

NOTICE OF BOND INSURANCE

**STATE OF WISCONSIN  
GENERAL OBLIGATION BONDS OF 2007, SERIES A  
Maturing May 1, 2016-2020, 2026, and 2027**

The Underwriter, as defined in the Official Statement, dated January 9, 2007, has made arrangements for a Municipal Bond Insurance Policy (**Policy**) to be issued, concurrently with the delivery of the State of Wisconsin General Obligation Bonds of 2007, Series A maturing on May 1 of the years 2016-2020, 2026, and 2027 (**Insured Bonds**), by Financial Security Assurance Inc. (**Financial Security**), guaranteeing when due the scheduled payment of and interest on the Insured Bonds.



This Notice includes certain information concerning Financial Security and the terms of the Policy relating to the Insured Bonds. Information with respect to Financial Security and the Policy has been supplied by Financial Security. No representation is made by the Underwriter as to the accuracy or adequacy of such information. The Policy does not constitute a part of the contract between the State of Wisconsin (**State**) and the owners of Insured Bonds. The Underwriter has the responsibility for paying the premium on, and complying with the conditions for the issuance of, the Policy, and the State has no responsibility with respect to such insurance in any way, including the maintenance and enforcement of the Policy or collection of a claim submitted under the Policy.

This Notice has been prepared by the Underwriter to provide certain information pertaining to Financial Security and has not been prepared or reviewed by the State, and the State makes no representation to the adequacy of the information contained herein. Each purchaser should consult the Official Statement, dated January 9, 2007, for information about the Insured Bonds.

The Underwriter has applied for, and upon issuance of the Policy there will be assigned to the Insured Bonds, the AAA rating from Fitch Ratings, the Aaa rating from Moody's Investors Service, Inc., and the AAA rating from Standard & Poor's Ratings Services.

January 9, 2007

Other than with respect to information concerning Financial Security contained in this Notice, none of the information in the Official Statement, dated January 9, 2007, has been supplied or verified by Financial Security, and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Insured Bonds, or (iii) the tax-exempt status of the interest on the Insured Bonds.

### **Bond Insurance Policy**

Concurrently with the issuance of the Insured Bonds, Financial Security will issue its Policy for the Insured Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included in this Notice.

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

### **Financial Security Assurance Inc.**

Financial Security is a New York domiciled insurance company and a wholly-owned subsidiary of Financial Security Assurance Holdings Ltd. (**Holdings**). Holdings is an indirect subsidiary of Dexia, S.A., a publicly-held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking, and asset management in France, Belgium, and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At September 30, 2006, Financial Security's total policyholders' surplus and contingency reserves were approximately \$2,581,107,000, and its total unearned premium reserve was approximately \$1,992,163,000, in accordance with statutory accounting practices. At September 30, 2006, Financial Security's total shareholders' equity was approximately \$3,058,987,000, and its total net unearned premium reserve was approximately \$1,590,538,000, in accordance with generally accepted accounting principles.

The consolidated financial statements of Financial Security included in, or as exhibits to, the annual and quarterly reports filed after December 31, 2005 by Holdings with the Securities and Exchange Commission are hereby incorporated by reference into this Notice. All financial statements of Financial Security included in, or as exhibits to, documents filed by Holdings pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 after the date of this Notice and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Notice. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc., 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Insured Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings, or other causes. Financial Security makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the State the information presented under this caption for inclusion in this Notice.

**OFFICIAL STATEMENT**

New Issue

*This Official Statement provides information about 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.*

