

STATE OF WISCONSIN CONTINUING DISCLOSURE ANNUAL REPORT

FILED PURSUANT TO UNDERTAKINGS PROVIDED TO PERMIT COMPLIANCE WITH
SECURITIES EXCHANGE COMMISSION RULE 15C2-12

GENERAL OBLIGATIONS

(Base CUSIPs 977055, 977056, and 97705L)

MASTER LEASE CERTIFICATES OF PARTICIPATION

(Base CUSIP 977087)

TRANSPORTATION REVENUE OBLIGATIONS

(Base CUSIP 977123)

CLEAN WATER REVENUE BONDS

(Base CUSIP 977092)

PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS

(Base CUSIP 977109)

GENERAL FUND ANNUAL APPROPRIATION BONDS

(Base CUSIP 977100)

DECEMBER 26, 2012



SCOTT WALKER
GOVERNOR

MIKE HUEBSCH
SECRETARY

Division of Executive Budget and Finance
Capital Finance Office
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December 26, 2012

Thank you for your interest in the State of Wisconsin.

This is the Continuing Disclosure Annual Report for the fiscal year ending June 30, 2012 (**2012 Annual Report**).

The 2012 Annual Report provides information on different securities that the State issues and is provided under the State's continuing disclosure undertakings. These undertakings of the State are intended to help dealers and brokers comply with Rule 15c2-12 under the Securities Exchange Act of 1934. As of this date, the State has filed the 2012 Annual Report with the Municipal Securities Rulemaking Board (**MSRB**) through the MSRB's Electronic Municipal Market Access (**EMMA**) system. EMMA receives, and makes available to the public, continuing disclosure documents and related information that is provided by issuers and obligated persons.

Official Statements for securities that the State issues during calendar year 2013 may incorporate parts of this 2012 Annual Report by reference.

Organization of the 2012 Annual Report

The 2012 Annual Report is divided into eight parts. The first two parts present general information.

- **Part I** presents the **State's continuing disclosure undertakings**. A Master Agreement on Continuing Disclosure (Amended and Restated December 1, 2010) establishes a general framework. Separate addenda describe the information to be provided for specific types of securities.
- **Part II** presents **general information about the State**, including its operations and financial results. This part includes the General Purpose External Financial Statements portion of the audited Comprehensive Annual Financial Report for the fiscal year ending June 30, 2012. This part also provides information on the 2011-13 biennial budget, including results of the 2011-12 fiscal year and projected General Fund revenues and General Fund condition statement for the 2012-13 fiscal year.

The remaining parts present information about different types of securities that the State issues.

- **Part III – General obligations (including bonds, commercial paper, and extendible municipal commercial paper)**
- **Part IV – Master lease certificates of participation**
- **Part V – Transportation revenue obligations (including bonds and commercial paper)**
- **Part VI – Clean water revenue bonds**
- **Part VII – Petroleum inspection fee revenue obligations (including bonds and extendible municipal commercial paper)**
- **Part VIII – General fund annual appropriation bonds (including bonds and variable rate notes)**

Please note that certain terms may have different meanings in different parts.

Ratings on the State's Securities

The following chart presents a summary of the long-term ratings currently assigned to different types of securities that the State issues.

<u>Security</u>	<u>Fitch Ratings</u>	<u>Moody's Investors Service, Inc.</u>	<u>Standard & Poor's Ratings Services</u>
General Obligations	AA	Aa2	AA
Master Lease Certificates of Participation	AA-	Aa3	AA-
Transportation Revenue Bonds	AA+	Aa2	AA+
Clean Water Revenue Bonds	AA+	Aa1	AA+
Petroleum Inspection Fee Revenue Bonds	AA	Aa2	AA
General Fund Annual Appropriation Bonds	AA-	Aa3	AA-

How to Get Additional Information

If you are interested in information about securities that the State issues, please contact the Capital Finance Office; *the Capital Finance Office is the only party authorized to speak on the State's behalf about the State's securities.*

The Capital Finance Office maintains a web site that provides access to both disclosure and non disclosure information.

www.doa.wi.gov/capitalfinance

The Capital Finance Office posts to this web site monthly general fund cash flow reports and all event and additional (voluntary) filings that it makes through MSRB's EMMA system.

December 26, 2012

Page 3

We welcome your comments or suggestions about the format and content of the 2012 Annual Report. We can be reached at (608) 267-0374, (608) 266-2305, or **DOACapitalFinanceOffice@wisconsin.gov**.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frank R. Hoadley". The signature is stylized and written in a cursive-like font.

Frank R. Hoadley
Capital Finance Director

**SUMMARY OF OUTSTANDING STATE OF WISCONSIN OBLIGATIONS
AS OF DECEMBER 15, 2012**

	<u>Principal Balance 12/15/2011</u>	<u>Principal Issued 12/15/2011 - 12/15/12</u>	<u>Principal Matured, Redeemed, or Defeased 12/15/2011 - 12/15/12</u>	<u>Principal Balance 12/15/2012</u>
<u>GENERAL OBLIGATIONS^(a)</u>				
Total	\$7,378,610,319	\$1,238,860,000	\$602,764,798	\$8,014,705,521
General Purpose Revenue (GPR)	4,919,237,037	746,030,645	350,718,947	5,314,548,734
Self-Amortizing: Veterans	172,950,000	—	52,130,000	120,820,000
Self-Amortizing: Other	2,286,423,282	492,829,355	199,915,851	2,579,336,786
<u>MASTER LEASE CERTIFICATES OF PARTICIPATION^(b)</u>				
Total	\$ 68,223,080	\$ 9,663,494	\$ 21,995,080	\$ 55,891,494
<u>TRANSPORTATION REVENUE OBLIGATIONS^(a)</u>				
Total	\$1,768,193,000	\$ 460,125,000	\$ 422,165,000	\$1,806,153,000
<u>CLEAN WATER REVENUE BONDS</u>				
Total	\$ 897,475,000	\$ 147,450,000	\$ 159,415,000	\$ 885,510,000
<u>PETROLEUM INSPECTION FEE REVENUE OBLIGATIONS^(a)</u>				
Total	\$ 188,610,000	—	—	\$ 188,610,000
<u>GENERAL FUND ANNUAL APPROPRIATION BONDS^(a)</u>				
Total	\$3,333,855,000	\$251,555,000	\$ 282,785,000	\$3,302,625,000

(a) This table also includes variable rate obligations that have been issued by the State.

(b) Reflects balances and master lease originations through December 17, 2012.

TABLE OF CONTENTS

Page

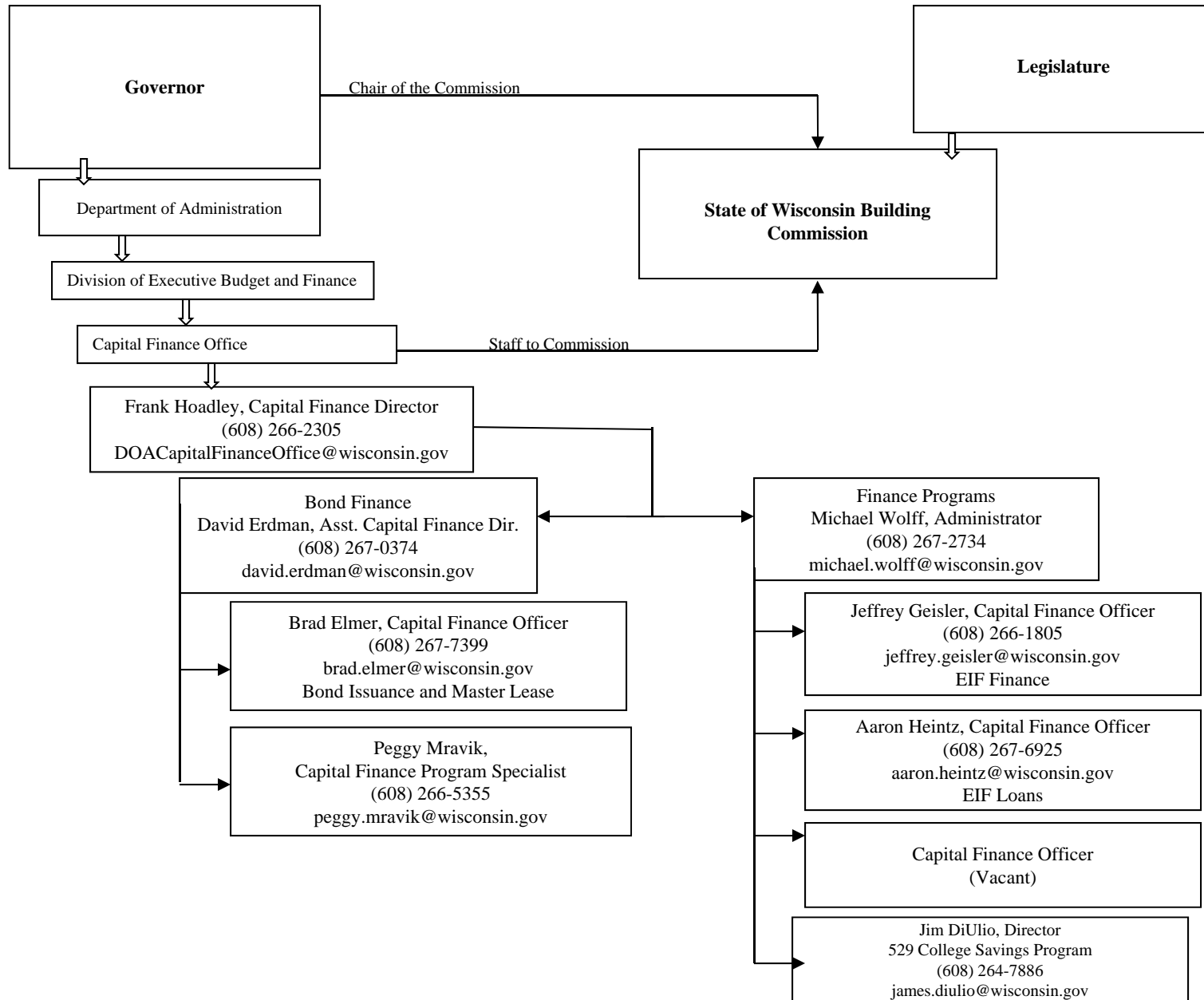
PART III GENERAL OBLIGATIONS

INTRODUCTION.....	84
SECURITY PROVISIONS FOR GENERAL	
OBLIGATIONS	85
Security	85
Flow of Funds to Pay Debt Service on General	
Obligations.....	86
Purposes of General Obligations	86
Limitations on Issuance of General Obligations	87
Authorization of General Obligations	87
DEBT INFORMATION	93
VARIABLE RATE OBLIGATIONS	104
Commercial Paper Notes	104
Extendible Municipal Commercial Paper	107
REVENUE-SUPPORTED GENERAL OBLIGATION	
DEBT.....	108
General	108
Veterans Housing Loan Program	109
Financial and Statistical Information	119

TABLE OF TABLES

Table	Page	Table	Page
<hr/> <p>PART III</p> <p>GENERAL OBLIGATIONS</p> <hr/>			
III-1	88	III-25	126
III-2	93	Subject to Special Redemption.....	
III-3	99	III-26	128
III-4	99	Housing and HILP Loans Funded with Veterans	
III-5	100	Mortgage Bonds	
III-6	100		
III-7	101		
III-8	101		
III-9	102		
III-10	103		
III-11	103		
III-12	104		
III-13	107		
III-14	111		
III-15	112		
III-16	113		
III-17	115		
III-18	119		
III-19	120		
III-20	121		
III-21	122		
III-22	123		
III-23	124		
III-24	125		

Capital Finance Office Staff (December 15, 2012)



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

BUILDING COMMISSION MEMBERS*

Voting Members

	Term of Office Expires
Governor Scott Walker, Chairperson	January 5, 2015
Representative Dean Kaufert, Vice-Chairperson	January 7, 2013
Senator Julie Lassa	January 7, 2013
Senator Fred Risser	January 7, 2013
Senator Dale Schultz	January 5, 2015
Representative Joan Ballweg	January 7, 2013
Representative Gordon Hintz	January 7, 2013
Mr. Robert Brandherm, Citizen Member	At the pleasure of the Governor

Nonvoting, Advisory Members

Mr. Gil Funk, State Chief Engineer Department of Administration	_____
Mr. Daniel J. Stephans, State Chief Architect Department of Administration	_____

Building Commission Secretary

Ms. Summer R. Shannon-Bradley, Administrator Division of Facilities Development Department of Administration	At the pleasure of the Building Commission and the Secretary of Administration
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OTHER PARTICIPANTS

Mr. J.B. Van Hollen State Attorney General	January 5, 2015
Mr. Mike Huebsch, Secretary Department of Administration	At the pleasure of the Governor

DEBT MANAGEMENT AND DISCLOSURE

Department of Administration
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* The Building Commission is composed of eight members. The Governor serves as the chairperson. Each house of the Wisconsin State Legislature appoints three members. One citizen member is appointed by the Governor and serves at the Governor's pleasure. State law provides for the two major political parties to be represented in the membership from each house.

PART III

GENERAL OBLIGATIONS

Part III of the 2012 Annual Report provides information about general obligations issued by the State of Wisconsin (**State**) in the form of bonds, notes, commercial paper notes (**CP Notes**), and extendible municipal commercial paper (**EMCP**). Selected information is provided in this introduction for the convenience of the readers; however, all information presented in this Part III of the 2012 Annual Report should be reviewed to make an informed investment decision.

Total Outstanding Balance (12/15/2012)	\$8,014,705,521
Amount Outstanding of Fixed-Rate Obligations	7,203,765,521
Amount Outstanding of Variable-Rate Obligations	810,940,000
Percentage of Outstanding Obligations in the form of Variable-Rate Obligations	10.12%
Ratings ^(a) (Fitch/Moody's/Standard & Poor's)	
Bonds	AA/Aa2/AA
CP Notes/EMCP	F1+/P-1/A-1+
Authority	Chapters 18 and 20, Wisconsin Statutes
Registrar/Paying Agent	The Secretary of Administration is the registrar and paying agent for all outstanding fixed-rate general obligations. Deutsche Bank Trust Company Americas serves as issuing and paying agent for the CP Notes, and U.S. Bank Trust National Association serves as issuing and paying agent for the EMCP.
Security	The Wisconsin Constitution pledges the full faith, credit, and taxing power of the State to its general obligations and requires the Legislature to provide for their payment by appropriation. The Wisconsin Statutes establish additional protections, provide for the repayment of all general obligations, and establish, as security for the payment of all debt service on general obligations, a first claim on all revenues of the State.
Bond Counsel	Foley & Lardner LLP
^(a) The ratings presented are the ratings assigned to the State's general obligations without regard to any bond insurance policy. No information is provided in the 2012 Annual Report about any rating assigned to any general obligations based on any bond insurance policy.	

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The State of Wisconsin Building Commission (**Commission**) supervises all matters concerning the State's issuance of general obligations. The Capital Finance Office, which is part of the Division of Executive Budget and Finance within the State of Wisconsin Department of Administration (**Department**)

of Administration), is responsible for managing the State’s borrowing programs. Requests for additional information about general obligations of the State may be directed to the Capital Finance Office.

All outstanding fixed-rate general obligations have been issued in book-entry-only form. For the following two series of general obligations, which were issued in fully-registered form, U.S. Bank National Association is the registrar and paying agent:

<u>Name of Obligation</u>	<u>Registrar/Paying Agent Contact</u>
General Obligation Bonds of 1990, Series D (Higher Education Bonds)	U.S. Bank National Association Attn: Registered Payments EP-MN-WS2N 60 Livingston Avenue St. Paul, MN 55107-2292
General Obligation Bonds of 1991, Series B (Higher Education Bonds)	U.S. Bank Bondholders Communications Customer Service: 800-934-6802

The final maturity date for these general obligation bonds was May 1, 2012; any holder that has not presented these bonds for payment should contact the State or U.S. Bank National Association for information on redeeming such bonds.

General obligations issued by the State have been issued as both tax-exempt obligations and taxable obligations, with some of the taxable obligations being “qualified build America bonds” pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (**Code**).

The 2012 Annual Report includes information and defined terms for different types of securities issued by the State. The context or meaning of terms used in one part of the 2012 Annual Report may differ from those of the same terms used in another part, and the total amount shown in a table may vary from the related sum due to rounding. No information or resource referred to in the 2012 Annual Report is part of the report unless expressly incorporated by reference.

Certain statements in Part III of the 2012 Annual Report may be forward-looking statements that are based on expectations, estimates, projections, or assumptions. Any forward-looking statements are made as of the date of the 2012 Annual Report, and the State undertakes no obligation to update such statements to reflect subsequent events or circumstances. Actual results could differ materially from the anticipated results.

SECURITY PROVISIONS FOR GENERAL OBLIGATIONS

Security

The Wisconsin Constitution pledges the full faith, credit, and taxing power of the State to its general obligations and requires the Legislature to provide for their payment by appropriation.

The Wisconsin Statutes establish additional protections and provide for the repayment of all general obligations. The Wisconsin Statutes establish, as security for the payment of all debt service on general obligations, a first claim on all revenues of the State. Further, a sufficient amount of those revenues is irrevocably appropriated, so that no subsequent legislative action is required to release them, and those amounts are held in segregated funds or accounts.

