Includes Balances in the Local Government Investment Pool)**

<u>Month (Last Day)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
January .....		\$ 5,025	\$ 4,673	\$ 5,360 <sup>(b)</sup>
February .....		5,235	4,852	5,463
March .....		5,438	5,197	5,628
April .....		5,113	4,707	5,135
May .....		4,674	4,417	4,158
June .....		4,835	4,274	4,329
July .....	\$ 5,401	5,135	4,268	
August .....	4,785	4,580	3,904	
September .....	4,898	4,378	3,726	
October .....	4,328	3,922	3,233	
November .....	4,242	3,797	3,059	
December .....	4,737	4,090	3,392	

<sup>(a)</sup> The following funds are available for interfund borrowing. The amounts shown reflect a reduction in the aggregate cash balances available to the extent any fund listed below has a negative balance and is subject to interfund borrowing.

Transportation	Common School	Conservation (Partial)
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
Environmental Improvement Fund	Uninsured Employers	Environmental
Local Government Property Insurance	University Trust Principal	Patients Compensation
Veterans Mortgage Loan Repayment	Mediation	State Building Trust
Medical Assistance		Agricultural College
Normal School		Wisconsin Health Education Loan Repayment
University		Waste Management
Groundwater		Work Injury Supplemental Benefit
Health Insurance Risk Sharing Plan		Recycling
Petroleum Storage Environmental Cleanup		Unemployment Compensation Interest Repayment

<sup>(b)</sup> The balances for January 31, 2005 and subsequent months are estimates.



**Table II-11; General Fund Recorded Revenues (Page 48).** Update the table with the following:

**General Fund Recorded Revenues**  
**(Agency Recorded Basis)**  
**July 1, 2004 to December 31, 2004 compared with previous year <sup>(a)</sup>**

	Annual Fiscal Report Revenues <u>2003-04 FY<sup>(b)</sup></u>	Projected Revenues <u>2004-05 FY<sup>(c)</sup></u>	Recorded Revenues July 1, 2003 to <u>December 31, 2003<sup>(d)</sup></u>	Recorded Revenues July 1, 2004 to <u>December 31, 2004<sup>(e)</sup></u>
Individual Income Tax .....	\$ 5,277,119,000	\$ 5,557,000,000	\$ 2,295,597,178	\$ 2,469,253,571
General Sales and Use Tax .....	3,899,264,000	4,095,000,000	1,641,600,639	1,682,972,127
Corporate Franchise and Income Tax .....	650,526,000	627,000,000	296,449,201	353,544,481
Public Utility Taxes .....	269,801,000	271,000,000	130,835,382	129,541,082
Excise Taxes .....	355,495,000	351,800,000	151,819,713	155,379,634
Inheritance Taxes .....	86,357,000	90,000,000	44,070,742	54,694,366
Insurance Company Taxes .....	123,621,000	120,000,000	28,365,947	30,370,022
Miscellaneous Taxes .....	97,331,000	78,000,000	41,178,040	41,832,495
SUBTOTAL.....	<u>\$ 10,759,514,000</u>	<u>\$ 11,189,800,000</u>	<u>\$ 4,629,916,842</u>	<u>\$ 4,917,587,778</u>
Federal and Other Inter- Governmental Revenues <sup>(f)</sup> .....	\$ 6,617,596,000	\$ 5,509,000,000	\$ 2,996,708,355	\$ 2,892,204,593
Dedicated and Other Revenues <sup>(g)</sup> .....	<u>4,663,830,000</u>	<u>3,943,000,000</u>	<u>3,436,899,754</u>	<u>1,863,281,443</u>
TOTAL.....	<u><u>\$ 22,040,940,000</u></u>	<u><u>\$ 20,641,800,000</u></u>	<u><u>\$ 11,063,524,951</u></u>	<u><u>\$ 9,673,073,814</u></u>

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for the 2003-04 fiscal year, dated October 15, 2004.

(c) The projected revenues are based on the re-estimates of departmental revenues that LFB released on January 15, 2004 and the General Fund tax collection projections provided by LFB on February 10, 2004. Projections do not reflect the revised General Fund tax revenue estimates provided by DOR on November 20, 2004.

(d) The amounts shown are fiscal year 2003-04 revenues as recorded by state agencies.

(e) The amounts shown are fiscal year 2004-05 revenues as recorded by state agencies.

(f) This category includes intergovernmental transfers. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

(g) Certain transfers between General Fund appropriations are recorded as both revenues and expenditures of the General Fund. The amount of these transfers may vary greatly between fiscal years, and therefore, this category may not be comparable on a historical basis.