**\$158,390,000**  
**STATE OF WISCONSIN**  
**GENERAL OBLIGATION BONDS OF 2007, SERIES A**

**Dated:** Date of Delivery

**Due:** May 1, as shown below

- Ratings** AA- Fitch Ratings  
Aa3 Moody's Investors Service, Inc.  
AA- Standard & Poor's Ratings Services.
- Tax Exemption** Interest on the Bonds is, for federal income tax purposes, excluded from gross income and not an item of tax preference. Interest on the Bonds is not excluded from current State of Wisconsin income and franchise taxes—*See pages 7-9.*
- Redemption** The Bonds are callable at par on May 1, 2015 or any date thereafter—*See page 2.*
- Security** General obligations of the State of Wisconsin—*See page 2.*
- Purpose** Proceeds from the Bonds are being used for various governmental purposes—*See page 3.*
- Interest Payment Dates** May 1 and November 1
- First Interest Payment Date** November 1, 2007
- Denominations** Multiples of \$5,000
- Closing/Settlement** On or about February 1, 2007
- Bond Counsel** Foley & Lardner LLP
- Registrar/Paying Agent** Secretary of Administration
- Issuer Contact** Wisconsin Capital Finance Office  
(608) 266-2305; [DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)
- Book-Entry System** The Depository Trust Company—*See pages 3-4.*
- 2006 Annual Report** This Official Statement incorporates by reference **Parts I, II, and III** of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2006.

The Bonds were sold at competitive sale on January 9, 2007. The interest rates payable by the State, which are shown below, resulted from the award of the Bonds.

CUSIP	Year (May 1)	Principal Amount	Interest Rate	First Optional Call Date (May 1)	Call Price
97705L MH7	2016	\$ 14,175,000	5.00%	2015	100%
97705L MJ3	2017	14,890,000	4.25	2015	100
97705L MK0	2018	9,385,000	4.25	2015	100
97705L ML8	2019	9,855,000	5.00	2015	100
97705L MM6	2020	10,345,000	4.25	2015	100
97705L MN4	2021	10,865,000	4.25	2015	100
97705L MP9	2022	11,405,000	4.30	2015	100
97705L MQ7	2023	11,980,000	4.35	2015	100
97705L MR5	2024	12,580,000	4.40	2015	100
97705L MS3	2025	13,205,000	4.40	2015	100
97705L MT1	2026	13,865,000	4.50	2015	100
97705L MU8	2027	25,840,000	4.50	2015	100

**Purchase Price: \$160,553,165.10**

January 9, 2007

Note: The State has been advised by the Underwriter that it has received from Financial Security Assurance Inc. (**Financial Security**) a Municipal Bond Insurance Commitment for the Bonds maturing on May 1, 2016-2020, 2026, and 2027. Further information about the Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriter and Financial Security.

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 Underwriter is not the author of this document. In accordance with its responsibilities under federal securities laws, the Underwriter is required to review the information in this document and must have a reasonable basis for its 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. The delivery of this document or any sale of the Bonds does not imply that there has been no change in the matters contained in this document since the date of this document. Material referred to in this document is not part of this document unless expressly included.

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# STATE OFFICIALS PARTICIPATING IN THE ISSUANCE AND SALE OF THE BONDS

## BUILDING COMMISSION MEMBERS

<b>Voting Members</b>	<b>Term of Office Expires</b>
Governor Jim Doyle, Chairperson	January 2, 2011
Senator Fred A. Risser, Vice-Chairperson	January 4, 2009
Senator Ted Kanavas	January 4, 2009
Senator Jeffrey Plale	January 1, 2011
Representative Dean Kaufert	January 4, 2009
Representative Phil Montgomery	January 4, 2009
Representative Jennifer Shilling	January 4, 2009
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

Mr. J.B. Van Hollen State Attorney General	January 2, 2011
Mr. Michael L. Morgan, 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  
Madison, WI 53707-7864  
Telefax (608) 266-7645

[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

Mr. Frank R. Hoadley  
Capital Finance Director  
(608) 266-2305

[frank.hoadley@wisconsin.gov](mailto:frank.hoadley@wisconsin.gov)

Mr. Lawrence K. Dallia  
Assistant Capital Finance Director  
(608) 267-7399  
[larry.dallia@wisconsin.gov](mailto:larry.dallia@wisconsin.gov)

Mr. David R. Erdman  
Capital Finance Officer  
(608) 267-0374  
[david.erdman@wisconsin.gov](mailto:david.erdman@wisconsin.gov)