The Wisconsin Statutes also provide that the validity of general obligations shall not be affected by any defect in their contracting, that all instruments evidencing general obligations are valid and incontestable, and that any legislative, judicial, or administrative determination that proceeds of general obligations may not be spent shall not affect their validity.

The State has never defaulted in the punctual payment of principal or interest on any general obligation and has never attempted to prevent or delay a required payment. The State has reserved no right to reduce or modify any terms affecting the security or source of payment of its general obligations.

In the event of default, the Wisconsin Constitution guarantees recourse by allowing suit to be brought against the State to compel payment. Statutory provisions expedite the bringing of suit. Further, in the

event of a final judgment against the State, payment will be made as specifically provided, together with interest at a rate of 10% per annum until the date of payment. Effective November 24, 2011, State law was changed to provide that, with certain exceptions, the venue for all actions in which the sole defendant is the State, any State board or commission, or any State officer, employee, or agent in an official capacity shall be the county designated by the plaintiff unless another venue is specifically authorized by law. Previously, Wisconsin law had provided that the venue for all such actions would be Dane County. The exceptions concern actions relating to the validity or invalidity of a rule and actions commenced by a prisoner.

The Wisconsin Statutes also provide that, if payment has been made or duly provided for by the date that a general obligation becomes due for payment, then interest ceases to accrue, and the general obligation is no longer outstanding. If any general obligation is not presented for payment, then the money held for its payment shall be administered under the unclaimed property statutory provisions.

Flow of Funds to Pay Debt Service on General Obligations

The General Fund stands behind the payment of debt service on all general obligations. Should the General Fund have insufficient resources to pay debt service, there is a single irrevocable and unlimited appropriation from all revenues of the State for timely payment on all general obligations. It is this appropriation, which pledges all revenues of the State for payment of debt service due from any program using general obligation proceeds, that enables the State to issue a general obligation that is undifferentiated by the purpose for which proceeds are used.

For budgetary control purposes, different internal funds flows apply to general obligations, depending on whether they are issued as bonds or notes, and in some cases depending on the purpose for which they were issued.

With respect to general obligation bonds, all funds necessary for timely payment of principal and interest are deposited in the statutorily created Bond Security and Redemption Fund at least 15 days in advance of the due date. Furthermore, if operating notes are outstanding, no impoundment payments required in connection with operating notes may be made until the amounts required to be paid into the State's Bond Security and Redemption Fund during the ensuing 30 days have been so deposited.

With respect to general obligation notes, funds for the payment of principal and interest are deposited in a separate and distinct account within the statutorily created Capital Improvement Fund for the repayment of notes. Proceeds of general obligations may also be used to retire notes. The Wisconsin Statutes specifically provide that if, at any time, there is not on hand in the Capital Improvement Fund sufficient money for the payment of principal and interest on general obligation notes, then the Department of Administration shall transfer to the Capital Improvement Fund, from an irrevocable and unlimited appropriation as a first charge upon all revenues of the State, the amount necessary to pay the principal of, and interest on, general obligation notes when due.

Interest on the outstanding CP Notes and EMCP is paid when due. It is collected in the same manner as other general obligation notes and is deposited quarterly, in advance, with the respective issuing and paying agent on the first business day of February, May, August, and November.

Purposes of General Obligations

The Wisconsin Constitution provides that the State may issue general obligations for three categories of borrowing. The first is to acquire, construct, develop, extend, enlarge, or improve land, waters, property, highways, railways, buildings, equipment, or facilities for public purposes. The second is to make funds available for veterans housing loans. The third is to fund or refund any outstanding State general obligations. Subject to constitutional limitations about purposes and amounts, procedures governing the use of the borrowing authority are to be established by the Legislature. There is no constitutional requirement that the issuance of general obligations receive the direct approval of the electorate.

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 the Wisconsin 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. Currently, the annual limit is \$3,533,193,969, and the aggregate limit is \$23,554,626,460. A funding or refunding bond issue does not count for purposes of the annual debt limit, and a funded or refunded bond issue does not count for purposes of the cumulative debt limit. Accrued interest on any general 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. See [Table III-4](#) in “DEBT INFORMATION”.

Authorization of General Obligations

Within prescribed limitations, the Wisconsin Constitution assigns to the Legislature, acting by vote of a majority of the members elected to each of the two houses, all matters relating to the issuance of general obligations. The quorum in such votes is 60% of the membership. Among these assigned powers is the authority to establish the purposes (uses) and fix the amounts for which general obligations may be issued.

To date, the Legislature has authorized the issuance of general obligations for 101 distinct borrowing purposes and has limited the amount of general obligations that may be issued for each purpose. In practice, as a part of the budget, these amounts are adjusted to accommodate newly budgeted activity. As of the date of the 2012 Annual Report, approximately 34 of the distinct borrowing purposes essentially have no remaining borrowing authority. The Legislature has delegated to the Commission responsibility to establish the form and terms of the issuance and sale of these general obligations. [Table III-1](#) describes, as of December 15, 2012, the amounts authorized, issued, and credited to the Capital Improvement Fund for each borrowing purpose.

Table III-1

GENERAL OBLIGATION ISSUANCE STATUS REPORT
(December 15, 2012)

Program Purpose	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund		Total Authorized Unissued Debt
			Interest Earnings ^(a)	Premium ^(a)	
University of Wisconsin; academic facilities.....	\$ 2,016,636,300	\$ 1,649,370,929	\$ 13,072,507	\$ 5,959,689	\$ 348,233,175
University of Wisconsin; self-amortizing facilities.....	2,342,774,900	1,859,524,521	2,911,822	9,855,189	470,483,368
Natural resources; Warren Knowles - Gaylord Nelson stewardship 2000 program.....	1,198,000,000	685,940,857	405,319	3,531,499	508,122,325
Natural resources; municipal clean drinking water grants.....	9,800,000	9,518,744	141,818		139,438
Clean water fund program.....	783,743,200	608,188,494		518,138	175,036,568
Safe drinking water loan program.....	54,800,000	52,165,919		165,829	2,468,252
Natural resources; nonpoint source grants.....	94,310,400	93,044,918	190,043	72,587	1,002,852
Natural resources; nonpoint source	25,000,000	13,655,000	1,454	156,670	11,186,876
Natural resources; environmental repair.....	57,000,000	47,712,102	203,594	34,982	9,049,322
Natural resources; urban nonpoint source cost-sharing.....	41,900,000	32,545,377	30,671	201,263	9,122,688
Natural resources; contaminated sediment removal.....	27,000,000	16,940,182		188,578	9,871,240
Natural resources; environmental segregated fund supported administrative facilities.....	11,535,200	10,018,528	143	70,977	1,445,551
Natural resources; segregated revenue supported dam safety projects.....	6,600,000	6,411,764	617	11,213	176,406
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	18,513,077		53,084
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	22,919,742	141,325	68	364
Natural resources; land acquisition.....	45,608,600	45,116,929	491,671		
Natural resources; Wisconsin natural areas heritage program.....	2,500,000	2,445,793	17,174		37,032
Natural resources; segregated revenue supported facilities.....	90,100,500	65,720,351	93,544	127,647	24,158,959

Table III-1 — Continued
GENERAL OBLIGATION ISSUANCE STATUS REPORT
(December 15, 2012)

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Credit to Capital Improvement Fund</u>		<u>Total Authorized Unissued Debt</u>
			<u>Interest Earnings^(a)</u>	<u>Premium^(a)</u>	
Natural resources; general fund supported administrative facilities.....	\$ 11,410,200	\$ 11,262,807	\$ 21,753	\$ 94	\$ 125,545
Natural resources; ice age trail.....	750,000	750,000			
Natural resources; dam safety projects.....	13,500,000	8,399,360	49,701	68,697	4,982,243
Natural resources; segregated revenue supported land acquisition.....	2,500,000	2,500,000			
Natural resources; Warren Knowles - Gaylord Nelson stewardship program.....	231,000,000	228,381,054	1,306,849	8,596	1,303,502
Transportation; administrative facilities.....	8,890,400	8,759,479	33,943		96,978
Transportation; accelerated bridge improvements.....	46,849,800	46,849,800			
Transportation; major interstate bridge construction.....	225,000,000				225,000,000
Transportation; rail passenger route development.....	122,000,000	51,529,513	3,016	584,531	69,882,940
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, zoo interchange, southeast megaprojects, and I 94 north-south corridor reconstruction projects.....	704,750,000	532,034,760	3,018,078	2,574,915	167,122,248
Transportation; state highway rehabilitation projects.....	620,063,700	522,038,352	1,182,897	4,058,996	92,783,455
Transportation; major highway projects.....	100,000,000	84,505,884		1,051,496	14,442,620
Transportation; state highway rehabilitation, certain projects.....	141,000,000	74,353,333		1,484,149	65,162,518
Transportation; harbor improvements.....	76,800,000	53,500,203	234,581	245,588	22,819,628
Transportation; rail acquisitions and improvements.....	156,500,000	76,551,082	5,187	325,673	79,618,059
Transportation; local roads for job preservation, state funds.....	2,000,000	2,000,000	-		-
Corrections; correctional facilities.....	840,602,600	805,358,853	11,467,562	305,696	23,470,488
Corrections; self-amortizing facilities and equipment.....	7,337,000	2,115,438	99		5,221,463

Table III-1 — Continued
GENERAL OBLIGATION ISSUANCE STATUS REPORT
(December 15, 2012)

<u>Program Purpose</u>	Legislative Authorization	General Obligations Issued to Date	Credit to Capital Improvement Fund		Total Authorized Unissued Debt
			Interest Earnings ^(a)	Premium ^(a)	
Corrections; juvenile correctional facilities.....	\$ 28,984,500	\$ 28,533,551	\$ 108,861	\$ 326	\$ 341,762
Health services; mental health and secure treatment facilities.....	174,395,800	160,949,031	895,124	343,698	12,207,947
Agriculture; soil and water.....	47,075,000	41,413,102	3,025	309,408	5,349,465
Agriculture; conservation reserve enhancement.....	28,000,000	12,835,249		20,151	15,144,599
Administration; Black Point Estate.....	1,600,000	1,598,655	445		900
Administration; energy conservation projects; capital improvement fund.....	180,000,000	89,621,907		950,124	89,427,969
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 incurred before July 1, 2011.....	474,000,000	473,651,084			348,916
Building commission; refunding tax-supported and self-amortizing general obligation debt incurred before July 1, 2013.....	264,200,000	263,420,000			780,000
Building commission; refunding tax-supported and self-amortizing general obligation debt.....	1,775,000,000	1,769,658,916			5,341,084
Building commission; housing state departments and agencies.....	623,237,800	508,064,364	2,356,097	1,819,683	110,997,656
Building commission; 1 West Wilson street parking ramp.....	15,100,000	14,805,521	294,479		
Building commission; project contingencies.....	47,961,200	46,471,949	64,761	43,216	1,381,273
Building commission; capital equipment acquisition.....	126,335,000	121,883,514	740,327	60,792	3,650,368
Building commission; discount sale of debt.....	90,000,000	72,869,266			17,130,734
Building commission; discount sale of debt (higher education bonds).....	100,000,000	99,988,833 ^(b)			11,167
Building commission; other public purposes.....	2,298,171,700	1,987,762,096	8,728,268	6,687,831	294,993,505
Medical College of Wisconsin, Inc.; basic science education and health information technology facilities.....	10,000,000	10,000,000			

Table III-1 — Continued
GENERAL OBLIGATION ISSUANCE STATUS REPORT
(December 15, 2012)

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Credit to Capital Improvement Fund</u>		<u>Total Authorized Unissued Debt</u>
			<u>Interest Earnings^(a)</u>	<u>Premium^(a)</u>	
Bond Health Center.....	\$ 1,000,000	694,518		\$ 16,682	\$ 288,800
Lac du Flambeau Indian Tribal Center.....	250,000				250,000
HR Academy, Inc.....	1,500,000	\$ 1,500,000			
Medical College of Wisconsin, Inc.; biomedical research and technology incubator.....	35,000,000	30,219,433			4,780,567
AIDS Resource Center of Wisconsin, Inc.....	800,000	800,000			
Bradley Center Sports and Entertainment Corporation.....	5,000,000	4,869,334		129,986	680
Marquette University; dental clinic and education facility.....	23,000,000	14,999,182	\$ 818		8,000,000
Civil War exhibit at the Kenosha Public Museums.....	500,000	500,000			
AIDS Network, Inc.....	300,000	300,000			
Swiss cultural center.....	1,000,000				1,000,000
Hmong cultural centers.....	2,250,000	250,000			2,000,000
Milwaukee Police Athletic League; youth activities center.....	1,000,000	1,000,000			
Children's research institute.....	10,000,000	10,000,000			
Administration; school educational technology infrastructure financial assistance.....	71,911,300	71,480,216	431,066		18
Myrick Hixon EcoPark, Inc.....	500,000	500,000			
Madison Children's Museum.....	250,000	250,000			
Marshfield Clinic.....	10,000,000				10,000,000
Administration; public library educational technology infrastructure financial assistance.....	269,000	268,918	42		41
Educational communications board; educational communications facilities.....	24,503,200	23,996,117	38,515	8,918	459,650
Grand Opera House in Oshkosh.....	500,000	500,000			
Aldo Leopold climate change classroom and interactive laboratory.....	500,000	485,000		14,992	8
Historical society; self-amortizing facilities.....	1,157,000	1,029,156	3,896		123,947
Historical society; historic records.....	26,650,000	1,736,759		42,704	24,870,538
Historical society; historic sites.....	10,067,800	8,826,652	847	262,084	978,217
Historical society; museum facility.....	14,384,400	4,362,469			10,021,931
Historical society; Wisconsin history center.....	20,000,000				20,000,000

Table III-1 — Continued
GENERAL OBLIGATION ISSUANCE STATUS REPORT
(December 15, 2012)

<u>Program Purpose</u>	<u>Legislative Authorization</u>	<u>General Obligations Issued to Date</u>	<u>Credit to Capital Improvement Fund</u>		<u>Total Authorized Unissued Debt</u>
			<u>Interest Earnings^(a)</u>	<u>Premium^(a)</u>	
Public instruction; state school, state center and library facilities.....	\$ 12,350,600	\$ 8,079,200	\$ 32,509	\$ 41,409	\$ 4,197,482
Military affairs; armories and military facilities.....	42,667,900	29,501,842	195,308	22,505	12,948,245
Veterans affairs; veterans facilities.....	10,090,100	9,405,485	50,593		634,021
Veterans affairs; self-amortizing mortgage loans.....	2,400,840,000	2,122,542,395			278,297,605
Veterans affairs; refunding bonds.....	1,015,000,000	761,594,245			253,405,755
Veterans affairs; self-amortizing facilities.....	43,840,799	20,432,767	1,613	216,514	23,189,905
State fair park board; board facilities.....	14,787,100	14,769,363	1		17,736
State fair park board; housing facilities.....	11,000,000	10,999,985	15		
State fair park board; self-amortizing facilities.....	53,437,100	52,594,271	22,401	11,526	808,903
Total.....	\$25,173,891,787	\$21,501,394,926	\$73,888,124	\$42,605,310	\$3,556,003,528

^(a) Amounts previously credited to the Capital Improvement Fund (which include interest earnings and may include sale proceeds representing purchase premium) reduce issuance authority by the same amount.

^(b) 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 issue debt.

Source: Department of Administration.

DEBT INFORMATION

Table III-2 includes general obligations that have outstanding balances as of December 15, 2012.