**Source: Wisconsin Department of Administration.**

**Table II-12; General Fund Recorded Expenditures By Function (Page 49).** Update the table with the following:

**General Fund Recorded Expenditures By Function  
(Agency Recorded Basis)  
July 1, 2004 to December 31, 2004 compared with previous year<sup>(a)</sup>**

	Annual Fiscal Report Expenditures <u>2003-04 FY<sup>(b)</sup></u>	Appropriations <u>2004-05 FY<sup>(c)</sup></u>	Recorded Expenditures July 1, 2003 to <u>December 31, 2003<sup>(d)</sup></u>	Recorded Expenditures July 1, 2004 to <u>December 31, 2004<sup>(e)</sup></u>
Commerce.....	\$ 310,494,000	\$ 274,448,400	\$ 137,088,382	\$ 118,940,931
Education.....	9,338,633,000	9,381,679,500	4,070,937,053	4,177,114,011
Environmental Resources.....	182,335,000	252,105,900	93,282,374	88,341,604
Human Relations & Resources .....	7,936,185,000	8,435,726,300	3,937,446,510	4,241,398,336
General Executive.....	2,104,690,000	636,573,200	1,079,239,010	306,600,154
Judicial.....	110,882,000	110,988,200	64,035,482	64,580,950
Legislative.....	59,302,000	62,479,800	25,469,595	24,648,339
General Appropriations.....	<u>1,673,811,000</u>	<u>1,656,183,700</u>	<u>1,608,351,481</u>	<u>1,331,696,502</u>
TOTAL.....	<u>\$ 21,716,332,000</u>	<u>\$ 20,810,185,000</u>	<u>\$ 11,015,849,888</u>	<u>\$ 10,353,320,826</u>

(a) None of the data presented here has been subjected to customary fiscal period closing procedures or other procedures used in the preparation of a financial statement, including verification, reconciliation, and identified adjustments.

(b) The amounts are from the Annual Fiscal Report (budgetary basis) for FY04, dated October 15, 2004.

(c) Estimated appropriations based on the 2003-05 biennial budget bill (2003 Wisconsin Act 33), all budget acts from the 2003 legislative session, and the re-estimates of expenditures that LFB released on January 15, 2004.

(d) The amounts shown are fiscal year 2003-04 expenditures as recorded by state agencies.

(e) The amounts shown are fiscal year 2004-05 expenditures as recorded by state agencies.

**Source: Wisconsin Department of Administration.**

# Appendix B

## State of Wisconsin General Obligation Issuance Status Report December 1, 2004

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>G.O. Refunding Bonds of 2005, Series 1<sup>(c)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
University of Wisconsin; academic facilities.....	\$ 1,107,898,000	\$ 958,992,229	\$ 12,046,136		\$ 136,859,635
University of Wisconsin; self-amortizing facilities.....	992,385,200	629,032,621	1,643,606		361,708,973
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	182,433,000	13,392		389,553,608
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	637,743,200	442,334,053			195,409,147
Safe drinking water loan program.....	26,210,000	25,506,520			703,480
Natural resources; nonpoint source grants.....	85,310,400	64,130,658	132,570		21,047,172
Natural resources; nonpoint source compliance.....	2,000,000	2,000,000			
Natural resources; environmental repair.....	48,000,000	38,346,900	161,017		9,492,083
Natural resources; urban nonpoint source cost-sharing.....	22,400,000	10,598,850			11,801,150
Natural resources; environmental segregated fund supported administrative facilities.....	6,770,400	2,867,750			3,902,650
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	5,993,000			607,000
Natural resources; pollution abatement and sewage collection facilities, ORAP funding.....	145,060,325	145,010,325	50,000		
Natural resources; pollution abatement and sewage collection facilities.....	893,493,400	874,674,068	18,513,076		306,256
Natural resources; pollution abatement and sewage collection facilities; combined sewer overflow.....	200,600,000	194,312,599	6,287,401		
Natural resources; recreation projects.....	56,055,000	56,053,994	1,006		
Natural resources; local parks land acquisition and development.....	2,490,000	2,447,741	42,259		
Natural resources; recreation development.....	23,061,500	22,871,110	141,227		49,163
Natural resources; land acquisition.....	45,608,600	45,116,930	491,671		

**GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED**  
**December 1, 2004**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Interest Earnings<sup>(a)</sup></u>	<u>G.O. Refunding Bonds of 2005, Series 1<sup>(c)</sup></u>	<u>Total Authorized Unissued Debt<sup>(c)</sup></u>
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174		37,032
Natural resources; segregated revenue supported facilities.....	45,296,900	23,647,802	45,287		21,603,811
Natural resources; general fund supported administrative facilities.....	10,882,400	10,470,126	21,432		390,842
Natural resources; ice age trail.....	750,000	750,000			
Natural resources; dam safety projects.....	5,500,000	5,400,148	49,701		50,151
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	224,675,820	1,293,404		5,030,776
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800			
Transportation; rail passenger route development...	50,000,000	1,432,921			48,567,079
Transportation; accelerated highway improvements.....	185,000,000	185,000,000			
Transportation; connecting highway improvements.....	15,000,000	15,000,000			
Transportation; federally aided highway facilities.....	10,000,000	10,000,000			
Transportation; highway projects.....	41,000,000	41,000,000			
Transportation; major highway and rehabilitation projects.....	565,480,400	454,837,720			110,642,680
Transportation; harbor improvements.....	28,000,000	19,748,190	232,605		8,019,205
Transportation; rail acquisitions and improvements.....	32,500,000	26,764,625	16		5,735,359
Transportation; local roads for job preservation, state funds.....	2,000,000	1,958,357			41,643
Corrections; correctional facilities.....	793,787,700	766,702,362	11,467,003		15,618,335
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99		5,221,463
Corrections; juvenile correctional facilities.....	27,726,500	25,448,556	102,026		2,175,918
Health and family services; mental health and secure treatment facilities.....	129,057,200	121,005,267	895,124		7,156,809

**GENERAL OBLIGATION ISSUANCE STATUS REPORT—CONTINUED**  
**December 1, 2004**

<b>Program Purpose</b>	<b>Legislative Authorization</b>	<b>General Obligations Issued to Date</b>	<b>Interest Earnings<sup>(a)</sup></b>	<b>G.O. Refunding Bonds of 2005, Series 1<sup>(c)</sup></b>	<b>Total Authorized Unissued Debt<sup>(c)</sup></b>
Agriculture; soil and water.....	20,575,000	10,808,000	1,248		9,765,752
Agriculture; conservation reserve enhancement...	40,000,000	8,153,000			31,847,000
Administration; Black Point Estate.....	1,600,000				1,600,000
Building commission; previous lease rental authority.....	143,071,600	143,068,654			2,946
Building commission; refunding corporation self-amortizing debt.....	870,000				870,000
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530 <sup>(b)</sup>			
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033 <sup>(b)</sup>			
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before June 30, 2005...	250,000,000	250,000,000			
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	1,000,000,000 <sup>(d)</sup>	440,000,000		430,240,000	129,760,000
Building commission; housing state departments and agencies.....	480,088,500	402,454,121	2,329,712		75,304,667
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	37,290,000	62,251		10,608,949
Building commission; capital equipment acquisition.....	117,042,900	102,754,191	729,518		13,559,191
Building commission; discount sale of debt.....	90,000,000	66,758,598			23,241,402
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 <sup>(b)</sup>			11,167
Building commission; other public purposes.....	1,495,901,000	1,139,984,244	6,188,961		349,727,795
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities....	10,000,000	10,000,000			
HR Academy, Inc.....	1,500,000	1,292,042			207,958
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	25,000,000				25,000,000
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818		
Swiss cultural center.....	1,000,000				1,000,000
Racine County; Discovery Place museum.....	1,000,000				1,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000			