## SUMMARY DESCRIPTION OF BONDS

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

Description:	State of Wisconsin General Obligation Bonds of 2007, Series A
Principal Amount:	\$158,390,000
Denominations:	Multiples of \$5,000
Date of Issue:	Date of delivery (on or about February 1, 2007)
Record Date:	April 15 and October 15
Interest Payments:	May 1 and November 1, beginning November 1, 2007
Maturities:	May 1, 2016-2027— <i>See front cover</i>
Redemption:	<i>Optional</i> —The Bonds are callable at par on May 1, 2015 or any date thereafter— <i>See page 2</i>
Form:	Book-entry-only— <i>See pages 3-4</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 DTC Participants as described herein.
Security:	The Bonds are general obligations of the State of Wisconsin. As of December 1, 2006, general obligations of the State were outstanding in the amount of \$5,697,308,689.
Bond Insurance:	The State has been advised by the Underwriter that it has received from Financial Security a Municipal Bond Insurance Commitment for the Bonds maturing on May 1, 2016-2020, 2026, and 2027. Further information about the Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriter and Financial Security.
Additional General Obligation Debt:	The State may issue additional general obligation debt. In particular, the Commission is scheduled to sell about \$299 million of general obligation refunding bonds on January 10, 2007— <i>See pages 4-5</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:	Acquisition, construction, development, extension, enlargement, or improvement of land, water, property, highways, buildings, equipment, or facilities for public purposes.
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, for federal income tax purposes, excluded from gross income and not an item of tax preference— <i>See pages 7-9</i> Interest on the Bonds is not excluded from current State of Wisconsin income and franchise taxes— <i>See page 8</i>
Legal Opinion:	Validity and tax opinion to be provided by Foley & Lardner LLP— <i>See page C-1</i>

**OFFICIAL STATEMENT**  
**\$158,390,000**  
**STATE OF WISCONSIN**  
**GENERAL OBLIGATION BONDS OF 2007, SERIES A**  
**INTRODUCTION**

This Official Statement provides information about the \$158,390,000 General Obligation Bonds of 2007, Series A (**Bonds**), which are being 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 22, 2006 (**2006 Annual Report**).

The Bonds are authorized under the Wisconsin Constitution and the Wisconsin Statutes, as well as an authorizing resolution that the State of Wisconsin Building Commission (**Commission**) adopted on November 15, 2006.

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 Parts II and III of the 2006 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:* DOACapitalFinanceOffice@wisconsin.gov  
*Web site:* www.doa.wi.gov/capitalfinance

**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 1, 2007) and will bear interest from that date payable on May 1 and November 1 of each year, beginning on November 1, 2007.

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 or its nominee. The Commission has appointed, as the securities depository for the Bonds, 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.

### **Redemption Provisions**

#### *Optional Redemption*

The Bonds may be redeemed on May 1, 2015 or any date thereafter, in whole or in part in multiples of \$5,000, at a redemption price equal to par (100% of the principal amount to be redeemed), 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, then 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, then 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 **Record Date**—which is the 15th day (whether or not a business day) of the calendar month before the interest payment date.

## Ratings

At the State’s request, several rating agencies have assigned a rating to the Bonds:

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

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.

## Application of Bond Proceeds

The Wisconsin Legislature has established the borrowing purposes and amounts for which public debt may be issued. **APPENDIX B** includes a summary of these purposes and the amounts both authorized and previously issued for each borrowing purpose. **APPENDIX B** also identifies the purposes and amounts for which the Bonds are being issued.

Bond proceeds will be deposited in the State’s Capital Improvement Fund. Bond proceeds will be spent as the State incurs costs for the various borrowing purposes; until spent, the money will be invested by the State of Wisconsin Investment Board.

## 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 \$3,517,373,999, and the aggregate limit is currently \$23,449,159,990. 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, 2006, general obligations of the State were outstanding in the amount of \$5,697,308,689.

### **Borrowing Plans for 2007**

#### *General Obligations*

This is 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 2007:

- Up to \$440 million of general obligation bonds to refund general obligation bonds previously issued for general governmental purposes. The State is scheduled to sell about \$299 million of general obligation refunding bonds on January 10, 2007. The amount

and timing of this sale and any additional issuance of general obligation refunding bonds depend on market conditions.