Table III-2

OUTSTANDING GENERAL OBLIGATIONS BY ISSUE (As of December 15, 2012)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
<i>Fixed-Rate General Obligations</i>				
1992- Bonds Series A	3/1/92	1993-2012	\$ 219,040,000	-0-
Refunding Bonds	3/1/92	1994-2015	448,935,000	\$ 905,000
Bonds Series B	6/1/92			
Serial Bonds		1993-2008	7,780,000	-0-
Accelerated Term Bonds		2012	4,000,000	-0-
Term Bonds		2022	18,220,000	-0-
Loan Series B	10/2/92	1995	5,330,000	-0-
Refunding Bonds Series 2	10/15/92	1994-2015	5,975,000	1,340,000
Bonds Series C	11/1/92	1994-2013	173,285,000	-0-
1993- Refunding Bonds Series 1	1/1/93	1994-2009	280,060,000	-0-
Refunding Bonds Series 2	3/1/93	1993-2011	137,530,000	-0-
Bonds Series A	5/1/93	1994-2013	124,325,000	-0-
Refunding Bonds Series 3	8/1/93	1995-2012	302,050,000	-0-
Refunding Bonds Series 6	10/15/93			
Serial Bonds		1994-2006	5,510,000	-0-
Term Bonds		2010	2,125,000	-0-
Term Bonds		2013	2,150,000	-0-
Term Bonds		2016	10,215,000	-0-
Refunding Bonds Series 4	12/1/93	1994-2006	77,575,000	-0-
Refunding Bonds Series 5	12/1/93			
Serial Bonds		1994-2006	113,550,000	-0-
Term Bonds		2010	14,770,000	-0-
Term Bonds		2013	1,190,000	-0-
Term Bonds		2016	1,405,000	-0-
Term Bonds		2023	4,340,000	-0-
1994- Bonds Series A	1/1/94	1995-2014	119,810,000	-0-
Refunding Bonds Series 1	3/1/94	1995-2002	106,610,000	-0-
Refunding Bonds Series 2	3/1/94			
Serial Bonds		1999-2009	52,050,000	-0-
Term Bonds		2014	1,700,000	-0-
Term Bonds		2024	4,775,000	-0-
Bonds Series B	6/1/94	1995-2014	110,000,000	-0-
Refunding Bonds Series 3	9/15/94	1995-2008	10,400,000	-0-
1994- Bonds Series C	9/15/94			
Serial Bonds		1998-2013	17,135,000	-0-
Term Bonds		2016	5,135,000	-0-
Term Bonds		2020	8,535,000	-0-
Term Bonds		2025	14,195,000	-0-
1995- Bonds Series A	1/15/95	1996-2015	231,315,000	-0-
Refunding Bonds Series 1	2/15/95			
Serial Bonds		1999-2000	4,350,000	-0-
Serial Bonds		2004	860,000	-0-
Serial Bonds		2007-15	10,525,000	-0-

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2012)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
1995- Bonds Series B.....	2/15/95			
Term Bonds.....		2016	\$ 4,215,000	-0-
Term Bonds.....		2020	7,920,000	-0-
Term Bonds.....		2025	17,130,000	-0-
Note, Series B.....	7/6/95	2005	361,623	-0-
Bonds Series C.....	9/15/95	1997-2016	97,480,000	-0-
Refunding Bonds Series 2.....	10/15/95			
Serial Bonds.....		1997-2000	5,780,000	-0-
Serial Bonds.....		2004-05	2,715,000	-0-
Serial Bonds.....		2007-15	34,355,000	-0-
1996- Bonds Series A.....	1/15/96	1997-2016	158,080,000	-0-
Refunding Bonds Series 1.....	2/15/96	1996-2015	104,765,000	-0-
Bonds Series B.....	5/15/96			
Serial Bonds.....		1998-99	4,215,000	-0-
Serial Bonds.....		2007-14	16,550,000	-0-
Term Bonds.....		2021	10,305,000	-0-
Term Bonds.....		2026	13,930,000	-0-
Bonds Series C.....	9/1/96	1998-2017	115,230,000	-0-
Bonds Series D.....	10/15/96			
Serial Bonds.....		2007-09	8,550,000	-0-
Term Bonds.....		2014	3,700,000	-0-
Term Bonds.....		2020	6,405,000	-0-
Term Bonds.....		2027	11,345,000	-0-
1997- Bonds Series 1.....	3/15/97			
Serial Bonds.....		2006-15	17,880,000	-0-
Serial Bonds.....		2017	5,760,000	-0-
Bonds Series A.....	3/15/97			
Term Bonds.....		2021	8,065,000	-0-
Term Bonds.....		2028	13,295,000	-0-
Bonds Series B.....	7/15/97	1999-2018	101,010,000	-0-
Bonds Series C.....	9/15/97			
Serial Bonds.....		2000-01	520,000	-0-
Serial Bonds.....		2003-13	22,755,000	-0-
Term Bonds.....		2017	7,850,000	-0-
Term Bonds.....		2023	10,580,000	-0-
Term Bonds.....		2026	3,295,000	-0-
Bonds Series D (Taxable).....	9/15/97			
Serial Bonds.....		1999-2012	13,385,000	-0-
Term Bonds.....		2017	6,760,000	-0-
Term Bonds.....		2028	24,855,000	-0-
1998- Bonds Series A.....	3/1/98	1999-2018	156,185,000	-0-
Bonds Series B.....	5/15/98			
Serial Bonds.....		2007-08	2,865,000	-0-
Term Bonds.....		2010	4,775,000	-0-
Term Bonds.....		2018	2,865,000	-0-
Term Bonds.....		2023	8,670,000	-0-
Term Bonds.....		2028	11,390,000	-0-

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2012)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
1998- Bonds Series C (Taxable)	5/15/98			
Serial Bonds		1999-2008	\$ 6,245,000	-0-
Term Bonds		2028	27,760,000	-0-
Refunding Bonds Series 1	8/15/98			
Serial Bonds		1999	2,820,000	-0-
Serial Bonds		2004-16	154,760,000	\$ 37,945,000
Refunding Bonds Series 2	9/15/98			
Serial Bonds		1999-2001	17,095,000	-0-
Serial Bonds		2004-09	77,155,000	-0-
Bonds Series D	9/1/98	2000-19	74,840,000	-0-
Bonds Series E	10/15/98	2012-17	6,155,000	940,000
Bonds Series F (Taxable)	10/15/98			
Serial Bonds		1999-2009	9,410,000	-0-
Term Bonds		2029	45,590,000	2,650,000
1999- Bonds Series A	2/1/99	2000-19	147,060,000	-0-
Refunding Bonds Series 1	5/1/99			
Serial Bonds		2008-12	4,905,000	-0-
Term Bonds		2015	3,880,000	0-
Term Bonds		2020	7,005,000	-0-
Bonds Series B (Taxable)	5/1/99			
Serial Bonds		2000-10	6,370,000	-0-
Term Bonds		2013	2,620,000	-0-
Term Bonds		2016	3,180,000	-0-
Term Bonds		2030	27,830,000	-0-
Bonds Series C	10/15/99	2001-20	100,000,000	-0-
Bonds Series D (Taxable)	11/1/99			
Term Bonds		2010	9,465,000	-0-
Term Bonds		2030	55,535,000	-0-
2000- Bonds Series A	3/15/2000			
Serial Bonds		2001-18	128,875,000	-0-
Term Bonds		2020	21,125,000	-0-
Bonds Series B (Taxable)	7/1/2000			
Term Bonds		2010	4,625,000	-0-
Term Bonds		2030	30,375,000	-0-
Bonds Series C	7/15/2000	2012-21	87,715,000	-0-
Bonds Series D	11/1/2000	2012-21	199,965,000	-0-
Bonds Series E (Taxable)	11/7/2000			
Term Bonds		2016	5,000,000	500,000
2001- Bonds Series A (Taxable)	2/21/01			
Term Bonds		2031	15,000,000	1,805,000
Bonds Series B	4/1/01	2012-21	91,620,000	-0-
Bonds Series C	6/1/01	2002-11	92,410,000	-0-
Bonds Series D (Taxable)	6/15/01			
Serial Bonds		2002-08	2,060,000	-0-
Term Bonds		2011	1,110,000	-0-
Term Bonds		2016	2,390,000	-0-
Term Bonds		2021	3,305,000	-0-
Term Bonds		2031	11,135,000	-0-

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2012)

<u>Financing</u>	<u>Date of</u> <u>Financing</u>	<u>Maturity</u>	<u>Amount of</u> <u>Issuance</u>	<u>Amount</u> <u>Outstanding</u>
2001- Loan Series A	8/24/01		\$ 50,000,000	-0-
Bonds Series F	10/1/01	2003-22	186,615,000	-0-
Refunding Bonds Series 1	10/1/01			
Serial Bonds		2005	4,230,000	-0-
Serial Bonds		2007-15	242,875,000	\$ 131,185,000
Bonds Series E (Taxable)	10/1/01			
Term Bonds		2017	6,210,000	310,000
Term Bonds		2021	2,730,000	-0-
Term Bonds		2031	11,060,000	-0-
2002- Bonds Series A	3/1/02	2003-22	112,280,000	-0-
Refunding Bonds Series 1	3/1/02	2004-20	75,000,000	-0-
Bonds Series B (Taxable)	3/26/02			
Term Bonds		2032	15,000,000	1,805,000
Bonds Series C	6/1/02	2003-22	143,545,000	-0-
Bonds Series D (Taxable)	6/12/02			
Term Bonds		2033	20,000,000	2,970,000
Bonds Series E (Taxable)	9/26/02			
Term Bonds		2018	2,000,000	395,000
Bonds Series F (Taxable)	9/26/02			
Term Bonds		2033	13,000,000	3,815,000
Bonds Series G	10/15/02	2004-23	190,550,000	9,335,000 (a)
Bonds Series H	12/30/02			
Term Bonds		2033	15,000,000	3,680,000
2003- Refunding Bonds Series 1 (Taxable)	4/3/03	2019	7,000,000	1,670,000
Refunding Bonds Series 2	4/1/03			
Serial Bonds		2007-21	10,650,000	5,695,000
Term Bonds		2024	3,090,000	-0-
Bonds Series A	5/1/03	2004-23	173,900,000	9,190,000 (a)
Bonds Series B (Taxable)	7/24/03	2033	30,000,000	8,415,000
Bonds Series C	10/15/03			
Serial Bonds		2005-24	251,865,000	34,505,000 (a)
Term Bonds		2026	5,420,000	-0- (a)
Term Bonds		2029	9,190,000	-0- (a)
Term Bonds		2034	18,655,000	18,655,000
Refunding Bonds Series 3	10/30/03			
Serial Bonds		2004-07	9,495,000	-0-
Term Bonds		2013	16,210,000	2,595,000
Term Bonds		2025	13,000,000	-0-
Term Bonds		2026	29,185,000	22,650,000
2004- Refunding Bonds Series 1	1/28/04	2006-19	146,970,000	91,250,000
Refunding Bonds Series 2	1/28/04	2006-20	175,830,000	140,865,000
Refunding Notes Series 1	3/16/04	2004	175,000,000	-0-
Bonds Series A	4/14/04	2005-24	307,435,000	41,460,000 (a)
Bonds CWF Global Certificate	5/1/04	2009-24	116,840,688	72,392,742
Refunding Bonds Series 3	6/15/04	2006-22	175,000,000	29,040,000 (a)
Refunding Bonds Series 4	7/29/04	2006-20	117,200,000	114,425,000
Bonds Series B (Taxable)	8/12/04			
Term Bonds		2014	1,000,000	75,000

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2012)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
2004- Bonds Series C (Taxable)	8/12/04			
Term Bonds		2019	\$ 1,000,000	\$ 205,000
Bonds Series D (Taxable)	8/26/04			
Term Bonds		2034	20,000,000	2,845,000
Bonds Series E	10/21/04	2006-25	225,000,000	92,150,000 ^(a)
2005- Bonds Series A	2/10/05	2016-25	131,485,000	57,280,000 ^(a)
Refunding Bonds Series 1	2/10/05	2006-21	430,240,000	408,760,000
Bonds Series B	4/20/05	2006-15	148,515,000	52,215,000
Bonds Series C (Taxable)	4/7/05			
Term Bonds		2035	5,000,000	2,240,000
Bonds Series D	8/11/05	2007-25	186,640,000	138,340,000
Bonds Series E	12/8/05	2007-11	48,275,000	-0-
2006- Refunding Bonds Series 1	1/31/06	2007-15	96,780,000	45,530,000
Bonds Series A	3/28/06	2015-26	331,215,000	331,215,000
Bonds Series B (Taxable)	7/7/06			
Term Bonds		2037	2,000,000	490,000
Bonds Series C	8/2/06	2008-37	61,685,000	40,675,000
Bonds Series D	9/13/06	2018-26	176,490,000	176,490,000
2007- Bonds Series A	2/1/07	2016-27	158,390,000	148,535,000 ^(a)
Refunding Bonds Series 1	2/1/07	2014-20	299,005,000	299,005,000
Bonds CWF Series A	2/1/07	2026	13,148,554	10,498,334
Bonds CWF Series B	2/1/07	2027	6,851,446	6,851,446
Bonds Series B	6/27/07	2008-27	150,000,000	76,930,000 ^(a)
Refunding Bonds Series 2	10/31/07			
Serial Bonds		2008-2017	13,905,000	1,930,000
Term Bonds		2022	2,510,000	2,475,000
Term Bonds		2027	4,155,000	4,095,000
Refunding Bonds Series 3	10/31/07	2026	3,835,000	-0-
Bonds Series C	12/5/07	2009-28	154,890,000	132,525,000
2008- Bonds Series A	4/30/08	2009-28	164,535,000	139,555,000
Bonds Series B (Taxable)	5/30/08			
Term Bonds		2038	4,445,000	2,165,000
Bonds CWF Series B	6/17/08	2026-28	16,600,000	16,600,000
Refunding Bonds Series 1	6/26/08			
Serial Bonds		2009-	3,120,000	1,505,000
Term Bonds		2018	14,680,000	2,225,000
Serial Bond		2023	175,000	-0-
Refunding Bonds Series 2	6/26/08			
Term Bonds		2020	1,880,000	-0-
Bonds Series C	9/4/08	2010-29	302,200,000	266,360,000
Bonds, Series D	12/23/08	2012-30	100,000,000	96,025,000
2009- Bonds CWF Series A	1/27/09	2016-26	17,700,000	17,700,000
Bonds Series A	6/18/09	2012-22	47,440,000	40,595,000 ^(a)
Bonds Series B (Taxable)	6/18/09			
Serial Bonds		2023-26	24,610,000	24,610,000
Term Bonds		2030	29,925,000	29,925,000
Bonds Series C	9/3/09	2012-22	197,265,000	182,135,000

Table III-2 – Continued
OUTSTANDING GENERAL OBLIGATIONS BY ISSUE
(As of December 15, 2012)

<u>Financing</u>	<u>Date of Financing</u>	<u>Maturity</u>	<u>Amount of Issuance</u>	<u>Amount Outstanding</u>
2009- Bonds Series D (Taxable).....	9/3/09			
Serial Bonds		2023-30	\$ 182,890,000	\$ 182,890,000
Term Bonds		2034	13,990,000	13,990,000
Term Bonds		2040	28,945,000	28,945,000
Refunding Bonds Series 1	9/15/09	2011-16	54,355,000	34,265,000
2010- Refunding Bonds Series 1	3/3/10	2012-29	201,165,000	179,865,000
Bonds Series A	4/7/10	2012-19	143,525,000	128,495,000
Bonds Series B (Taxable)	4/7/10	2020-30	179,105,000	179,105,000
Bonds CWF Series A.....	4/13/10	2025-31	15,243,000	15,243,000
Bonds Series C.....	9/2/10	2012-19	146,680,000	131,320,000
Bonds Series D (Taxable).....	9/2/10			
Serial Bonds		2020-26	155,835,000	155,835,000
Term Bonds		2032	118,025,000	118,025,000
Term Bonds		2041	35,880,000	35,880,000
Bonds CWF Series B	12/7/10	2030-31	15,000,000	15,000,000
2011- Bonds Series A	2/11/11	2012-31	428,740,000	413,400,000
Refunding Bonds Series 1	6/2/11	2013-22	275,375,000	275,375,000
Bonds Series B.....	8/4/11	2013-32	329,260,000	329,260,000
Refunding Bonds Series 2	10/31/11	2013-22	316,070,000	316,070,000
Bonds Series C.....	12/22/11	2023-32	138,260,000	138,260,000
2012- Refunding Bonds Series 1	3/20/12	2014-31	221,460,000	221,460,000
Bonds CWF Series A.....	4/24/12	2014-30	12,300,000	12,300,000
Refunding Bonds Series 2	5/1/12	2018-29	143,555,000	143,555,000
Bonds Series A	6/5/12		199,015,000	199,015,000
Serial Bonds		2022-35	167,475,000	167,475,000
Term Bonds		2037	7,960,000	7,960,000
Term Bonds		2042	23,580,000	23,580,000
Bonds Series B.....	11/1/12	2022-33	293,070,000	<u>293,070,000</u>
<i>Total Fixed-Rate General Obligations</i>				<u>\$7,203,765,521</u>
<i>Variable-Rate General Obligations</i>				
2005- Commercial Paper Series A	12/14/05		100,350,000	\$ 73,850,000
Ext. Muni. Comm. Paper Series A (AMT) ..	12/29/05		61,000,000	-0-
2006- Ext. Muni. Comm. Paper Series A	2/9/06		161,905,000	-0-
Commercial Paper Series A	8/2/06		123,510,000	105,078,000
Ext. Muni. Comm. Paper Series B.....	12/1/06		91,720,000	-0-
Ext. Muni. Comm. Paper Series C (AMT) ..	12/1/06		4,445,000	-0-
2008- Ext. Muni Comm Paper Program.....	Various		452,189,000	621,712,000
Bonds CWF Series A.....	3/18/08		10,300,000	<u>10,300,000</u>
<i>Total Variable-Rate General Obligations</i>				<u>\$ 810,940,000</u>
TOTAL OUTSTANDING GENERAL OBLIGATIONS				<u>\$8,014,705,521</u>

^(a) Pursuant to a refunding escrow agreement, the principal of, and interest on, all or a portion of the bonds will be paid as it comes due or will be called for redemption prior to maturity. The principal amount of bonds for which payment is provided is not treated as outstanding for purposes of this table.

Table III-3

PER CAPITA STATE GENERAL OBLIGATION DEBT

Year Ending December 31	Outstanding Indebtedness^(a) (Amounts in Thousands)	Debt Per Capita	Debt Per Capita as % of Per Capita Income
2002.....	\$4,682,045	\$860.67	2.79%
2003.....	4,794,398	875.85	2.77
2004.....	5,116,439	929.59	2.84
2005.....	5,445,615	983.67	2.92
2006.....	5,898,647	1,061.48	2.97
2007.....	5,893,590	1,052.05	2.86
2008.....	6,146,978	1,092.21	2.88
2009.....	6,481,078	1,146.08	3.06
2010.....	7,407,431	1,302.52	3.39
2011.....	7,878,628	1,384.16	3.44

^(a) Includes obligations of nonstock, nonprofit building corporations

**Sources: Legislative Audit Bureau
Tables II-30 and II-33 in Part II of the 2012 Annual Report**

Table III-4

LIMITATION ON ANNUAL AGGREGATE PUBLIC DEBT THAT MAY BE CONTRACTED

The State Constitution provides that the aggregate debt contracted by the State in calendar year 2012 shall not exceed the lesser of (a) or (b):

(a)	3/4 of 1% x \$471,092,529,200	\$ 3,533,193,969
(b)	5% x \$471,092,529,200	\$23,554,626,460
	Deduct: Net Indebtedness 1/1/2012	<u>(7,878,627,698)</u>
		\$15,675,998,762

The amount of \$471,092,529,200 shown above is the aggregate full market value of all taxable property in the State for the year 2012 as certified by the Department of Revenue.