**General Obligation Issuance Status Report—Continued**  
**December 1, 2004**

<b>Program Purpose</b>	<b>Legislative Authorization</b>	<b>General Obligations Issued to Date</b>	<b>Interest Earnings<sup>(a)</sup></b>	<b>G.O. Refunding Bonds of 2005, Series 1<sup>(c)</sup></b>	<b>Total Authorized Unissued Debt<sup>(c)</sup></b>
Administration; school educational technology infrastructure financial assistance.....	90,200,000	68,285,000	431,066		21,483,934
Administration; public library educational technology infrastructure financial assistance.....	300,000	268,918	41		31,041
Educational communications board; educational communications facilities.....	22,858,100	16,809,539	37,069		6,011,492
Historical society; self-amortizing facilities.....	3,173,600	1,029,156	3,896		2,140,547
Historical society; historic records.....	400,000				400,000
Historical society; historic sites.....	1,839,000	1,825,756			13,244
Historical society; museum facility.....	4,384,400	4,362,469			21,931
Historical society; Wisconsin history center.....	30,000,000				30,000,000
Public instruction; state school, state center and library facilities.....	7,367,700	7,330,612	32,508		4,579
Military affairs; armories and military facilities.....	24,393,800	20,662,527	192,632		3,538,641
Veterans affairs; veterans facilities.....	10,090,100	9,405,565	50,593		633,941
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	2,045,652,395	2,133,000		73,054,605
Veterans affairs; refunding bonds.....	840,000,000	721,169,245			118,830,755
Veterans affairs; self-amortizing facilities.....	34,412,600	4,277,500	501		30,134,599
State fair park board; board facilities.....	13,587,100	12,887,010			700,090
State fair park board; housing facilities.....	11,000,000	10,999,990	13		
State fair park board; self-amortizing facilities.....	56,787,100	51,991,800	22,328		4,772,972
Total.....	<u>\$16,627,837,488</u>	<u>\$13,804,016,927</u>	<u>\$66,333,629</u>	<u>\$430,240,000</u>	<u>\$2,327,247,037</u>

<sup>(a)</sup> Interest earnings reduce issuance authority by the same amount.

<sup>(b)</sup> Accrued interest on any obligation that is not paid during the fiscal year in which it accrues is treated as debt and taken into account for purposes of the statutory authority to issued debt.

<sup>(c)</sup> Does not reflect the General Obligation Bonds of 2005, Series A, which the State sold on January 19, 2005 and are expected to be delivered on February 10, 2005.

<sup>(d)</sup> 2005 Wisconsin Act 1, which Governor Doyle signed into law on January 13, 2005, increases the amount of legislative authorization for this purpose to \$1,000,000,000.

Source: Wisconsin Department of Administration.

## Appendix C

### EXPECTED FORM OF LEGAL OPINION

*Upon delivery of the Bonds, it is expected that Foley & Lardner LLP will deliver a legal opinion in substantially the following form:*

(Letterhead of Foley & Lardner LLP)

**\$430,240,000**

**STATE OF WISCONSIN**

**GENERAL OBLIGATION REFUNDING BONDS OF 2005, SERIES 1**

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$430,240,000 General Obligation Refunding Bonds of 2005, Series 1, dated the date hereof (**Bonds**). The Bonds are being issued pursuant to Chapters 18 and 20, Wisconsin Statutes and a resolution adopted by the State of Wisconsin Building Commission (**Commission**) on January 14, 2005 (**Resolution**).

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

Based upon this examination, it is our opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the State.
2. The Resolution has been duly adopted by the Commission and is a valid and binding obligation of the State enforceable upon the State as provided in the Resolution.
3. The full faith, credit, and taxing power of the State are irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Bonds as the Bonds mature and become due. There has been irrevocably appropriated, as a first charge upon all revenues of the State, a sum sufficient for such purpose.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes. It also is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers. For the purpose of computing the alternative minimum tax imposed on certain corporations, however, interest on the Bonds is taken into account in determining adjusted current earnings. The State must comply with all requirements of the Internal Revenue Code that must be satisfied after the Bonds are issued for interest on the Bonds to be, or continue to be, excluded from gross income for federal income tax purposes. The State has agreed to do so. A failure to comply may cause interest on the Bonds to be included in gross income for federal income tax purposes, in some cases retroactive to the date the Bonds were issued. This letter expresses no opinion about other federal tax law consequences regarding the Bonds.

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

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only the matters set forth as our opinion in the Official Statement). However, in serving as bond counsel, nothing has come to our attention that would lead us to believe that the Official Statement

(except for the financial statements and other financial or statistical data included therein, as to which we express no view), as of the date of delivery of the Bonds, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