- Up to \$8 million of taxable general obligation bonds for veterans housing loans. The amount and timing of any issuance of general obligations depend on the expected originations of veterans housing loans.
- Up to \$20 million of general obligation subsidy bonds to be purchased by the Environmental Improvement Fund for the Clean Water Fund Program; these general obligation subsidy bonds are expected to be issued by February 1, 2007.

#### *Other Obligations*

The Commission has authorized up to \$149 million of transportation revenue obligations to fund projects in the transportation revenue obligation program. These transportation revenue obligations are expected to be issued in the first or second quarter of this calendar year in the form of bonds. The Commission has also authorized up to \$250 million of transportation revenue refunding bonds to refund previously issued transportation revenue bonds. The amount and timing of any issuance of transportation revenue refunding bonds depend on market conditions.

The Commission has authorized up to \$125 million of clean water revenue refunding bonds to refund previously issued clean water revenue bonds. The amount and timing of any issuance of clean water revenue refunding bonds depend on market conditions.

The Commission has authorized up to \$27 million of petroleum inspection fee revenue refunding bonds. The amount and timing of any issuance of petroleum inspection fee revenue refunding bonds depend on market conditions.

The State does not currently expect to issue operating notes for the 2006-07 fiscal year.

#### **Underwriting**

The Bonds were purchased through competitive bidding on January 9, 2007 by Citigroup Global Markets Inc. (**Underwriter**). The Underwriter paid \$160,553,165.10, and its bid resulted in a true interest cost rate to the State of 4.325236%.

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

Both the table on the following page and the **table on the front cover** include information about the Bonds and are 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 Underwriter has provided the reoffering yields and prices to allow the computation of yield for federal tax law compliance. For each of the Bonds subject to optional redemption, the dollar price at issuance is computed to the lower of the first optional call date or the nominal maturity date.

**\$158,390,000**  
**State of Wisconsin**  
**General Obligation Bonds of 2007, Series A**

**Dated Date: Date of Delivery**  
**First Interest Date: November 1, 2007**  
**Delivery/Settlement Date: On or about February 1, 2007**

CUSIP	Year (May 1)	Principal Amount	Interest Rate	Yield at Issuance	Price at Issuance	First Optional	
						Call Date (May 1)	Call Price
97705L MH7	2016	\$ 14,175,000	5.00%	3.82%	108.277%	(a) 2015	100%
97705L MJ3	2017	14,890,000	4.25	3.97	101.948	(a) 2015	100
97705L MK0	2018	9,385,000	4.25	4.08	101.175	(a) 2015	100
97705L ML8	2019	9,855,000	5.00	3.92	107.544	(a) 2015	100
97705L MM6	2020	10,345,000	4.25	4.19	100.409	(a) 2015	100
97705L MN4	2021	10,865,000	4.25	4.31	99.360	2015	100
97705L MP9	2022	11,405,000	4.30	4.34	99.551	2015	100
97705L MQ7	2023	11,980,000	4.35	4.38	99.647	2015	100
97705L MR5	2024	12,580,000	4.40	4.40	100.000	2015	100
97705L MS3	2025	13,205,000	4.40	4.42	99.745	2015	100
97705L MT1	2026	13,865,000	4.50	4.38	100.817	(a) 2015	100
97705L MU8	2027	25,840,000	4.50	4.36	100.955	(a) 2015	100

(a) These Bonds are priced to the May 1, 2015 first optional call date.

Note: The State has been advised by the Underwriter that it has received from Financial Security a Municipal Bond Insurance Commitment for the Bonds maturing on May 1, 2016-2020, 2026, and 2027. Further information about the Commitment and the Municipal Bond Insurance Policy may be obtained from the Underwriter and Financial Security.

### 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 **Bond Counsel**, which is Foley & Lardner LLP. Bond Counsel will deliver an approving opinion when the Bonds are delivered, in substantially the form shown in **APPENDIX C**. If certificated Bonds were to be issued, then the opinion would 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. The Attorney General's opinion will also state that there is no action, suit, or proceeding, either pending or threatened in writing, known to the Attorney General, restraining or enjoining the issuance, sale, execution, or delivery of the Bonds, and there also is no action, suit, or proceeding, either pending or threatened in writing, known to

the Attorney General, in any way contesting or affecting (1) the titles to their respective offices of any of the State officers involved in the issuance of the Bonds, (2) the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof, or (3) the pledge or application of any moneys or security provided for the payment of the Bonds.