The amount of \$7,878,627,698 shown above is the net indebtedness as of January 1, 2012 as certified by the Legislative Audit Bureau.

The lesser of (a) or (b) is \$3,533,193,969. Aggregate debt contracted by the State in calendar year 2012 shall not exceed this amount.

Source: Department of Administration

Table III-5

**ANNUAL DEBT LIMIT COMPARED
TO ACTUAL BORROWING**

<u>Calendar Year</u>	<u>Annual Debt Limitation</u>	<u>Actual Borrowing</u>	<u>Borrowing as Percentage of Limitation</u>
2003	\$2,705,326,585	\$499,030,000	18.4%
2004	2,933,908,610	664,435,000	22.6
2005	3,209,501,715	571,990,000	17.8
2006	3,517,373,999	891,285,000	25.3
2007	3,734,402,615	483,280,000	12.9
2008	3,857,954,728	493,635,000	12.8
2009	3,839,339,873	542,765,000	14.1
2010	3,719,281,442	809,293,000	21.8
2011	3,651,481,746	896,260,000	24.6
2012	3,533,193,969	735,585,000	20.8

Source: Department of Administration

Table III-6

**DEBT STATEMENT
(December 15, 2012)**

	<u>Tax-Supported Debt</u>		<u>Revenue-Supported Debt^(a)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Segregated Funds^(b)</u>	<u>Veterans Housing</u>	<u>Other^(c)</u>	
General Obligations	<u>\$5,314,548,734</u>	<u>\$835,469,348</u>	<u>\$120,820,000</u>	<u>\$1,743,867,439</u>	<u>\$8,014,705,521</u>
Total Outstanding					
Indebtedness	<u>\$5,314,548,734</u>	<u>\$835,469,348</u>	<u>\$120,820,000</u>	<u>\$1,743,867,439</u>	<u>\$8,014,705,521</u>

(a) Revenue-Supported Debt represents general obligation debt of the State issued to fund particular programs and facilities with the initial expectation that revenues and other proceeds derived from the operation of the programs and facilities will amortize the allocable debt without recourse to the General Fund.

(b) Includes the Transportation Fund and certain administrative facilities for the Department of Natural Resources.

(c) Includes university dormitories, food service, intercollegiate athletic facilities, certain facilities on the State Fair grounds, and capital equipment acquisition.

Source: Department of Administration

Table III-7

COMPARISON OF OUTSTANDING
INDEBTEDNESS TO EQUALIZED VALUATION
OF PROPERTY

<u>Calendar Year</u>	<u>Value of Taxable Property (Amounts in Thousands)</u>	<u>Outstanding Indebtedness^(a) (Amounts in Thousands)</u>	<u>Debt as Percentage of Equalized Value</u>
2002.....	\$335,326,479	\$4,682,045	1.40%
2003.....	360,710,815	4,794,398	1.33
2004.....	391,187,815	5,116,439	1.31
2005.....	427,933,562	5,445,615	1.27
2006.....	468,983,200	5,898,647	1.26
2007.....	497,920,349	5,893,590	1.18
2008.....	514,393,964	6,146,978	1.19
2009.....	511,911,983	6,481,078	1.27
2010.....	495,904,192	7,407,431	1.49
2011.....	471,092,529	7,878,628	1.67

(a) As of December 31.

Sources: Department of Revenue and Wisconsin Legislative Audit Bureau

Table III-8

DEBT SERVICE PAYMENT HISTORY:
AMOUNT PAID ON GENERAL
OBLIGATIONS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
To June 30, 1990.....	\$1,817,985,000	\$1,711,347,263	\$ 3,529,332,236
1990-91	185,050,000	161,025,824	346,075,824
1991-92	157,985,000	100,545,026	258,530,026
1992-93	131,634,000	138,331,828	269,965,828
1993-94	151,416,138	153,491,249	304,907,387
1994-95	188,718,292	159,985,783	348,704,075
1995-96	199,622,231	159,090,781	358,713,012
1996-97	205,112,886	167,659,261	372,772,147
1997-98	217,184,565	171,783,741	388,968,306
1998-99	236,344,072	173,743,794	410,087,867
1999-2000	244,211,911	183,158,974	427,370,884
2000-01	285,088,311	209,230,800	494,319,110
2001-02	273,060,055	202,386,510	475,446,565
2002-03	270,544,076	216,328,685	486,872,762
2003-04	310,843,832	183,991,355	494,835,186
2004-05	361,327,888	185,242,899	546,570,787
2005-06	349,172,670	216,358,460	565,531,131
2006-07	379,470,000	233,687,100	613,157,100
2007-08	350,005,000	268,124,600	618,129,600
2008-09	397,266,258	255,994,695	653,260,953
2009-10	119,029,189	251,749,918	370,779,107
2010-11	222,253,398	263,514,405	485,767,804
2011-12	159,34,3712	262,202,521	421,546,232
7/1/2012-12/15/2012	61,854,306	147,424,953	209,279,259
Totals.....	<u>\$7,274,522,790</u>	<u>\$6,176,400,425</u>	<u>\$13,450,923,215</u>

Source: Department of Administration

Table III-9

**DEBT SERVICE MATURITY SCHEDULE:
AMOUNT DUE ANNUALLY ON GENERAL OBLIGATION BONDS
(Issued to December 15, 2012)**

Fiscal Year (Ending June 30)	Principal	Interest	Total Debt Service
2013 ^(a)	\$ 403,973,624	\$ 168,889,970	\$ 572,863,594
2014.....	492,185,021	320,057,564	812,242,585
2015.....	507,588,280	297,308,870	804,897,150
2016.....	488,146,289	273,290,776	761,437,064
2017.....	444,495,350	249,333,945	693,829,294
2018.....	455,174,630	228,687,435	683,862,065
2019.....	452,077,162	206,864,941	658,942,104
2020.....	439,112,905	185,099,927	624,212,832
2021.....	400,768,476	163,822,971	564,591,447
2022.....	367,222,142	145,291,409	512,513,551
2023.....	353,019,552	128,154,574	481,174,126
2024.....	333,760,831	112,419,337	446,180,167
2025.....	311,417,120	96,607,773	408,024,894
2026.....	287,348,316	81,830,196	369,178,512
2027.....	309,411,824	68,005,059	377,416,883
2028.....	220,570,000	54,215,855	274,785,855
2029.....	215,761,000	43,433,404	259,194,404
2030.....	202,693,000	32,983,440	235,676,440
2031.....	190,740,000	23,114,321	213,854,321
2032.....	130,280,000	14,314,450	144,594,450
2033.....	74,335,000	8,656,325	82,991,325
2034.....	19,280,000	6,045,563	25,325,563
2035.....	15,395,000	5,115,083	20,510,083
2036.....	15,910,000	4,364,135	20,274,135
2037.....	15,645,000	3,574,313	19,219,313
2038.....	13,490,000	2,797,385	16,287,385
2039.....	14,115,000	2,116,950	16,231,950
2040.....	14,910,000	1,404,165	16,314,165
2041.....	9,750,000	650,510	10,400,510
2042.....	5,190,000	207,600	5,397,600
TOTALS.....	\$ 7,203,765,522	\$ 2,928,658,242	\$ 10,132,423,764

^(a) For the fiscal year ending June 30, 2013, the table includes debt service amounts for the period December 15, 2012 through June 30, 2013.

Source: Department of Administration

Table III-10

**AMORTIZATION SCHEDULE:
GENERAL OBLIGATION VARIABLE RATE OBLIGATIONS^(a)
(Issued to December 15, 2012)**

<u>(Year Ending June 30)</u>	<u>Principal</u>
2013.....	\$ 137,534,892
2014.....	172,529,086
2015.....	123,493,636
2016.....	112,501,263
2017.....	70,229,148
2018.....	52,172,814
2019.....	33,366,936
2020.....	35,013,822
2021.....	32,327,052
2022.....	18,454,761
2023.....	2,402,239
2024.....	2,524,351
2025.....	1,190,000
2026.....	1,250,000
2027.....	1,310,000
2028.....	1,375,000
2029.....	1,445,000
2030 ^(b)	<u>11,820,000</u>
	<u>\$ 810,940,000</u>

^(a) In general, the State has treated each general obligation variable rate issue as if it were a long-term bond issue by making annual principal payments on May 1; in prior fiscal years, certain principal amounts that were scheduled to be due were re-amortized.

^(b) A portion of this amount (\$10,300,000) reflects a General Obligation Bond sold to the State Environmental Improvement Fund with a stated maturity date of June 1, 2008; however, at the option of the purchaser, the maturity date may be extended for six-month periods (for all or a portion of the outstanding amount) with such extensions not extending beyond December 1, 2029.

Source: Department of Administration

Table III-11

**SOURCE OF DEBT SERVICE PAYMENTS
ON GENERAL OBLIGATIONS
(June 30, 2012)**

	<u>2011-12</u>	<u>%</u>	<u>2010-11</u>	<u>%</u>	<u>2009-10</u>	<u>%</u>
Tax-Supported Debt						
General Fund ^(a)	\$180,883,436	42.9	\$248,505,639	51.7	\$179,364,692	48.4
Segregated Funds.....	<u>69,478,714</u>	<u>16.5</u>	<u>36,717,353</u>	<u>7.6</u>	<u>28,809,684</u>	<u>7.8</u>
Subtotal.....	250,362,150	59.4	285,222,993	58.7	208,174,376	56.1
Revenue-Supported Debt						
Veterans.....	49,533,450	11.8	92,336,368	19.0	59,599,604	16.1
University of Wisconsin.....	93,777,922	22.2	81,499,665	16.8	76,588,040	20.7
State Fair Park.....	4,301,653	1.0	3,850,386	0.8	3,525,107	1.0
Historical.....	8,323	0.0	24,963	0.0	51,874	0.0
Housing State Depts./Other....	<u>23,562,735</u>	<u>5.7</u>	<u>22,833,425</u>	<u>4.7</u>	<u>22,543,075</u>	<u>6.2</u>
Subtotal.....	<u>171,184,082</u>	<u>40.6</u>	<u>200,544,809</u>	<u>41.3</u>	<u>162,604,699</u>	<u>43.9</u>
Total Debt Service.....	<u>\$421,546,232</u>	<u>100.0</u>	<u>\$485,767,801</u>	<u>100.0</u>	<u>\$370,779,075</u>	<u>100.0</u>

^(a) The amount for "Tax-Supported Debt; General Fund" in the 2009-10, 2010-11, and 2011-12 fiscal years reflect refunding transactions in which the State issued general obligation refunding obligations to pay for certain general obligations maturing during the 2009-10, 2010-11, and 2011-12 fiscal years.

Source: Department of Administration

VARIABLE RATE OBLIGATIONS

The State has issued, and there currently remain outstanding, both general obligation CP Notes and EMCP.

Commercial Paper Notes

The State has appointed, to serve as **Dealers**, Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, an indirect wholly-owned subsidiary of the Bank of America Corporation. The State has appointed Deutsche Bank Trust Company Americas to serve as **Issuing and Paying Agent** for the CP Notes, and The Depository Trust Company (**DTC**) serves as **Depository** for the CP Notes.

The State has obtained a **Liquidity Facility** in the form of a line of credit, which is provided through a **Credit Agreement**, as amended, between the State and two **Liquidity Facility Providers**—State Street Bank and Trust Company (**State Street**) and California State Teachers’ Retirement System (**CalSTRS**). The principal portion of the Credit Agreement is currently \$233 million.

Table III-12 summarizes, for each authorized and outstanding series of CP Notes, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 15, 2012.

Table III-12

SUMMARY OF OUTSTANDING GENERAL OBLIGATION CP NOTES (December 15, 2012)

<u>Series of CP Notes</u>	<u>Amount Issued</u>	<u>Date of Initial Issuance</u>	<u>Amount Outstanding</u>
2005 Series A	\$100,350,000	December 14, 2005	\$ 73,850,000
2006 Series A	123,510,000	August 2, 2006	<u>105,078,000</u>
			\$ 178,928,000

Additional CP Notes may be issued pursuant to action of the Commission, but the aggregate amount of CP Notes outstanding may not exceed the principal amount of the Liquidity Facility.

Description of CP Notes

Each CP Note is dated the date it is issued. It is issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000.

The CP Notes are not callable prior to maturity.

Each CP Note matures from 1 to 270 days from its issue date. Also, no CP Note may be issued with a maturity date later than the expiration date of the Liquidity Facility or any substitute Liquidity Facility.

Each CP Note bears interest from its date of issuance, at the rate determined at the date of issuance, payable at maturity. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed. Payment of each CP Note is made to the Depository and then distributed by the Depository.

Liquidity Facility

To provide liquidity for the payment of the principal of, and interest on, maturing CP Notes, the State entered into the Credit Agreement with the Liquidity Facility Providers.

Pursuant to the Credit Agreement, the Liquidity Facility Providers are severally and not jointly obligated, subject to certain conditions, to make **Advances** in amounts equal to their respective percentages of the line of credit from time to time on any business day during the term of the Credit Agreement, only for providing funds to pay the principal of, and interest on, the CP Notes on the maturity date thereof to the extent that proceeds of other CP Notes or other moneys on deposit in the Note Fund for the CP Notes are not available. The respective percentages are currently 51.72% for State Street and 48.28% for CalSTRS. The aggregate principal amount of all Advances made on any date may not exceed the principal portion of the Credit Agreement (currently \$233 million), as such amount may be increased or decreased from

time to time. Also, the principal portion of the Credit Agreement cannot be less than the sum of the outstanding CP Notes plus the aggregate principal amount of all outstanding Advances provided by the Liquidity Facility Providers.

The Credit Agreement currently terminates on March 23, 2013. The Credit Agreement provides that the termination date may be extended, if the parties agree. Alternatively, the State is permitted to replace the Credit Agreement with another comparable agreement or agreements with any other liquidity facility provider provided that such substitution meets all required qualifications, including, but not limited to, written evidence from each rating agency which, at the request of the State, is then rating the CP Notes and which is then also rating the provider (or its guarantor) of the proposed substitute liquidity facility, to the effect that the substitution of the Liquidity Facility will not by itself result in a withdrawal, suspension, or reduction of its ratings of the CP Notes from those which then prevail.

The State has delivered one or more promissory notes (**Promissory Notes**) to each Liquidity Facility Provider, evidencing its obligation to repay all Advances. Each Promissory Note is a general obligation of the State. Likewise, new Promissory Notes would be issued to the providers of any substituted Liquidity Facility.

The State will notify the Dealers of any change in the Liquidity Facility. The State will also notify the Municipal Securities Rulemaking Board (**MSRB**) through its Electronic Municipal Market Access system of any change in the Liquidity Facility.

Description of the Liquidity Facility Providers

The following information concerning State Street and CalSTRS has been provided by representatives of State Street and CalSTRS, respectively, and has not been independently confirmed or verified by the State. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date. The following information is not intended to serve as a representation, warranty, or contract modification of any kind.

State Street Bank and Trust Company

State Street is a wholly-owned subsidiary of State Street Corporation (**Corporation**). The Corporation (NYSE: STT) is a leading specialist in providing institutional investors with investment servicing, investment management, and investment research and trading. With \$21.81 trillion in assets under custody and \$1.86 trillion in assets under management, the Corporation operates in 29 countries and more than 100 markets worldwide. The assets of State Street at December 31, 2011 accounted for approximately 98% of the consolidated assets of the Corporation. At December 31, 2011, the Corporation had total assets of \$216.83 billion, total deposits (including deposits in foreign offices) of \$157.29 billion, total loans and lease finance assets net of unearned income, allowance and reserve for possible credit losses of approximately \$10.03 billion and total equity capital of \$19.40 billion.

State Street's Consolidated Reports of Condition for Insured Commercial and State Chartered Savings Banks FFIEC 031 for December 31, 2011, as submitted to the Federal Reserve Bank of Boston, are incorporated by reference into Part III of the 2012 Annual Report and shall be deemed to be a part hereof.

In addition, all reports filed by State Street pursuant to 12 U.S.C. §324 after the date of Part III to the 2012 Annual Report shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and State Street is set forth in the Corporation's Annual Report or Form 10-K for the year ended December 31, 2011. The annual report can be found on the Corporation's web site, www.statestreet.com. Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this 2012 Annual Report are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Corporation's web site is not

incorporated by reference into Part III of the 2012 Annual Report. The Credit Agreement is an obligation of State Street and not of the Corporation.

Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of Part III of the 2012 Annual Report to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of Part III of the 2012 Annual Report.

State Street hereby undertakes to provide, without charge to each person to whom a copy of Part III of the 2012 Annual Report has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated into Part III of the 2012 Annual Report by reference, other than exhibits to such documents. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither State Street nor its affiliates make any representation as to the contents of Part III of the 2012 Annual Report (except as to this section), the suitability of the CP Notes for any investor, the feasibility or performance of any project, or compliance with any securities or tax laws or regulations.