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

Very truly yours,

FOLEY & LARDNER LLP



## Appendix D

### STATE OF WISCONSIN OUTSTANDING BONDS REFUNDED

Series	Dated Date	Principal Amount	Interest Rate	Maturity	CUSIP	Call Date	Call Price
1996 Series A	1/15/1996	\$ 9,245,000	5.00%	5/1/2016	977056 EB2	5/1/2006	100%
1997 Series B	7/15/1997	5,305,000	5.00	5/1/2015	977056 KL3	5/1/2008	100
		5,575,000	5.00	5/1/2016	977056 KM1	5/1/2008	100
		5,865,000	5.00	5/1/2017	977056 KN9	5/1/2008	100
		6,175,000	5.00	5/1/2018	977056 KP4	5/1/2008	100
1998 Series A	3/1/1998	6,435,000	4.50	5/1/2010	977056 NM8	5/1/2008	100
		7,020,000	4.60	5/1/2012	977056 NP1	5/1/2008	100
		7,690,000	4.75	5/1/2014	977056 NR7	5/1/2008	100
		8,060,000	4.75	5/1/2015	977056 NS5	5/1/2008	100
		8,450,000	4.80	5/1/2016	977056 NT3	5/1/2008	100
		8,865,000	5.00	5/1/2017	977056 NU0	5/1/2008	100
		9,305,000	5.00	5/1/2018	977056 NV8	5/1/2008	100
1998 Series D	9/1/1998	3,935,000	4.70	5/1/2014	977056 SG6	5/1/2009	100
		4,130,000	4.75	5/1/2015	977056 SH4	5/1/2009	100
		4,335,000	4.80	5/1/2016	977056 SJ0	5/1/2009	100
		4,555,000	4.80	5/1/2017	977056 SK7	5/1/2009	100
		4,785,000	4.85	5/1/2018	977056 SL5	5/1/2009	100
1999 Series A	2/1/1999	6,625,000	4.00	5/1/2005	977056 US7	n/a	
		6,880,000	4.00	5/1/2006	977056 UT5	n/a	
		7,660,000	4.75	5/1/2015	977056 VC1	5/1/2009	100
		8,025,000	4.75	5/1/2016	977056 VD9	5/1/2009	100
		8,410,000	4.75	5/1/2017	977056 VE7	5/1/2009	100
2000 Series C	7/15/2000	9,370,000	5.45	5/1/2018	977056 C40	5/1/2010	100
		9,890,000	5.50	5/1/2019	977056 C57	5/1/2010	100
		10,445,000	5.55	5/1/2020	977056 C65	5/1/2010	100
		11,030,000	5.55	5/1/2021	977056 C73	5/1/2010	100
2000 Series D	11/1/2000	21,270,000	5.30	5/1/2017	97705L DU8	5/1/2011	100
		20,170,000	5.30	5/1/2018	977056 D72	5/1/2011	100
		19,190,000	5.40	5/1/2019	977056 D80	5/1/2011	100
		18,660,000	5.40	5/1/2020	977056 D98	5/1/2011	100
		10,000,000	5.50	5/1/2021	977056 E22	5/1/2011	100
2001 Series B	4/1/2001	8,430,000	5.25	5/1/2015	977056 F21	5/1/2011	100
		8,835,000	5.00	5/1/2016	977056 F39	5/1/2011	100
		9,270,000	5.25	5/1/2017	977056 F47	5/1/2011	100
		9,730,000	5.25	5/1/2018	977056 F54	5/1/2011	100
		10,220,000	5.25	5/1/2019	977056 F62	5/1/2011	100
		11,285,000	5.20	5/1/2021	977056 F88	5/1/2011	100
2001 Series F	10/1/2001	50,000 <sup>(a)</sup>	5.00	5/1/2005	97705L DW4 <sup>(b)</sup>	n/a	
		2,885,000	5.00	5/1/2006	977056 N30	n/a	
		13,705,000	5.50	5/1/2015	977056 P46	5/1/2012	100
		15,795,000	5.25	5/1/2018	977056 P79	5/1/2012	100
		17,405,000	5.25	5/1/2020	977056 P95	5/1/2012	100
2002 Series A	3/1/2002	4,630,000	5.25	5/1/2015	977056 V23	5/1/2012	100
		4,860,000	5.25	5/1/2016	977056 V31	5/1/2012	100
		5,105,000	5.25	5/1/2017	977056 V49	5/1/2012	100
		5,360,000	5.25	5/1/2018	977056 V56	5/1/2012	100
		5,905,000	5.25	5/1/2020	977056 V72	5/1/2012	100
2002 Series C	6/1/2002	7,425,000	5.25	5/1/2015	977056 2B5	5/1/2012	100
		7,805,000	5.25	5/1/2016	977056 2C3	5/1/2012	100
		8,205,000	5.25	5/1/2017	977056 2D1	5/1/2012	100
		434,260,000					

<sup>(a)</sup> This amount represents the portion that is being escrowed to maturity of the principal amount of the 2001 Series F Bonds maturing May 1, 2005.

<sup>(b)</sup> Current CUSIP number.

## Appendix E

### SPECIMEN OF FINANCIAL GUARANTY INSURANCE POLICY

#### MBIA Insurance Corporation Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

\_\_\_\_\_  
President

Attest: \_\_\_\_\_

Assistant Secretary