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. As to questions of fact material to Bond Counsel's opinion, Bond Counsel has relied upon certified proceedings and certifications of public officials without independently undertaking to verify them. 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. 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.

Certain requirements and procedures contained or referred to in the authorizing resolution and other relevant documents may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel does not express any opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Foley & Lardner LLP.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal taxation, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of the interest on the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending federal legislation, as to which Bond Counsel expresses no view.

The opinion of Bond Counsel is based on legal authorities that are current as of its date, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment regarding the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (**IRS**) or the courts, and it is not a guarantee of result. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State, or about the effect of changes to the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS.

The IRS has an active tax-exempt bond enforcement program. Bond Counsel is not obligated to defend the State regarding the tax-exempt status of the Bonds in the event of an examination by the IRS. Under current IRS procedures, the owners of the Bonds and other parties other than the State would have little, if any, right to participate in an IRS examination of any series of the

Bonds. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt bonds is difficult, obtaining independent review of IRS positions with which the State legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of any series of the Bonds for examination, or the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the market price, or the marketability of the Bonds, and may cause the State or the owners of the Bonds to incur significant expense.

Recent legislation amended Section 6049 of the Code to require information reporting for payments of tax-exempt interest, applicable to interest paid after December 31, 2005. The IRS has published transitional guidance for information reporting requirements for payments of interest on tax-exempt bonds, including circumstances under which “backup withholding” may be required.

Bond Counsel expresses no opinion about other federal tax consequences arising regarding 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 not excluded from current 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.

#### *Discount Bonds*

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond maturing on May 1 in the years 2021 through 2023 and 2025 (**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.

#### *Premium Bonds*

Each Bond maturing on May 1 in the years 2016 through 2020, 2026, and 2027 (**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.

## **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 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 SID for the State. [Part I of the 2006 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  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)  
[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 9, 2007

## STATE OF WISCONSIN

/S/ JIM DOYLE

Governor Jim Doyle, Chairperson  
State of Wisconsin Building Commission

/S/ MICHAEL L. MORGAN

Michael L. Morgan, Secretary  
State of Wisconsin Department of Administration

/S/ ROBERT G. CRAMER

Robert G. Cramer, Secretary  
State of Wisconsin Building Commission



## APPENDIX A

### INFORMATION ABOUT THE STATE

This appendix includes by reference information concerning the State of Wisconsin (**State**) and general obligations issued by the State, as contained in Parts II and III of the State of Wisconsin Continuing Disclosure Annual Report, dated December 22, 2006 (**2006 Annual Report**).

[Part II of the 2006 Annual Report](#) contains general information about the State. More specifically, that part presents information about 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 2005-06
- State budget
- Potential effects of litigation
- 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 2006 Annual Report](#) are the [audited general purpose external financial statements for the fiscal year ending June 30, 2006](#), 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 of the 2006 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 2006 Annual Report has been filed with each nationally recognized municipal securities information repository (**NRMSIR**) and is also 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 2006 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  
[DOACapitalFinanceOffice@wisconsin.gov](mailto:DOACapitalFinanceOffice@wisconsin.gov)

After publication and filing of the 2006 Annual Report, certain changes or events may occur that affect items discussed in the 2006 Annual Report; however, as of the date of this Official Statement, no such changes or events have occurred. 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.