California State Teachers' Retirement System

CalSTRS provides defined retirement, survivor and disability benefits to its members. California public school teachers from preschool through community college and certain other employees of the public school system are required by law to be members of CalSTRS. Contributions to the Teachers' Retirement Fund (**Fund**) are as follow: members - 8%, school districts and other agencies employing members of CalSTRS - 8.25%, State of California - 2.791% of the members' creditable earnings from the fiscal year ending in the prior calendar year.

CalSTRS is a component unit of the State of California, organized and operating under the laws of the State of California, including the Teachers' Retirement Law, constituting Part 13 of Division 1 of Title 1 of the Education Code of the State of California, commencing at Section 22000 (**Law**), as amended. The Law establishes the Teachers' Retirement Board, which has the sole and exclusive fiduciary responsibility over the administration and investment of funds held in the Fund, in which the bulk of the assets of CalSTRS are held.

Financial data for June 30, 2012 are taken from the audited financial statements presented in CalSTRS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. Financial data for fiscal years ended after 2012 are incorporated by reference in this section and shall be deemed to be a part hereof.

As of June 30, 2012, the Fund had net assets held in trust for pension benefits with a market value of approximately \$151.3 billion, compared to approximately \$155.3 billion as of June 30, 2011. As of August 31, 2012, total investment assets had a market value of approximately \$154.8 billion (unaudited).

The CalSTRS Credit Enhancement Program (**CEP**) is rated "AA+/F1+ and Aa3/P-1 by Fitch Ratings and Moody's Investors Service, respectively. CalSTRS is rated AA-/A-1+" by Standard and Poor's.

CalSTRS will provide without charge and upon request, a copy of its financial statements. Requests to CalSTRS for the financial statements should be directed by mail to State Teachers' Retirement System, P.O. Box 163749, MS-04, Sacramento, California 95816-3749, Attention: Credit Enhancement Program, or by email to cepinquiries@calstrs.com. The most recent financial statements, comprehensive annual financial report, and other information regarding CalSTRS can be viewed at www.calstrs.com and CalSTRS investments and CEP information can be viewed at www.calstrs.com/investments/index.aspx; however, these web sites are not incorporated by reference into Part III of the 2012 Annual Report.

Extendible Municipal Commercial Paper

General obligation EMCP is similar to CP Notes; however, rather than liquidity being provided by a bank or credit facility, the maturity date is extended in case there is a disruption in market liquidity for the EMCP. The State has appointed, to serve as **Dealers**, Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, an indirect wholly-owned subsidiary of the Bank of America Corporation. The State has appointed U.S. Bank Trust National Association to serve as Issuing and Paying Agent for the EMCP, and DTC serves as Depository for the EMCP.

On February 1, 2008, the State issued a single series of EMCP that replaced multiple series of outstanding EMCP that had been issued between calendar years 2000-2006. The total amount of EMCP authorized to be outstanding at any given time, pursuant to the program resolution, is \$950 million. The State may increase the principal amount of EMCP outstanding, upon adoption by the Commission of one or more authorizing resolutions, to fund various general governmental purposes or veterans housing loans. With respect to an initial issuance, specific instructions must be provided to the Issuing and Paying Agent before a Dealer may increase the principal amount of EMCP outstanding. This has occurred three times since 2008 for an aggregate par increase of \$250 million. The State may also increase the principal amount of EMCP outstanding with an initial issuance of approximately \$172 million in the first quarter of calendar year 2013. EMCP is not given a series designation based on any initial issuance date.

Table III-13 summarizes, for each authorized and outstanding program under this single series of EMCP, the principal amount initially issued, the date of initial issuance, and the principal amount outstanding as of December 15, 2012.

Table III-13
SUMMARY OF OUTSTANDING GENERAL OBLIGATION EMCP
(December 15, 2012)

<u>Series of EMCP</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Tax-Exempt Notes	\$721,909,000	\$ 621,712,000
Tax-Exempt AMT Notes	4,445,000	<u>-0-</u>
		\$ 621,712,000

Description of EMCP

Each EMCP note is dated the date it is issued and is issued as an interest-bearing obligation in a denomination of \$100,000 or increments of \$1,000 above \$100,000. Interest is computed on the basis of a year having 365 or 366 days and the actual number of days elapsed. Payment of principal of, and interest on, each EMCP note is made to the Depository and then distributed by the Depository.

Each EMCP note matures on its **Original Maturity Date**, which may range from 1 day to 180 days from its original issue date, unless the State exercises its option to extend the maturity date. In that case the EMCP note will mature on its **Extended Maturity Date**, which will be the date that is 270 days after its original issue date.

If the State exercises its option to extend the maturity date, notice of the extension must be provided to the Depository in accordance with the Depository's operational requirements.

Each EMCP note bears interest from its original issue date until the Original Maturity Date at the rate determined on the original issue date, payable on the Original Maturity Date, unless the maturity date is extended, in which case interest will be paid on the date described below. If the State exercises its option to extend the maturity date of an EMCP note, then the extended EMCP note will bear interest after the Original Maturity Date at the Reset Rate and be payable on the dates described below.

If the maturity date of an EMCP note is extended, accrued but unpaid interest to the Original Maturity Date will not be paid on the Original Maturity Date but will be payable on the following date (or any earlier redemption date):

(1) if the Original Maturity Date is before the 15th day of the month, then interest will next be payable on the first **Business Day** (which is a day on which banks located in Madison, Wisconsin and in each of the cities where the principal office of the Issuing and Paying Agent and Dealers are located are not required or authorized by law or executive order to close for business and on which the New York Stock Exchange is not closed) of the next month, or

(2) if the Original Maturity Date is on or after the 15th day of the month, then interest will next be payable on the first Business Day of the second succeeding month after the Original Maturity Date.

For example, if the Original Maturity Date is November 14th, interest will be first payable on the first Business Day of December, and if the Original Maturity Date is November 15th, interest will be first payable on the first Business Day of January.

Each EMCP note bears interest from the Original Maturity Date at the **Reset Rate** and is payable first on the date described above and thereafter on the first Business Day of each month and on any redemption date or the Extended Maturity Date.

The Reset Rate will be a rate of interest per annum determined by the following formula:

$$(1.35 \times BMA) + E$$

As used in the formula, the *BMA* variable will be Securities Industry and Financial Markets Association Index, or SIFMA Index (which previously was referred to as The Bond Market Association Municipal Swap Index, or BMA Index). This index is calculated weekly and released each Wednesday afternoon, effective Thursday. The *E* variable will be a fixed percentage rate expressed in basis points that is determined based on the ratings assigned to the EMCP (**Prevailing Ratings**), as follows:

Prevailing Ratings			
<u>Fitch</u>	<u>Moody's Investors Service, Inc.</u>	<u>Standard & Poor's Ratings Services</u>	<u>E Variable (basis points)</u>
F1+	P-1	A-1+	100
F1	–	A-1	150
F2	P-2	A-2	200
F3	P-3	A-3	300
Lower than F3 (or rating discontinued)	Lower than P-3 (or rating discontinued)	Lower than A-3 (or rating discontinued)	400

If at any time any rating agency announces that a lower rating is under consideration for the EMCP, then the Prevailing Rating from such rating agency will not be the rating then assigned to the EMCP; rather, it will be the next lower rating of such rating agency. If the Prevailing Ratings would indicate different *E* variables as a result of split ratings assigned to the EMCP, then the *E* variable will be the arithmetic average of those indicated by the Prevailing Ratings.

The Reset Rate applicable to any EMCP note will be determined weekly by the Issuing and Paying Agent based on the *BMA* variable and the Prevailing Ratings as of 11:00 a.m. (New York time) on its Original Maturity Date and each Thursday thereafter and will apply through the following Wednesday.

REVENUE-SUPPORTED GENERAL OBLIGATION DEBT

General

Although all general obligations issued by the State are supported by its full faith, credit, and taxing power, a portion of these general obligations are issued with the expectation that debt service payments will not impose a direct burden on the State's taxpayers and its general revenue sources. Beneficiaries and users of revenue-supported programs and facilities pay fees and other amounts that are estimated to be at least sufficient to pay or reimburse the General Fund for the amount paid for debt service related to these revenue-supported programs and facilities.

Table III-6 identifies the amount of outstanding general obligations designated as revenue supported. The programs and facilities funded with these general obligations support debt service payments on approximately \$1.865 billion of State general obligations outstanding on December 15, 2012. Furthermore, **Table III-11** shows that revenue-supported debt service payments were approximately 40.6% of the total debt service cost for the fiscal year ending June 30, 2012. The percentages for the fiscal years ending June 30, 2010, June 30, 2011, and June 30, 2012 are higher than previous fiscal years; in these fiscal years the State issued general obligation refunding obligations for certain maturing general obligations that related to tax-supported debt service payments. This resulted in a decrease in percentage of tax-supported debt service payments and corresponding increase to percentage of revenue-supported debt service payments.

Veterans Housing Loan Program

The veterans housing loan program, operated by the State of Wisconsin Department of Veterans Affairs (**DVA** or **Department of Veterans Affairs**), is one of the revenue-supported general obligation bonding programs of the State. Lending activities under the veterans housing loan program began in 1974. The program is currently funded by general obligations that are either **Tax-Exempt Veterans Mortgage Bonds** or **Taxable Veterans Mortgage Bonds**, collectively referred to as **Veterans Mortgage Bonds**. The repayment of veterans housing loans funded with proceeds of the Veterans Mortgage Bonds are estimated to be at least sufficient to pay or reimburse the General Fund for the amount paid for debt service related to the Veterans Mortgage Bonds.

Approximately \$121 million in aggregate principal amount of Veterans Mortgage Bonds remain outstanding on December 15, 2012. As outlined later in this section, there are different special redemption provisions for the Tax-Exempt Veterans Mortgage Bonds and each series of Taxable Veterans Mortgage Bonds. Due to market conditions and other factors resulting in private mortgage rates being lower than mortgage rates that could be obtained through Veterans Mortgage Bonds, the State has not issued any general obligations for this purpose since calendar year 2008, and the Department of Veterans Affairs has not made any new mortgages or loans under this program since June 2010; the State makes no forecast regarding future mortgage activity under the veterans housing loan program or future general obligation issuances for this purpose.

Tables III-18 through III-24 in Part III of the 2012 Annual Report include unaudited financial and statistical information and related notes that may be helpful in describing the operation of the veterans housing loan program.

Veterans Housing Loan Program Requirements

A veteran who wishes to purchase, build, or purchase and rehabilitate a home that satisfies certain cost or value limitations in relation to the veteran's income may apply for a veterans housing loan, which is also considered to be a primary mortgage housing loan. This loan may be for the purchase of an existing home, for a construction loan, for refinancing the balance due on a construction period loan, bridge loan, or other financing with a term of 24 months or less, or for a combined purchase and rehabilitation loan of up to 95% of the home's value for a term not exceeding 30 years. A loan application is reviewed first by a local lending institution and then by DVA. If the application is approved, the local lending institution originates the loan as agent for DVA and acts as loan servicer thereafter. There are numerous other standards required to be satisfied as part of underwriting. The loan must be secured by a first, or primary, mortgage on the home, and the shelter-cost ratio must generally be less than 25% of income. This ratio may go up to as much as 33% under certain favorable credit circumstances or must be reduced if certain credit risks are present. The originator of the home loan may charge the veteran an origination fee of one point (approximately two points in the case of a construction loan and three points on the rehabilitation portion of a purchase-and-rehabilitation loan).

Home Improvement Loan Program

In addition to veterans housing loans that are considered primary mortgage housing loans, as described above, DVA also makes loans through the Home Improvement Loan Program (**HILP**) that are funded with

proceeds of Taxable Veterans Mortgage Bonds, with prepayments of loans previously funded with Taxable Veterans Mortgage Bonds, or with funds from the Insurance Reserve Account of the veterans housing loan program that are in excess of amounts needed to satisfy the insurance reserve requirement. This program has a maximum loan amount of 90% of the equity in the home and is processed through county veterans service officers rather than lending institutions. HILP loans have terms of 5, 7, 10, or 15 years and have different loan interest rates for differing terms and differing loan-to-value ratios. HILP loans in excess of \$3,000 are secured by either a first or second mortgage on the improved property and require a minimum equity position of 10% after considering the HILP loan. HILP loans under \$3,000 may be guaranteed by a guarantor or secured by a first or second mortgage. HILP loans use the same basic underwriting standards as the veterans primary mortgage housing loans but do not include loan-servicing charges.

Mortgage Interest Rates

It has been the policy of DVA to set the interest rate charged to a veteran at a level sufficient to pay the debt service on the Veterans Mortgage Bonds funding the loan, the cost of program administration, and if deemed necessary, a loan loss reserve (which since 1985 has been charged to fund the Insurance Reserve Account described below).

In setting the interest rate, DVA has previously chosen to provide a subsidy for veterans primary mortgage housing loans, and some HILP loans, funded with some of the Taxable Veterans Mortgage Bonds. The result is that the lending rate may be lower than the true interest cost rate on the Taxable Veterans Mortgage Bonds issued to fund those loans.

With respect to veterans housing loans, DVA has not determined whether any subsidy or similar arrangement will be available to such loans funded with future issues of Taxable Veterans Mortgage Bonds. With respect to HILP loans, DVA has a policy that requires the interest rate established for any HILP loan to include a minimum mark-up over the cost of money to make such loan, which would include a mark-up over the true interest cost rate on any future Taxable Veterans Mortgage Bonds issued to fund HILP loans. This policy includes provisions that DVA must complete in advance if it desires to deviate from this policy.

Default Risks and Other Information

Veterans Mortgage Bonds issued prior to 1985 assumed a certain level of prepayments in estimating program cash flow. No prepayments have been assumed in the nominal amortization of Veterans Mortgage Bonds issued since 1985. Based on asset and liability balances as of July 1, 2011 and DVA assumptions, the cash flow of the mortgages on November 12, 2012 was sufficient to meet future debt service payments. A loan under the veterans housing loan program may be assumed only by another qualifying veteran.

After deducting a servicing charge (.375% per annum), the participating lender deposits the veteran's monthly loan repayments and any prepayments into the Veterans Mortgage Loan Repayment Fund of the veterans housing loan program, a segregated statutory fund. An irrevocable appropriation is provided by law as a first charge on assets of the Veterans Mortgage Loan Repayment Fund in a sum sufficient to provide for the repayment of principal of, premium, if any, and interest on, State general obligations issued to fund the program.

Program loans financed with Veterans Mortgage Bonds are not required to be insured or guaranteed (casualty insurance coverage is, however, required). Instead, the default risk with respect to such loans is borne by the program. The ability of DVA to dispose of defaulted properties and realize the amount of the outstanding principal balances of the related loans has varied in recent years depending upon the location of the properties within the State and their physical condition upon foreclosure. Although DVA expects that it will continue to experience liquidation losses, it also expects that such losses will not require recourse to the State's General Fund but rather will be covered by the Insurance Reserve Account within the Veterans Mortgage Loan Repayment Fund. As of October 31, 2012, of the 1,191 outstanding primary mortgage housing loans financed by the veterans housing loan program, there were 36 loans in an

aggregate principal amount of approximately \$3.6 million for which payments were 60 days or longer past due. The insurance reserve requirement (4% of the principal amount of outstanding loans) is currently satisfied. See [Table III-22](#) for more complete details concerning delinquencies.

Special Redemption; Tax-Exempt Veterans Mortgage Bonds

The State had outstanding as of December 15, 2012, approximately \$85 million of Tax-Exempt Veterans Mortgage Bonds. All Tax-Exempt Veterans Mortgage Bonds are subject to special redemption before maturity (even if not subject to optional redemption as provided above), at the option of the Commission, on any date, in whole or in part, at a redemption price equal to par (100% of the principal amount to be redeemed), plus accrued interest to the date of redemption, from:

- Prepayments of veterans housing loans funded from, or attributed to, any series of Tax-Exempt Veterans Mortgage Bonds.
- Payments on veterans housing loans, or interest or income on investments in certain accounts, including money available from the Insurance Reserve Account, in excess of amounts required to meet scheduled debt service on all Tax-Exempt Veterans Mortgage Bonds and other costs associated with the veterans housing loan program.

The redemption provisions described above are commonly referred to as a “cross-call”. In addition, other special redemption provisions (such as allowing redemptions funded from unexpended proceeds) may apply to certain series of Tax-Exempt Veterans Mortgage Bonds. In the event of a partial redemption, the Capital Finance Director shall direct the maturities and amounts of the Tax-Exempt Veterans Mortgage Bonds to be redeemed.

Prepayments of mortgages originated with, or attributed to, any series of Taxable Veterans Mortgage Bonds may not be used for special redemption of Tax-Exempt Veterans Mortgage Bonds, and prepayments of mortgages originated with, or attributed to, any series of Tax-Exempt Veterans Mortgage Bonds may not be used for special redemption of Taxable Veterans Mortgage Bonds.

Table III-14 presents a summary of the outstanding Tax-Exempt Veterans Mortgage Bonds as of December 15, 2012. [Table III-25](#) presents further detailed information on these outstanding Tax-Exempt Veterans Mortgage Bonds that are subject to special redemption.