## APPENDIX B

### State of Wisconsin General Obligation Issuance Status Report December 1, 2006

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date<sup>(a)</sup></u>	<u>Interest Earnings<sup>(b)</sup></u>	<u>G.O. Bonds of 2007, Series A</u>	<u>Total Authorized Unissued Debt<sup>(a)</sup></u>
University of Wisconsin; academic facilities.....	\$ 1,358,615,800	\$ 1,069,499,024	\$ 12,244,365	\$ 17,452,719	\$ 259,419,692
University of Wisconsin; self-amortizing facilities.....	1,279,517,100	877,204,471	1,720,367	55,813,191	344,779,071
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	572,000,000	320,116,795	69,761	19,557,856	232,255,588
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	637,743,200	451,547,035		2,987,018	183,209,147
Safe drinking water loan program.....	32,310,000	31,971,520			338,480
Natural resources; nonpoint source grants.....	89,310,400	76,683,243	132,570	2,901,675	9,592,912
Natural resources; nonpoint source .....	4,000,000	2,348,194		241,806	1,410,000
Natural resources; environmental repair.....	51,000,000	39,977,681	170,906	341,374	10,510,039
Natural resources; urban nonpoint source cost-sharing.....	23,900,000	15,727,897		650,743	7,521,360
Natural resources; environmental segregated fund supported administrative facilities.....	7,490,000	5,479,906		17,780	1,992,314
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	5,882,779	51		717,170
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	874,927,239	18,513,076		53,085
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, 2006**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date<sup>(a)</sup></u>	<u>Interest Earnings<sup>(b)</sup></u>	<u>G.O. Bonds of 2007, Series A</u>	<u>Total Authorized Unissued Debt<sup>(a)</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.....	55,078,100	29,375,119	46,904	2,037,573	23,618,504
Natural resources; general fund supported administrative facilities.....	11,410,200	10,829,210	21,432	24,892	534,666
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	225,962,443	1,293,404	60,451	3,683,702
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	1,840,212		362,709	47,797,079
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	565,480,400			
Transportation; Marquette interchange rehabilitation project.....	213,100,000	209,300,000	2,332,363		1,467,637
Transportation; state highway rehabilitation projects.....	250,000,000	248,611,615	1,182,896	205,384	105
Transportation; harbor improvements.....	40,700,000	25,780,305	232,605	711,195	13,975,895
Transportation; rail acquisitions and improvements.....	44,500,000	33,874,500	5,187		10,620,313
Transportation; local roads for job preservation, state funds.....	2,000,000	2,000,000			
Corrections; correctional facilities.....	801,979,400	777,563,081	11,467,003	442,255	12,507,061

**General Obligation Issuance Status Report—Continued**  
**December 1, 2006**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date<sup>(a)</sup></u>	<u>Interest Earnings<sup>(b)</sup></u>	<u>G.O. Bonds of 2007, Series A</u>	<u>Total Authorized Unissued Debt<sup>(a)</sup></u>
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99		5,221,463
Corrections; juvenile correctional facilities.....	28,984,500	26,678,189	105,717	245,362	1,955,232
Health and family services; mental health and secure treatment facilities.....	127,761,700	121,842,268	895,124		5,024,308
Agriculture; soil and water.....	26,075,000	18,013,623	1,248	974,337	7,085,792
Agriculture; conservation reserve enhancement...	40,000,000	10,086,882		166,118	29,747,000
Administration; Black Point Estate.....	1,600,000	944,403	387	355,597	299,613
Building commission; previous lease rental authority.....	143,071,600	143,068,654			2,946
Building commission; refunding tax-supported general obligation debt.....	2,102,086,430	2,102,086,530			
Building commission; refunding self-amortizing general obligation debt.....	272,863,033	272,863,033			
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.....	1,400,000,000	967,020,000			432,980,000
Building commission; housing state departments and agencies.....	485,015,400	408,667,741	2,329,712	1,020,565	72,997,382
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	42,850,617	62,251	888,993	4,159,339
Building commission; capital equipment acquisition.....	126,335,000	110,787,510	729,556	1,191,251	13,626,683
Building commission; discount sale of debt.....	90,000,000	67,493,598			22,506,402
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 <sup>(c)</sup>			11,167
Building commission; other public purposes.....	1,727,901,000	1,383,262,752	6,770,550	44,910,143	292,957,555
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	1,500,000			
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	25,000,000	19,288,805		711,195	5,000,000
Marquette University; dental clinic and education facility...	15,000,000	14,999,182	818		