Table III-14

**SUMMARY OF OUTSTANDING
TAX-EXEMPT VETERANS MORTGAGE BONDS SUBJECT TO SPECIAL REDEMPTION
(December 15, 2012)**

<u>Series</u>	<u>Dated Date</u>	<u>Original Principal Amount Subject to Special Redemption</u>	<u>Outstanding Principal Amount Subject to Special Redemption</u>	<u>Range of Interest Rates on Outstanding Bonds</u>
1998 Series E	10/15/98	\$ 6,155,000	\$ 940,000	4.75%
2003 Series 2	04/01/03	13,740,000	5,695,000	4.00-4.80
2003 Series 3	10/30/03	67,890,000	25,245,000	3.50-5.00
2006 Series C	08/02/06	61,685,000	40,675,000	4.50-5.00
2007 Series 2	10/31/07	16,735,000	8,500,000	3.85-4.50
2008 Series 1	6/26/08	17,975,000	<u>3,730,000</u>	3.45-4.75
			<u>\$ 84,785,000</u>	

The State has historically received, and expects to continue to receive, prepayments of veterans housing loans funded with Tax-Exempt Veterans Mortgage Bonds. See [Table III-26](#) for a summary of the prepayments received over the past three years. The State may use, and has from time to time used, veterans housing loan prepayments to make new veterans housing loans. If the State determines that it is not feasible to make new veterans housing loans, then the State intends to use these prepayments to purchase or redeem Tax-Exempt Veterans Mortgage Bonds, as determined by the Commission.

Prior to calendar year 2002, it had been the working policy of the Department of Administration, on behalf of the Commission, to call Tax-Exempt Veterans Mortgage Bonds for special redemption based on the highest estimated market price, while taking into consideration the Legislature's mandate that the veterans housing loan program be self-amortizing. Since that time, this working policy has been modified from time to time to address both (1) the impact special redemption cross-calls have on the cash flow that supports all Veterans Mortgage Bonds and (2) compliance with applicable federal tax law restrictions. This working policy is subject to change at any time. While the Tax-Exempt Veterans Mortgage Bonds that were called for special redemption in calendar year 2009 were those with the highest interest rates, the Tax-Exempt Veterans Mortgage Bonds called for special redemption in calendar years 2010, 2011, and 2012 reflect the working policy outlined above.

A special redemption of Tax-Exempt Veterans Mortgage Bonds occurred on September 17, 2012, as summarized in Table III-15. This special redemption used prepayments of veterans housing loans funded with Tax-Exempt Veterans Mortgage Bonds. In addition, this special redemption used money available from the Insurance Reserve Account in excess of amounts required to meet scheduled debt service requirements.

Table III-15

**SEPTEMBER 17, 2012 SPECIAL REDEMPTION
TAX-EXEMPT VETERANS MORTGAGE BONDS**

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
2003 Series 3	2013	3.50%	\$ 350,000
1998 Series E	2017	4.80	985,000
2003 Series 2	2014	4.05	695,000
2007 Series 2	2013	3.85	165,000
	20142015	3.954.05	345175,000
2008 Series 1	2015	3.75	250,000
	2018	4.75	1,270,000

During calendar year 2012, other special redemptions of Tax-Exempt Veterans Mortgage Bonds using prepayments of veterans housing loans, and using money available from the Insurance Reserve Account in excess of amounts required to meet scheduled debt service requirements, occurred on January 17 (aggregate of \$7 million), May 1 (aggregate of \$6 million), and August 1 (aggregate of \$5 million). The State also provided redemption notices for special redemptions that occurred on December 17, 2012. These redemptions, in the aggregate amount of \$6 million, were made from prepayments of veterans housing loans funded with Tax-Exempt Veterans Mortgage Bonds and money available from the Insurance Reserve Account, in excess of amounts required to meet scheduled debt service requirements.

Special Redemption; Taxable Veterans Mortgage Bonds

The State had outstanding, as of December 15, 2012, approximately \$36 million of Taxable Veterans Mortgage Bonds.

In addition to optional redemption provisions, the Taxable Veterans Mortgage Bonds are subject to special redemption prior to maturity, at the option of the Commission, on any date, in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, from:

- Unexpended proceeds from only that series of Taxable Veterans Mortgage Bonds, as provided in the respective authorizing resolution.

- Prepayments of veterans housing loans or HILP loans, or interest or income on investments in certain accounts, funded from or attributed to only that series of Taxable Veterans Mortgage Bonds, as provided in the respective authorizing resolution.

In the event of a partial redemption, the Commission shall direct the maturities of the Taxable Veterans Mortgage Bonds and the amounts thereof so to be redeemed; however, the Commission has stated in the respective Official Statements that it intends to apply amounts from these sources as a *pro rata* redemption on all applicable outstanding maturities of the Taxable Veterans Mortgage Bonds, subject to rounding, to reflect approximately the unexpended proceeds or prepayment from either veterans housing loans or HILP loans.

Prepayments of veterans housing loans or HILP loans originated with, or attributed to, a series of Taxable Veterans Mortgage Bonds may not be used for special redemption of any other series of Taxable Veterans Mortgage Bonds. Prepayments of mortgage loans or loans originated with, or attributed to, any series of Tax-Exempt Veterans Mortgage Bonds may not be used for special redemption of Taxable Veterans Mortgage Bonds.

The State has historically received, and expects to continue to receive, prepayments of veterans housing loans and HILP loans funded with Taxable Veterans Mortgage Bonds. See **Table III-26** for a summary of these prepayments received over the past three years. The State may use prepayments of veterans housing loans and HILP loans funded with Taxable Veterans Mortgage Bonds to make new veterans housing loans and HILP loans. If the State determines that it is not feasible to make new veterans housing loans or HILP loans, then the State intends to use these prepayments to purchase or redeem Taxable Veterans Mortgage Bonds, as determined by the Commission

The Commission has made several special redemptions of Taxable Veterans Mortgage Bonds from these prepayments. A special redemption of Taxable Veterans Mortgage Bonds occurred on September 17, 2012. The redemption, which is summarized in Table III-16, also included optional redemption of certain Taxable Veterans Mortgage Bonds using allowable funds available from the veterans housing loan program.

Table III-16

**SEPTEMBER 17, 2012 SPECIAL REDEMPTION AND OPTIONAL REDEMPTION
TAXABLE VETERANS MORTGAGE BONDS**

<u>Bond Issue</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>Redemption Amount</u>
1998 Series F	2029	6.40%	\$ 1,595,000
2001 Series E	2017	6.12	50,000
2002 Series B	2032	6.25	10,000
2002 Series D	2033	6.25	65,000
2002 Series E	2018	4.80	10,000
2002 Series F	2033	5.25	70,000
2002 Series H	2033	5.25	190,000
2003 Series I	2019	4.85	5,000
2003 Series B	2033	4.35	370,000
2004 Series C	2019	5.15	5,000
2004 Series D	2034	5.65	160,000
2005 Series C	2035	5.40	170,000
2006 Series B	2021	5.65	5,000
2008 Series B	2038	4.90	285,000

During calendar year 2012, other special and optional redemptions of Taxable Veterans Mortgage Bonds occurred on January 17 (aggregate of \$8 million), May 1 (aggregate of \$6 million), and August 1 (aggregate of \$5 million). The State also provided redemption notices for redemptions that occurred on December 17, 2012 in the aggregate amount of \$3 million. This included special redemptions from prepayments of veterans housing loans funded with Taxable Veterans Mortgage Bonds and optional redemptions from allowable funds available from the veterans housing loan program.

See [Table III-17](#) for an aggregate summary of special redemptions (from prepayments and unexpended proceeds) and optional redemptions (from allowable funds available from the veterans housing loan program) that have occurred on Taxable Veterans Mortgage Bonds for the past ten years. [Table III-17](#) does not include the redemptions that occurred on December 17, 2012.

Table III-17

**SUMMARY OF SPECIAL AND OPTIONAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS
(As of December 15, 2012)^(a)**

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Special Redemption; Calendar Year 2009	Special Redemption; Calendar Year 2010	Special Redemption; Calendar Year 2011	Special Redemption; Calendar Year 2012	Sinking Fund and Other Optional Redemption Payments Made	Outstanding Par Amount	Coupon	
1997 Series D	9/15/1997	11/1/1999	\$ 620,000												-	6.15%	
		11/1/2000	655,000													-	6.15%
		11/1/2001	695,000													-	6.25%
		11/1/2002	740,000													-	6.30%
		11/1/2003	785,000	\$ 165,000												-	6.40%
		11/1/2004	840,000		\$ 25,000											-	6.50%
		11/1/2005	895,000	305,000	65,000	\$ 20,000										-	6.55%
		11/1/2006	950,000	330,000	85,000	25,000	\$ 15,000									-	6.60%
		11/1/2007	1,010,000	340,000	75,000	25,000	25,000	\$ 40,000								-	6.65%
		11/1/2008	1,080,000	385,000	95,000	30,000	20,000	40,000								-	6.70%
		11/1/2009	1,155,000	385,000	85,000	30,000	25,000	45,000								-	6.80%
		11/1/2010	1,230,000	420,000	100,000	25,000	30,000	50,000		\$ 10,000	\$ 10,000					-	6.85%
		11/1/2011	1,320,000	450,000	110,000	40,000	25,000	55,000		5,000	25,000					-	6.90%
		11/1/2012	1,410,000	490,000	115,000	35,000	30,000	50,000		10,000	20,000		\$ 400,000			-	6.90%
		11/1/2017	6,760,000	2,650,000	670,000	215,000	185,000	200,000		55,000	145,000			1,370,000		-	7.15%
		11/1/2028	24,855,000	10,095,000	2,590,000	830,000	705,000	680,000		225,000	560,000	\$ 4,530,000		-		-	7.25%
		Subtotal	45,000,000	16,295,000	4,015,000	1,275,000	1,060,000	1,160,000	-	305,000	760,000	4,530,000	1,770,000	-	-		
1998 Series C	5/15/1998	5/1/1999	495,000												-	5.80%	
		5/1/2000	495,000												-	5.85%	
		5/1/2001	525,000												-	5.90%	
		5/1/2002	550,000												-	6.05%	
		5/1/2003	595,000	55,000											-	6.05%	
		5/1/2004	625,000	265,000											-	6.10%	
		5/1/2005	675,000	305,000	40,000										-	6.15%	
		5/1/2006	710,000	310,000	50,000	20,000									-	6.20%	
		5/1/2007	760,000	340,000	50,000	20,000	5,000								-	6.25%	
		5/1/2008	815,000	365,000	50,000	30,000	10,000	10,000							-	6.30%	
		5/1/2028	27,760,000	12,935,000	2,185,000	870,000	185,000	550,000	180,000	360,000	300,000	165,000	4,495,000	\$ 680,000		-	6.95%
		Subtotal	34,005,000	14,575,000	2,375,000	940,000	200,000	560,000	180,000	360,000	300,000	165,000	4,495,000	680,000	\$ -		

Table III-17 — Continued
SUMMARY OF SPECIAL AND OPTIONAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS
(As of December 15, 2012)^(a)

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Special Redemption; Calendar Year 2009	Special Redemption; Calendar Year 2010	Special Redemption; Calendar Year 2011	Special Redemption; Calendar Year 2012	Sinking Fund and Other Optional Redemption Payments Made	Outstanding Par Amount	Coupon	
1998 Series F	10/15/1998	11/1/1999	\$ 355,000												-		
		11/1/2000	725,000												-	5.00%	
		11/1/2001	760,000												-	5.10%	
		11/1/2002	790,000												-	5.20%	
		11/1/2003	830,000	\$ 290,000											-	5.35%	
		11/1/2004	870,000	440,000											-	5.45%	
		11/1/2005	915,000	460,000	\$ 75,000	\$ 30,000									-	5.55%	
		11/1/2006	960,000	475,000	80,000	35,000	\$ 5,000								-	5.55%	
		11/1/2007	1,015,000	510,000	85,000	35,000	10,000	\$ 30,000							-	5.60%	
		11/1/2008	1,065,000	535,000	85,000	40,000	15,000	30,000							-	5.65%	
		11/1/2009	1,125,000	570,000	95,000	40,000	10,000	35,000		\$ 20,000					-	5.75%	
		11/1/2029	45,590,000	22,890,000	3,750,000	1,665,000	460,000	1,405,000			1,395,000	\$ 585,000	\$ 425,000	\$ 3,995,000	\$ 505,000	\$ 2,650,000	6.40%
			Subtotal		55,000,000	26,170,000	4,170,000	1,845,000	500,000	1,500,000	-	1,415,000	585,000	425,000	3,995,000	-	2,650,000
1999 Series B	5/1/1999	11/1/2000	420,000												-	5.35%	
		11/1/2001	450,000												-	5.60%	
		11/1/2002	480,000												-	5.80%	
		11/1/2003	500,000	200,000											-	6.00%	
		11/1/2004	535,000	280,000											-	6.20%	
		11/1/2005	570,000	295,000	40,000	10,000									-	6.25%	
		11/1/2006	600,000	310,000	45,000	10,000									-	6.25%	
		11/1/2007	640,000	340,000	45,000	10,000	5,000	5,000							-	6.30%	
		11/1/2008	680,000	355,000	50,000	10,000		10,000							-	6.35%	
		11/1/2009	725,000	375,000	55,000	15,000	5,000	15,000			5,000				-	6.40%	
		11/1/2010	770,000	400,000	55,000	10,000	5,000	10,000	5,000	5,000					-	6.40%	
		11/1/2013	2,620,000	1,370,000	200,000	45,000	10,000	40,000	5,000	10,000	15,000			255,000	120,000	-	6.50%
		11/1/2016	3,180,000	1,655,000	235,000	55,000	15,000	50,000	10,000	15,000	20,000			450,000		-	7.00%
		11/1/2030	27,830,000	14,520,000	2,060,000	480,000	140,000	420,000	70,000	145,000	165,000	2,375,000	1,570,000			-	7.25%
	Subtotal		40,000,000	20,100,000	2,785,000	645,000	180,000	550,000	90,000	180,000	200,000	2,375,000	2,275,000	-	-		

Table III-17 — Continued
SUMMARY OF SPECIAL AND OPTIONAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS
(As of December 15, 2012)^(a)

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Special Redemption; Calendar Year 2009	Special Redemption; Calendar Year 2010	Special Redemption; Calendar Year 2011	Special Redemption; Calendar Year 2012	Sinking Fund and Other Optional Redemption Payments Made	Outstanding Par Amount	Coupon	
1999 Series D	11/1/1999	11/1/2010	\$ 9,465,000	\$ 2,970,000	\$ 240,000	\$ 75,000							\$ -	\$ 2,340,000	-	7.70%	
		11/1/2030	55,535,000	21,150,000	1,960,000	755,000							\$ 3,935,000	-	2,990,000	-	7.70%
		Subtotal	65,000,000	24,120,000	2,200,000	830,000						-	3,935,000	5,330,000	-		
2000 Series B	7/1/2000	11/1/2010	4,625,000	1,520,000	85,000	10,000	\$ 5,000	\$ 5,000						-	1,130,000	-	7.50%
		11/1/2030	30,375,000	12,170,000	850,000	100,000	75,000	135,000						-	3,175,000	-	8.05%
		Subtotal	35,000,000	13,690,000	935,000	110,000	80,000	140,000				-		4,305,000	-		
2000 Series E	11/7/2000	11/1/2016	5,000,000	1,160,000	435,000	165,000	40,000	150,000					-	950,000	\$ 500,000	7.00%	
2001 Series A	2/21/2001	5/1/2031	15,000,000	9,625,000	1,145,000	255,000	340,000	280,000	\$ 170,000	\$ 530,000	\$ 20,000	40,000	-	790,000	1,805,000	7.00%	
2001 Series D	6/15/2001	11/1/2002	320,000												-	4.50%	
2001 Series D	6/15/2001	11/1/2003	255,000	125,000											-	5.00%	
2001 Series D	6/15/2001	11/1/2004	265,000	185,000											-	5.30%	
2001 Series D	6/15/2001	11/1/2005	280,000	200,000	20,000										-	5.50%	
2001 Series D	6/15/2001	11/1/2006	295,000	210,000	25,000										-	5.60%	
2001 Series D	6/15/2001	11/1/2007	315,000	225,000	15,000			5,000							-	5.75%	
2001 Series D	6/15/2001	11/1/2008	330,000	240,000	25,000			10,000							-	5.90%	
2001 Series D	6/15/2001	11/1/2011	1,110,000	785,000	85,000			25,000		5,000	10,000			155,000	-	6.20%	
2001 Series D	6/15/2001	11/1/2016	2,390,000	1,700,000	175,000	5,000	5,000	60,000		20,000	30,000		300,000		-	6.60%	
2001 Series D	6/15/2001	11/1/2021	3,305,000	2,350,000	250,000	5,000	10,000	85,000	5,000	25,000	50,000		395,000		-	6.90%	
2001 Series D	6/15/2001	11/1/2031	11,135,000	7,925,000	830,000	20,000	25,000	275,000	15,000	90,000	175,000		1,340,000		-	7.05%	
		Subtotal	20,000,000	13,945,000	1,425,000	30,000	40,000	460,000	20,000	140,000	265,000		2,035,000	-	-		
2001 Series E	10/1/2001	11/1/2017	6,210,000	3,230,000	440,000	180,000	265,000	205,000		305,000			125,000	1,145,000	310,000	6.12%	
2001 Series E	10/1/2001	11/1/2021	2,730,000	1,505,000	220,000	90,000	145,000	115,000		210,000	5,000	15,000	425,000		-	6.71%	
2001 Series E	10/1/2001	11/1/2031	11,060,000	6,095,000	900,000	375,000	580,000	470,000		835,000	15,000	40,000	1,750,000		-	6.96%	
		Subtotal	20,000,000	10,830,000	1,560,000	645,000	990,000	790,000	-	1,350,000	20,000	55,000	2,300,000	1,145,000	310,000		