**General Obligation Issuance Status Report—Continued**  
**December 1, 2006**

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date<sup>(a)</sup></u>	<u>Interest Earnings<sup>(b)</sup></u>	<u>G.O. Bonds of 2007, Series A</u>	<u>Total Authorized Unissued Debt<sup>(a)</sup></u>
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			
Children's research institute	10,000,000	5,522,013		1,777,987	2,700,000
Administration; school educational technology infrastructure financial assistance.....	90,200,000	71,480,216	431,066		18,288,718
Administration; public library educational technology infrastructure financial assistance.....	300,000	268,918	42		31,040
Educational communications board; educational communications facilities.....	22,858,100	20,417,691	38,168	266,698	2,135,543
Historical society; self-amortizing facilities.....	1,157,000	1,029,156	3,896		123,947
Historical society; historic records.....	15,400,000				15,400,000
Historical society; historic sites.....	3,107,800	1,848,860		56,896	1,202,044
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	32,509		4,579
Military affairs; armories and military facilities.....	27,463,900	21,386,882	192,632	1,020,564	4,863,822
Veterans affairs; veterans facilities.....	10,090,100	9,405,485	50,593		634,022
Veterans affairs; self-amortizing mortgage loans.....	2,120,840,000	2,118,097,395	2,133,000		609,605
Veterans affairs; refunding bonds.....	1,015,000,000	721,169,245			293,830,755
Veterans affairs; self-amortizing facilities.....	34,912,600	12,624,016	501	853,434	21,434,649
State fair park board; board facilities.....	14,787,100	14,541,771		142,239	103,090
State fair park board; housing facilities.....	11,000,000	10,999,985	15		
State fair park board; self-amortizing facilities.....	56,787,100	51,129,300	22,328		5,635,472
Total.....	<u>\$18,544,141,288</u>	<u>\$15,855,996,926</u>	<u>\$70,783,782</u>	<u>\$158,390,000</u>	<u>\$2,458,970,681</u>

<sup>(a)</sup> Does not include the State's General Obligation Refunding Bonds of 2007, Series 1, in the approximate amount of \$299 million, which are scheduled for competitive sale on January 10, 2007 with delivery expected on February 1, 2007.

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

<sup>(c)</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.

**Source: Wisconsin Department of Administration.**

## APPENDIX C

### EXPECTED FORM OF BOND COUNSEL 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)

**\$158,390,000**

**STATE OF WISCONSIN  
GENERAL OBLIGATION BONDS OF 2007, SERIES A**

We have served as bond counsel in connection with the issuance by the State of Wisconsin (**State**) of its \$158,390,000 General Obligation Bonds of 2007, Series A, 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 November 15, 2006 (**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.

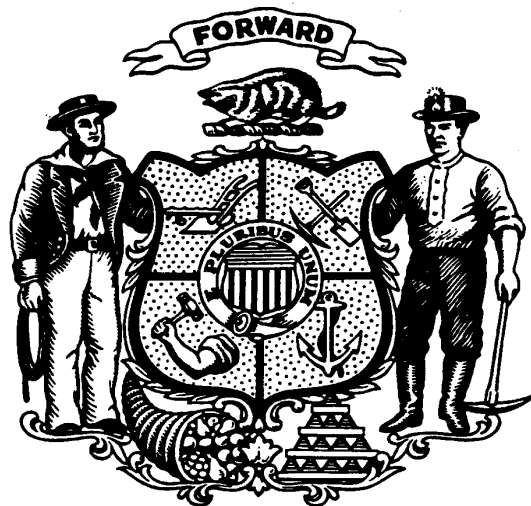
The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding). This letter 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



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Recycled Paper





**FINANCIAL  
SECURITY  
ASSURANCE®**

## **MUNICIPAL BOND INSURANCE POLICY**

ISSUER:

Policy No.: -N

BONDS:

Effective Date:

Premium: \$

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

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

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



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

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

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

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

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By \_\_\_\_\_

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.  
31 West 52<sup>nd</sup> Street, New York, N.Y. 10019

(212) 826-0100

Form 500NY (5/90)