Table III-17 — Continued
SUMMARY OF SPECIAL AND OPTIONAL REDEMPTIONS
TAXABLE VETERANS MORTGAGE BONDS
(As of December 15, 2012)^(a)

Bond Issue	Dated Date	Maturity Date	Original Issue Amount	Special Redemption; Calendar Year 2003	Special Redemption; Calendar Year 2004	Special Redemption; Calendar Year 2005	Special Redemption; Calendar Year 2006	Special Redemption; Calendar Year 2007	Special Redemption; Calendar Year 2008	Special Redemption; Calendar Year 2009	Special Redemption; Calendar Year 2010	Special Redemption; Calendar Year 2011	Special Redemption; Calendar Year 2012	Sinking Fund and Other Optional Redemption Payments Made	Outstanding Par Amount	Coupon
2002 Series B	3/26/2002	11/1/2032	15,000,000	\$ 5,825,000	\$ 1,285,000	\$ 860,000	\$ 1,040,000	\$ 1,060,000	\$ 160,000	\$ 1,385,000	\$ 350,000	\$ 160,000	\$ 240,000	\$ 830,000	\$ 1,805,000	6.25%
2002 Series D	6/12/2002	5/1/2033	20,000,000	5,025,000	4,345,000	330,000	830,000	850,000	130,000	1,110,000	750,000	330,000	390,000	940,000	2,970,000	6.25%
2002 Series E	9/26/2002	5/1/2018	2,000,000	-	65,000	-	470,000	-	220,000	110,000	15,000	50,000	15,000	660,000	395,000	4.80%
2002 Series F	9/26/2002	5/1/2033	13,000,000	470,000	910,000	660,000	-	-	430,000	2,270,000	985,000	1,440,000	525,000	1,495,000	3,815,000	5.25%
2002 Series H	12/30/2002	5/1/2033	15,000,000	-	2,080,000	1,125,000	-	230,000	660,000	2,170,000	990,000	1,225,000	1,150,000	1,690,000	3,680,000	5.25%
2003 Series I	4/3/2003	11/1/2019	7,000,000	N/A	1,915,000	370,000	230,000	-	510,000	160,000	75,000	60,000	5,000	2,005,000	1,670,000	4.85%
2003 Series B	7/24/2003	11/1/2033	30,000,000	N/A	-	1,760,000	-	60,000	-	5,000,000	3,280,000	4,630,000	2,620,000	4,235,000	8,415,000	4.35%
2004 Series B	8/12/2004	11/1/2014	1,000,000	N/A	N/A	-	-	5,000	40,000	190,000	115,000	20,000	15,000	540,000	75,000	4.50%
2004 Series C	8/12/2004	11/1/2019	1,000,000	N/A	N/A	-	-	70,000	40,000	290,000	35,000	25,000	45,000	305,000	190,000	5.15%
2004 Series D	8/26/2004	11/1/2034	20,000,000	N/A	N/A	13,500,000	-	175,000	160,000	1,315,000	510,000	135,000	630,000	715,000	2,860,000	5.65%
2005 Series C	4/7/2005	5/1/2035	5,000,000	N/A	N/A	N/A	-	5,000	280,000	70,000	860,000	520,000	520,000	505,000	2,240,000	5.40%
2006 Series B	7/7/2006	11/1/2021	2,000,000	N/A	N/A	N/A	N/A	20,000	-	700,000	170,000	85,000	105,000	430,000	490,000	5.65%
2008 Series B	5/30/2008	5/1/2038	4,445,000	N/A	N/A	N/A	N/A	N/A	-	400,000	230,000	945,000	465,000	240,000	2,165,000	4.90%
Totals			\$ 469,450,000	\$ 161,830,000	\$ 31,645,000	\$ 25,345,000	\$ 6,000,000	\$ 8,065,000	\$ 3,090,000	\$ 19,450,000	\$ 10,515,000	\$ 21,150,000	\$ 23,595,000	\$ 27,790,000	\$ 36,035,000	

Note: The total original issue amount less all the special redemptions and sinking fund payment amounts does not equal the total outstanding par amount since the table does not include serial bonds that matured prior to the date of this 2012 Annual Report. In addition, certain optional redemptions that have been completed using allowable funds available from the veterans housing loan program are included within the above "special redemption" amounts.

^(a) Table III-17 does not reflect redemptions that occurred on December, 17, 2012.

Financial and Statistical Information

The following unaudited financial and statistical information and notes relate to the operation of the veterans housing loan program. Veterans Mortgage Bonds issued to fund this program are general obligations; the bondholders have no special pledge or lien on revenues derived from this program.

Table III-18

**VETERANS HOUSING LOAN PROGRAM
BALANCE SHEET
(As of June 30; Amounts in Thousands)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSETS					
Cash and Cash Equivalents.....	\$ 29,442	\$ 28,889	\$ 58,108	\$ 75,288	\$ 129,521
Veterans Loans.....	124,453	170,131	225,132	258,368	276,838
Other Receivables.....	1,104	2,660	2,006	1,647	1,624
Advances to Other Funds.....	611	586	454		
Due From Other Funds.....	2				
Prepaid Items.....	22	29	43	40	40
Deferred Charges.....	751	1,013	1,653	2,507	3,311
Capital Assets (net of accumulated depreciation).....	18	47	77	103	131
Other Assets.....	1,446	1,312	1,041	908	595
Total Assets.....	<u>\$ 157,848</u>	<u>\$ 204,667</u>	<u>\$ 288,514</u>	<u>\$ 338,860</u>	<u>\$ 412,060</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable and Other Accrued Liabilities.....	\$ 151	\$ 104	\$ 278	\$ 170	\$ 325
Due to Other Funds.....	90	80	284	183	123
Due to Other Governments.....	56	26	15	12	41
Tax and Other Deposits.....					
Unearned Revenue.....					
Interest Payable.....	1,145	1,510	2,210	2,588	3,024
Compensated Absences.....	268	304	308	259	209
Other Postemployment Benefits	150	144	122	146	80
Short Term Note Payable.....					
General Obligation Bonds Payable.....	140,847	181,305	259,926	304,422	372,104
Total Liabilities.....	<u>\$ 142,706</u>	<u>\$ 183,473</u>	<u>\$ 263,144</u>	<u>\$ 307,778</u>	<u>\$ 375,904</u>
Fund Equity:					
Retained Earnings:					
Unreserved.....	\$ 15,142	\$ 21,195	\$ 25,370	\$ 31,082	\$ 36,156
Total Fund Equity.....	<u>\$ 15,142</u>	<u>\$ 21,195</u>	<u>\$ 25,370</u>	<u>\$ 31,082</u>	<u>\$ 36,156</u>
Total Liabilities and Fund Equity.....	<u>\$ 157,848</u>	<u>\$ 204,668</u>	<u>\$ 288,514</u>	<u>\$ 338,860</u>	<u>\$ 412,060</u>

Source: Department of Veterans Affairs

Table III-19

VETERANS HOUSING LOAN PROGRAM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
(As of June 30; Amounts in Thousands)

	2012	2011	2010	2009	2008
Operating Revenues:					
Investment and Interest Income.....	\$ 8,781	\$ 11,678	\$ 14,705	\$ 17,285	\$ 16,418
Total Operating Revenues.....	<u>\$ 8,781</u>	<u>\$ 11,678</u>	<u>\$ 14,705</u>	<u>\$ 17,285</u>	<u>\$ 16,418</u>
Operating Expenses:					
Personal Services.....	\$ 2,432	\$ 2,545	\$ 2,486	\$ 2,577	\$ 2,313
Supplies and Services.....	704	566	577	581	495
Depreciation.....	27	30	30	30	21
Interest Expense.....	8,974	12,618	15,186	19,116	19,670
Other Expenses.....	2,369	1,111	2,254	1,411	1,149
Total Operating Expenses.....	<u>14,506</u>	<u>16,869</u>	<u>20,533</u>	<u>23,715</u>	<u>23,649</u>
Operating Income (Loss).....	<u>(\$ 5,724)</u>	<u>(\$ 5,191)</u>	<u>(\$ 5,828)</u>	<u>(\$ 6,431)</u>	<u>(\$ 7,230)</u>
Nonoperating Revenues (Expenses):					
Investment and Interest Income.....	\$ 70	\$ 122	\$ 177	\$ 1,324	\$ 5,375
Gain (Loss) on Disposal of Capital Assets	(\$12)				
Other Revenues.....	4	1,286	4	40	
Other Expenses:					
Grants Disbursed.....	(329)	(328)	(339)	(452)	(451)
Other.....	(8)	(8)	(8)	(8)	(47)
Total Nonoperating Revenue (Expense).....	<u>(268)</u>	<u>1,073</u>	<u>(159)</u>	<u>913</u>	<u>4,876</u>
Income (Loss) Before Operating Transfers.....	<u>(5,992)</u>	<u>(4,118)</u>	<u>(5,987)</u>	<u>(5,518)</u>	<u>(2,347)</u>
Operating Transfers In.....				10	
Operating Transfers Out.....	(60)	(57)	(51)	(77)	(707)
Net Income before Extraordinary Items and Cumulative	<u>(6,052)</u>	<u>(4,175)</u>	<u>(6,039)</u>	<u>(5,584)</u>	<u>(3,053)</u>
Extraordinary Items:					
Gain (Loss) from Extinguishment of Debt.....	(6,052)	(4,175)	(6,039)	(5,584)	(3,053)
Net Income	<u>(\$ 6,052)</u>	<u>(\$ 4,175)</u>	<u>(\$ 6,039)</u>	<u>(\$ 5,584)</u>	<u>(\$ 3,053)</u>
Fund Equity, Beginning of Year.....	\$21,195	\$25,370	\$31,082	\$36,156	\$39,209
Prior Period Adjustments.....	-	-	327	510	
Fund Equity, End of Year	<u>\$15,142</u>	<u>\$21,195</u>	<u>\$25,370</u>	<u>\$31,082</u>	<u>\$36,156</u>

Source: Department of Veterans Affairs

Table III-20

VETERANS HOUSING LOAN PROGRAM
STATEMENT OF CASH FLOWS
(As of June 30; Amounts in Thousands)

	2012	2011	2010	2009	2008
Cash Flows from Operating Activities:					
Cash Payments to Suppliers for Goods and Services.....	(\$ 773)	(\$ 551)	(\$ 560)	(\$ 711)	(\$ 414)
Cash Payments to Employees for Services.....	(2,382)	(2,607)	(2,464)	(2,324)	(2,407)
Cash Payments for Loans Originated.....	(264)	(662)	(11,136)	(38,761)	(52,544)
Investment and Interest Income.....	9,225	12,749	15,972	18,287	16,756
Collection of Loans.....	44,218	53,448	42,233	55,703	31,431
Other Operating Revenues (Expenses).....	(1,328)	(1,077)	(1,387)	(1,262)	(1,039)
Other Sources of Cash	1,716				
Net Cash Provided (Used) by Operating Activities.....	<u>\$ 50,412</u>	<u>\$ 61,300</u>	<u>\$ 42,658</u>	<u>\$ 30,932</u>	<u>(\$ 8,217)</u>
Cash Flows from Noncapital Financing Activities:					
Proceeds from Issuance of Debt.....					\$ 44,870
Grants to Individuals or Governments.....	(\$ 292)	(\$ 324)	(\$ 336)	(\$ 444)	(468)
Repayment of Bonds and Notes.....	(40,810)	(79,045)	(44,790)	(68,315)	(44,755)
Interest Payments.....	(8,725)	(12,236)	(14,824)	(18,208)	(19,383)
Operating Transfers Out.....	(60)	(285)	(51)	(87)	(221)
Other Cash Inflows from Noncapital Financing Activities.....	4	1,268	3	63	7
Other Cash Outflows from Noncapital Financing Activities.....	(8)				(1,284)
Net Cash Provided (Used) by Noncapital Financing Activities.....	<u>(\$ 49,891)</u>	<u>(\$ 90,622)</u>	<u>(\$ 59,998)</u>	<u>(\$ 86,992)</u>	<u>(\$ 21,233)</u>
Cash Flows from Capital and Related Financing Activities:					
Payments for Purchase of Fixed Assets.....	(\$ 9)	\$ 0	(\$ 3)	(\$ 2)	(\$ 123)
Net Cash Provided (Used) by Capital and Related Financing Activities.....	<u>(\$ 9)</u>	<u>\$ 0</u>	<u>(\$ 3)</u>	<u>(\$ 2)</u>	<u>(\$ 123)</u>
Cash Flows from Investing Activities:					
Interest and Dividends Receipts.....	41	104	163	1,318	4,998
Net Cash Provided (Used) by Investing Activities.....	<u>\$ 41</u>	<u>\$ 104</u>	<u>\$ 163</u>	<u>\$ 1,318</u>	<u>\$ 4,998</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	553	(29,219)	(\$ 17,180)	(\$ 54,744)	(\$ 24,576)
Cash and Cash Equivalents, Beginning of Year.....	28,889	58,108	75,288	130,031	154,096
Cash and Cash Equivalents, End of Year.....	<u>\$ 29,442</u>	<u>\$ 28,889</u>	<u>\$ 58,108</u>	<u>\$ 75,288</u>	<u>\$ 129,520</u>
Operating Income (Loss).....	<u>(\$ 5,724)</u>	<u>(\$ 5,191)</u>	<u>(\$ 5,828)</u>	<u>(\$ 6,431)</u>	<u>(\$ 7,230)</u>
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation.....	\$ 27	\$ 30	\$ 30	\$ 30	\$ 21
Provision for Uncollectible Accounts.....	1,042	33	461	48	9
Operating Expense (Interest Expense) Classified as Noncapital Financing Act.	8,974	12,618	15,186	19,116	19,670
Miscellaneous Non-Operating Income (Expense).....					
Changes in Assets and Liabilities:					
Decrease (Increase) in Mortgage Loans Receivables.....	44,636	54,968	32,776	18,421	(20,567)
Decrease (Increase) in Other Accounts Receivables.....	1,560	(654)	(360)	(23)	321
Decrease (Increase) in Due From Other Funds.....	(1)	(1)			
Decrease (Increase) in Investments.....					
Decrease (Increase) in Prepaid Items.....	6	15			32
Decrease (Increase) in Deferred Charges.....	0	0	406	101	101
Decrease (Increase) in Other Assets.....	(134)	(271)	(133)	(314)	(210)
Decrease (Increase) in Accounts Payable and Other Accrued Liabilities.....	10	(178)	106	(164)	(297)
Decrease (Increase) in Compensated Absences.....	(36)	(3)	49	50	(119)
Decrease (Increase) in Other Postemployment Benefits.....	7	22	(23)	66	80
Decrease (Increase) in Due to Other Funds.....	9	(90)	(12)	60	(66)
Decrease (Increase) in Due to Other Governments.....	37	4	5	(30)	38
Decrease (Increase) in Tax and Other Deposits.....					
Decrease (Increase) in Unearned Revenues.....					(1)
Total Adjustments.....	<u>\$ 56,136</u>	<u>\$ 66,491</u>	<u>\$ 48,490</u>	<u>\$ 37,363</u>	<u>(\$ 987)</u>
Net Cash Provided by Operating Activities.....	<u>\$ 50,412</u>	<u>\$ 61,300</u>	<u>\$ 42,658</u>	<u>\$ 30,932</u>	<u>(\$ 8,217)</u>
Noncash Investing, Capital and Financing Activities					
Other					
Total Noncash Investing, Capital and Financing Activities					

Source: Department of Veterans Affairs

Table III-21

VETERANS HOUSING LOAN PROGRAM
BONDS ISSUED AND RELATED RATES OF INTEREST^(a)
(On Bonds Issued to December 15, 2012)

<u>Bonds Dated</u>	<u>Amount of Issue</u>	<u>Interest Rate Paid by the State^(b)</u>	<u>Interest Rate Charged to Veterans^(c)</u>
4/01/85	\$290,955,000	9.49%	10.60%
5/22/86	38,185,500	7.78	8.55
7/01/88	15,000,000	7.87	8.55
1/01/89	20,000,000	7.98	8.55
8/01/89	20,000,000	7.22	7.85
3/01/90	20,000,000	7.60	8.25
10/01/90	20,000,000	7.62	8.25
4/01/91	30,000,000	7.36	8.10
6/01/92	30,000,000	6.56	7.40
10/15/93	20,000,000	5.40	5.25 ^(d)
9/15/94	45,000,000	6.62	7.25
2/15/95	29,625,000	6.46	7.45
10/15/95	42,850,000	5.58	6.55
5/15/96	45,000,000	6.07	7.00
10/15/96	30,000,000	5.93	6.90
3/15/1997	45,000,000	5.97	6.90
9/15/1997	45,000,000	5.41	6.40
9/15/1997	45,000,000	7.30	6.40 ^(e)
5/15/1998	30,565,000	5.41	6.65
5/15/1998	34,005,000	6.93	6.65 ^(e)
10/15/1998	6,155,000	4.87	6.50
10/15/1998	55,000,000	6.37	6.50 ^(e)
5/01/1999	40,000,000	7.14	6.85 ^(e)
11/01/1999	65,000,000	7.75	7.80 ^(e)
7/01/2000	35,000,000	8.02	7.90 ^(e)
2/21/2001	15,000,000	7.00	6.80 ^(e)
6/15/2001	20,000,000	6.96	7.00 ^(e)
10/1/2001	20,000,000	6.80	6.80 ^(e)
3/26/2002	15,000,000	6.25	6.50 ^(e)
6/12/2002	20,000,000	6.25	6.50 ^(e)
9/26/2002	13,000,000	5.25	5.65
12/30/2002	15,000,000	5.25	5.75
4/1/2003	81,630,000	4.62/4.73	5.30/5.75
7/24/2003	30,000,000	4.35	5.35/5.75/5.30
8/26/2004	20,000,000	5.65	6.15
4/7/2005	5,000,000	5.40	5.99
8/2/2006	61,685,000	5.06	6.00
10/31/2007	20,570,000	4.66	6.00
5/30/2008	4,445,000	4.90	6.00
6/26/2008	19,855,000	4.80	5.75

^(a) Does not include bonds issued solely to fund HILP loans.

^(b) Reflects the true interest cost rate for the associated series of bonds.

^(c) Includes an add-on to cover lender's fees, DVA administrative costs, and a reserve for self-insurance.

^(d) A subsidy resulting from refunding savings is being used to cover the difference between the debt service on the bonds and cash flow from the mortgages. In addition, the subsidy covers the lender's fees, DVA administrative costs, and a reserve for self-insurance.

^(e) In setting the interest rate charged to the borrower for a loan made with the proceeds of certain Taxable Veterans Mortgage Bonds, DVA has chosen to apply a subsidy from the primary mortgage home loan program. The result is that the lending rate may be lower than the true interest cost rate on the respective Taxable Veterans Mortgage Bond issue.

Source: Departments of Administration and Veterans Affairs

Table III-22

VETERANS HOUSING LOAN PROGRAM^(a)
60+ DAY LOAN DELINQUENCIES

	<u>Month</u> <u>Ending</u>	<u>Principal</u> <u>Amount</u> <u>Outstanding</u>	<u>Number of</u> <u>Loans</u> <u>Outstanding</u>	<u>60+ Day</u> <u>Delinquent</u> <u>Loans</u>	<u>Percent</u> <u>of</u> <u>Total</u>
2009	January	\$289,735,326	3,006	30	1.00%
	February	283,672,968	2,929	30	1.02
	March	278,136,522	2,859	37	1.29
	April	269,781,496	2,765	38	1.37
	May	262,391,271	2,689	36	1.34
	June	255,155,123	2,619	36	1.37
	July	255,176,546	2,581	35	1.36
	August	253,214,494	2,548	34	1.33
	September.....	252,351,979	2,530	34	1.34
	October.....	248,835,344	2,485	34	1.37
	November.....	247,273,813	2,450	40	1.63
	December.....	243,551,234	2,399	43	1.79
2010	January	240,683,225	2,369	38	1.60
	February	237,863,991	2,342	41	1.75
	March	234,689,780	2,312	44	1.90
	April	230,978,719	2,268	41	1.81
	May	228,730,564	2,227	41	1.84
	June	223,730,564	2,171	37	1.70
	July	219,834,470	2,132	38	1.78
	August	214,644,656	2,092	38	1.82
	September.....	209,821,821	2,055	42	2.04
	October.....	200,767,367	1,992	43	2.16
	November.....	193,770,908	1,939	44	2.27
	December.....	187,900,664	1,887	41	2.17
2011	January	183,723,055	1,856	40	2.16
	February	180,907,927	1,832	33	1.80
	March	177,642,787	1,801	32	1.78
	April	175,345,914	1,779	31	1.74
	May	172,023,502	1,750	34	1.94
	June	169,173,312	1,721	33	1.92
	July	167,456,603	1,705	41	2.40
	August	164,115,709	1,679	38	2.26
	September.....	160,864,610	1,651	34	2.06
	October.....	157,376,986	1,616	37	2.29
	November.....	152,368,303	1,576	37	2.35
	December.....	149,298,778	1,547	37	2.39
2012	January	145,191,075	1,513	36	2.38
	February	141,577,777	1,484	31	2.09
	March	136,217,409	1,430	33	2.31
	April	133,084,756	1,395	36	2.58
	May	128,408,338	1,361	35	2.57
	June	124,659,024	1,327	33	2.49
	July	121,267,591	1,296	33	2.55
	August	118,273,507	1,268	31	2.44
	September.....	113,926,577	1,234	34	2.76
	October.....	109,163,281	1,191	38	3.19

^(a) Does not include information on outstanding HILP loans.

Source: Department of Veterans Affairs.

Table III-23

**DEBT SERVICE SCHEDULE ON STATE GENERAL OBLIGATION BONDS ISSUED TO FUND
VETERANS HOUSING AND HILP LOANS
(December 15, 2012)**

Fiscal Year (Ending June 30)	Principal	Interest	Total Debt Service
2013 ^(a)	\$ 2,590,000	\$ 2,996,900	\$ 5,586,900
2014.....	4,495,000	5,803,987	10,298,987
2015.....	1,785,000	5,661,066	7,446,066
2016.....	5,155,000	5,560,556	10,715,556
2017.....	6,000,000	5,306,616	11,306,616
2018.....	5,325,000	5,032,254	10,357,254
2019.....	4,730,000	4,776,391	9,506,391
2020.....	5,085,000	4,502,940	9,587,940
2021.....	5,085,000	4,251,858	9,336,858
2022.....	4,370,000	3,992,756	8,362,756
2023.....	4,540,000	3,769,264	8,309,264
2024.....	4,905,000	3,529,938	8,434,938
2025.....	5,000,000	3,281,328	8,281,328
2026.....	7,550,000	3,021,956	10,571,956
2027.....	10,425,000	2,597,400	13,022,400
2028.....	4,575,000	2,196,721	6,771,721
2029.....	4,465,000	1,967,163	6,432,163
2030.....	4,705,000	1,734,066	6,439,066
2031.....	4,745,000	1,494,321	6,239,321
2032.....	4,845,000	1,249,730	6,094,730
2033.....	5,035,000	1,003,570	6,038,570
2034.....	4,400,000	751,563	5,151,563
2035.....	4,020,000	546,418	4,566,418
2036.....	3,900,000	349,115	4,249,115
2037.....	2,970,000	154,235	3,124,235
2038.....	120,000	5,880	125,880
TOTALS.....	\$ 120,820,000	\$ 75,537,990	\$ 196,357,990

^(a) For the fiscal year ending June 30, 2013, the table includes debt service amounts for period December 15, 2012 through June 30, 2013.

Source: Department of Administration

Table III-24

**VETERANS HOUSING LOAN PROGRAM
TOTAL LOANS BY COUNTY
(Through October 2012)**

<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>	<u>County</u>	<u>Number of Loans</u>	<u>% of Total Loans</u>
Adams.....	152	0.27%	Marinette	314	0.57%
Ashland.....	106	0.19	Marquette	77	0.14
Barron.....	437	0.79	Menominee.....	16	0.03
Bayfield	105	0.19	Milwaukee.....	9,516	17.19
Brown	3,052	5.51	Monroe	492	0.89
Buffalo.....	100	0.18	Oconto.....	324	0.59
Burnett	80	0.14	Oneida	384	0.69
Calumet.....	377	0.68	Outagamie	2,160	3.90
Chippewa.....	525	0.95	Ozaukee.....	579	1.05
Clark	211	0.38	Pepin.....	55	0.10
Columbia	521	0.94	Pierce.....	377	0.68
Crawford.....	124	0.22	Polk	252	0.46
Dane.....	4,473	8.08	Portage	781	1.41
Dodge	837	1.51	Price	147	0.27
Door.....	252	0.46	Racine.....	2,181	3.94
Douglas.....	551	1.00	Richland	119	0.22
Dunn	338	0.61	Rock	2,228	4.03
Eau Claire	1,248	2.25	Rusk	176	0.32
Florence	8	0.01	St. Croix	621	1.12
Fond du Lac.....	1,280	2.31	Sauk.....	534	0.96
Forest.....	31	0.06	Sawyer.....	71	0.13
Grant	404	0.73	Shawano	319	0.58
Green	336	0.61	Sheboygan.....	1,370	2.48
Green Lake	151	0.27	Taylor.....	108	0.20
Iowa	225	0.41	Trempeleau.....	218	0.39
Iron	37	0.07	Vernon.....	170	0.31
Jackson	221	0.40	Vilas	123	0.22
Jefferson	764	1.38	Walworth.....	668	1.21
Juneau.....	204	0.37	Washburn	142	0.26
Kenosha.....	1,435	2.59	Washington	1,096	1.98
Kewaunee	148	0.27	Waukesha	2,773	5.01
LaCrosse.....	1,328	2.40	Waupaca.....	471	0.85
Lafayette	133	0.24	Waushara.....	164	0.30
Langlade	127	0.23	Winnebago	2,125	3.84
Lincoln.....	225	0.41	Wood.....	<u>1,122</u>	<u>2.03</u>
Manitowoc.....	1,165	2.10	Total	55,347	100.00
Marathon	1,363	2.46			

Source: Department of Veterans Affairs.

Table III-25

**OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION
(As of December 15, 2012) ^(a)**

<u>Series</u>	<u>Dated Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding</u>		<u>Interest Rate</u>
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>	
1998 Series E	10/15/98	2012	\$ 905,000				4.60%
		2013	950,000				4.70
		2014	995,000				4.80
		2015	1,050,000				4.75
		2016	1,100,000			\$ 940,000	4.75
		2017	1,155,000				4.80
2003 Series 2	04/01/03	2007	545,000				2.45
		2008	565,000				2.85
		2009	575,000				3.20
		2010	595,000				3.50
		2011	620,000				3.80
		2012	640,000				3.95
		2013	665,000			665,000	4.00
		2014	695,000				4.05
		2015	720,000				4.15
		2016	750,000			750,000	4.25
		2017	785,000			785,000	4.35
		2018	815,000			815,000	4.50
		2019	855,000			855,000	4.60
		2020	890,000			890,000	4.65
2021	935,000			935,000	4.80		
2024	3,090,000				5.00		
2003 Series 3	10/30/03	2004		\$ 2,325,000			1.25
		2005		2,345,000			1.55
		2006		2,395,000			1.85
		2007		2,430,000			2.25
		2013		16,210,000		\$ 2,595,000	3.50
		2025		13,000,000			5.00
		2026		29,185,000		22,650,000	5.00
2006 Series C	08/02/06	2008	950,000				4.00
		2009	790,000				4.50
		2010	845,000				4.50
		2011	890,000				4.50
		2012	960,000				4.50
		2013	1,010,000			1,010,000	4.50
		2014	1,075,000				4.50
		2015	1,145,000				4.50
		2016	1,220,000			1,050,000	4.50
		2017	1,300,000			1,300,000	4.60
		2018	1,375,000			1,375,000	4.60
		2019	1,470,000			1,470,000	4.60
		2020	1,555,000				5.00
		2021	1,660,000				5.00
		2022	1,770,000				5.00
		2023	1,880,000				5.00
		2024	2,000,000				5.00
		2025	2,120,000				5.00
		2027	4,670,000			4,670,000	4.80
		2031	11,260,000			10,170,000	5.00
2037	21,740,000			19,630,000	5.00		

Table III-25 — Continued
OUTSTANDING TAX-EXEMPT VETERANS MORTGAGE BONDS
SUBJECT TO SPECIAL REDEMPTION
(As of December 15, 2012)^(a)

<u>Series</u>	<u>Dated</u> <u>Date</u>	<u>Maturities</u>	<u>Original Par Amount</u>		<u>Par Amount Outstanding</u>		<u>Interest Rate</u>
			<u>May</u>	<u>November</u>	<u>May</u>	<u>November</u>	
2007 Series 2	10/31/07	2008	\$ 60,000	\$ 120,000			3.50%
		2009	130,000	130,000			3.55
		2010	135,000	140,000			3.63
		2011	145,000	145,000			3.70
		2012	155,000	155,000			3.80
		2013	165,000	165,000	\$ 160,000		3.85
		2014	170,000	180,000			3.95
		2015	180,000	570,000		\$ 565,000	4.05
		2016	195,000	6,715,000	190,000	605,000	4.13
		2017	205,000	210,000	205,000	205,000	4.25
		2022		2,510,000		2,475,000	4.38
		2027		4,155,000		4,095,000	4.50
		2008 Series 1	06/26/08	2009	160,000	180,000	
2010	185,000			190,000			2.60/2.65
2011	195,000			205,000			2.95/3.00
2012	210,000			215,000			3.25/3.30
2013	220,000			200,000	220,000	200,000	3.45
2014	235,000				235,000		3.60
2015	250,000						3.75
2016	100,000				100,000		3.88
2017	175,000				175,000		4.00
2018	400,000				400,000		4.13
2018	14,680,000				2,225,000		4.75
2023				175,000		175,000	4.75

^(a) Table III-25 does not reflect redemptions that occurred on December 17, 2012.

Source: Department of Administration

Table III-26

SUMMARY OF PREPAYMENTS ON VETERANS HOUSING AND HILP LOANS
FUNDED WITH VETERANS MORTGAGE BONDS

Prepayments October 2009-September 2012							
Mortgage Pool	Interest Rate Charged to Veterans	October 2009 -	April 2010 -	October 2010 -	April 2011 -	October 2011 -	April 2012 -
		March 2010	September 2010	March 2011	September 2011	March 2012	September 2012
Tax-Exempt Veterans Mortgage Bonds							
1993 Series 6	5.25%	\$ 244,182	\$ 4,111				
1994 Series 1	6.00	(10,376)					
1998 Series E	6.50	23,979	21,010	\$ 57,409	\$ 1,650	\$ 34,552	\$ 37,410
1999 Series 1	N/A	66,382	13,334	1,088			
2003 Series 2	5.75	249,824	197,599	342,212	138,689	302,570	98,105
2003 Series 3	5.30	1,265,372	2,636,563	2,823,271	1,203,615	1,406,677	1,083,005
2006 Series C	6.00/6.25	4,536,211	4,533,572	4,985,550	2,246,011	4,275,900	4,593,603
2007 Series 2	5.65/6.00	359,710	714,935	1,591,482	892,391	1,809,725	1,377,051
2007 Series 3	5.65/6.00	73,404	145,892	324,763	182,104	369,299	281,006
2008 Series 1	5.75	633,290	1,236,336	1,872,042	1,271,695	1,335,218	1,426,000
2008 Series 2	5.75	66,238	129,313	195,804	133,012	129,045	149,151
Equity Pool	N/A	3,991,958	6,011,586	8,786,566	4,924,155	7,069,475	4,855,312
Subtotal:		\$ 11,500,172	\$ 15,644,251	\$ 20,980,187	\$ 10,993,321	\$ 16,732,461	\$ 13,900,643
Taxable Veterans Mortgage Bonds							
1997 Series D	6.40%	\$ 516,894	\$ 90,197	\$ 444,755	\$ 95,285	\$ 260,007	\$ 37,343
1998 Series C	6.65	337,685	209,935	244,536	253,764	152,695	40,737
1998 Series F	6.50	429,711	433,206	464,073	88,088	127,566	252,716
1999 Series B	6.85	279,389	126,541	185,453	205,943	98,676	68,228
1999 Series D	7.80	204,670	52,046	492	195		
2000 Series B	7.90	61,237	63,171	349			
2000 Series E	6.80	8,511	27,602	4,609	1,187	4,488	313
2001 Series A	7.00	4,459	95,950	74,897	3,342	56,540	41,279
2001 Series D	7.00	175,339	5,426	126,201	50,469	227,669	172,885
2001 Series E	6.80	172	171,864	199,882	82,545	121,309	48,943
2002 Series B	6.50	114,732	272,667	1,921	152,924	190,733	161,871
2002 Series D	6.50	414,413	537,839	159,678	61,035	401,534	472,766
2002 Series E	5.65	25,936	9,267	19,984	12,348	33,645	18,489
2002 Series F	5.65	431,741	654,657	1,086,805	24,014	368,014	675,868
2002 Series H	5.75	478,400	306,648	889,819	632,887	674,815	326,727
2003 Series 1	N/A	71,000	10,809	13,768	39,303	1,116	1,709
2003 Series B	5.35/5.75/5.30	1,698,923	1,643,189	2,942,558	894,330	1,586,686	774,704
2004 Series B	5.35	36,806	52,717	2,135	20,132	11,507	
2004 Series C	5.65	721	18,810	16,174	5,803	16,373	4,064
2004 Series D	6.15	276,902	264,458	173,430	57,103	246,603	616,263
2005 Series C	5.99	486,313	497,329	391,374	4,185	376,077	594,143
2006 Series B	6.75/7.25	42,376	84,901	25,823	64,158	3,146	
2008 Series B	6.00	200,796	197,369	540,420	197,264	131,735	336,616
Subtotal:		\$ 6,297,125	\$ 5,826,597	\$ 8,009,136	\$ 2,946,305	\$ 5,090,935	\$ 4,645,664
Total:		\$ 17,797,297	\$ 21,470,847	\$ 28,989,323	\$ 13,939,626	\$ 21,823,397	\$ 18,546,307

Source: Department of Veterans Affairs.